

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 December 31, 2024

OR

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

OR

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

Date of event requiring this shell company report _____

For the transition period from _____ to _____

Commission file number: 001-33765

AIRNET TECHNOLOGY INC.

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

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(Address of principal executive offices)

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

| <u>Title of each class</u> | <u>Trading Symbol</u> | <u>Name of each exchange on which registered</u> |
|--|-----------------------|---|
| American Depositary Shares, each representing one ordinary share, par value US\$0.04 per share | ANTE | The Nasdaq Stock Market LLC (The Nasdaq Capital Market) |
| Ordinary shares, par value US\$0.04 per share* | | The Nasdaq Stock Market LLC (The Nasdaq Capital Market) |

* Not for trading, but only in connection with the listing on the Nasdaq Capital Market of American depositary shares.

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

None

(Title of Class)

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

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: As of December 31, 2024, 14,332,648 ordinary shares, par value US\$0.04 per share, were outstanding.

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

Yes No

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

Yes No

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

Yes No

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

Yes No

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

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Emerging growth company

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

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting standards Board

Other

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

Item 17 Item 18

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

Yes No

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

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

Yes No

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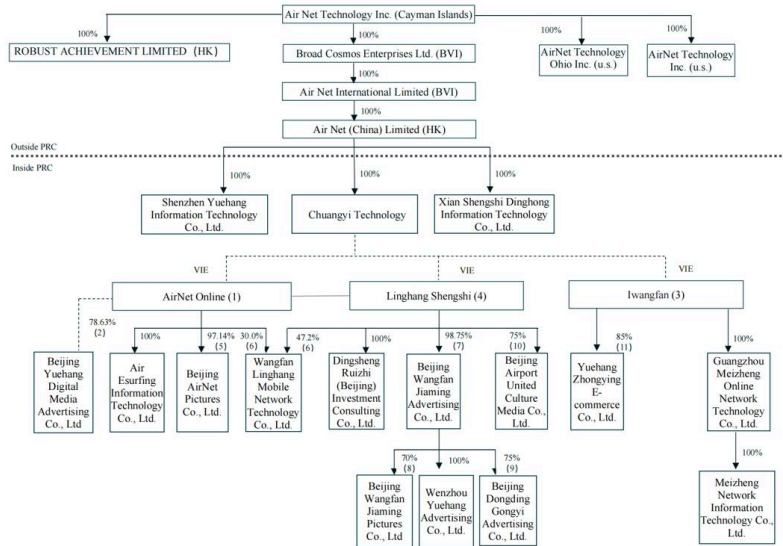
INTRODUCTION

Except as otherwise indicated by the context, in this annual report:

- “ADSs” refers to our American depositary shares, each of which represents one ordinary share;
- “advertisers” refer to the ultimate brand-owners whose brands and products are being publicized by our advertisements, including both advertisers who purchase advertisements directly from us and advertisers who do so through third-party advertising agencies;
- “China” or “PRC” refers to the People’s Republic of China, and only in the context of describing the PRC laws, rules, regulations, regulatory authorities, and any PRC entities or citizens under such rules, laws and regulations and other legal or tax matters in this annual report, excludes Hong Kong, Macau and Taiwan. The operational risks associated with being based in and having operations in mainland China also apply to operations in Hong Kong. While entities and businesses in Hong Kong operate under different sets of laws from mainland China, the legal risks associated with being based in and having operations in mainland China could apply to our operations in Hong Kong, if the laws applicable to mainland China become applicable to entities and businesses in Hong Kong in the future;
- “AirNet Online” refers to Yuehang Sunshine Network Technology Group Co., Ltd.;
- “Chuangyi Technology” refers to Yuehang Chuangyi Technology (Beijing) Co., Ltd., our wholly-owned subsidiary in China;
- “Iwangfan” refers to Wangfan Tianxia Network Technology Co., Ltd.;
- “Linghang Shengshi” refers to Beijing Linghang Shengshi Advertising Co., Ltd.;
- “ordinary shares” refers to our ordinary shares, par value US\$0.04 per share;
- “RMB” or “Renminbi” refers to the legal currency of China;
- “U.S. dollars,” “\$,” “US\$” or “dollars” refers to the legal currency of the United States;
- “VIEs” means the variable interest entities in which we do not have any equity ownership but whose financial results have been consolidated into our consolidated financial statements based solely on contractual arrangements in accordance with U.S. GAAP, including AirNet Online, Linghang Shengshi and Iwangfan, and “consolidated affiliated entities” refers to, collectively, the VIEs and their respective subsidiaries; and
- “we,” “us,” “our,” “our company” or “AirNet” refers to (1) AirNet Technology Inc. and its subsidiaries, and (2) in the context of describing our substantive operations and consolidated financial information, AirNet Technology Inc., its subsidiaries and the consolidated affiliated entities. The consolidated affiliated entities are PRC companies conducting operations in China, and their financial results have been consolidated into our consolidated financial statements under U.S. GAAP for accounting purposes. AirNet Technology Inc. is a holding company with no substantive operations of its own. We do not have any equity ownership in the consolidated affiliated entities.

Holding Company Structure and the VIE Structure

The following diagram illustrates our principal subsidiaries, VIEs and VIEs' subsidiaries as of the date of this annual report:



(1) AirNet Online is owned as to 80%, 15% and 5% by three individuals, i.e., Man Guo, Qing Xu and Tao Hong, respectively.

(2) Beijing Yuehang Digital Media Advertising Co., Ltd (“Beijing Yuehang”) is owned as to 78.6311%, 14.7585%, 5.0002% and 1.6103% by Huimin Guo, and three unaffiliated third parties, i.e., Horgos Air Vision United Digital Media Advertising Co., Ltd., Xiaorong Gao, and Guangzhou Longteng Travel Network Science and Technology Inc., Ltd.

In November 2023, AirNet Online entered into an entrusted equity holding agreement with Huimin Guo, pursuant to which AirNet Online entrusted such individual to act as the nominee shareholder of its 78.63% equity interests in Beijing Yuehang. This entrusted equity holding agreement would terminate upon the earlier of either (1) two years after the entrusted equity holding agreement takes effect or (2) the transfer of all entrusted equity by AirNet Online to AirNet Online itself or a third party designated by AirNet Online. Therefore, AirNet Online, as the actual controlling shareholder of Beijing Yuehang, enjoys shareholder rights and investment benefits with respect to its equity interests in Beijing Yuehang.

(3) Iwangfan is owned as to 90% and 10% by Man Guo and Lin Wang, respectively. Tao Hong divested all his equity interests in Iwangfan in December 2021. AirNet Online entered into an entrusted equity holding agreement with Lin Wang, pursuant to which AirNet Online entrusted Lin Wang to act as the nominee shareholder of the foregoing equity interests. This entrusted equity holding agreement would terminate upon the earlier of either (1) two years from the date of the entrusted equity holding agreement or (2) the transfer of all entrusted equity by AirNet Online to AirNet Online itself or a third party designated by AirNet Online.

(4) Linghang Shengshi is owned as to 86.9193%, 12.9954% and 0.0852% by Man Guo, Qing Xu and Xiaoya Zhang, respectively.

(5) The remaining 2.86% shareholding in Beijing AirNet Pictures Co., Ltd. is owned by Yi Zhang, an unaffiliated third party.

(6) The remaining 22.8% shareholding in Wangfan Linghang Mobile Network Technology Co., Ltd. is owned by Beijing Henglong Technology Co., Ltd., an unaffiliated third party.

(7) The remaining 1.25% shareholding in Beijing Wangfan Jiaming Advertising Co., Ltd. is owned as to 1.0345% and 0.2155% by Man Guo and Qing Xu, respectively.

(8) The remaining 30% shareholding in Beijing Wangfan Jiaming Pictures Co., Ltd is owned by Beijing Henglong Technology Co., Ltd.

(9) The remaining 25% shareholding in Beijing Dongding Gongyi Advertising Co., Ltd. is owned by Jin Li, an unaffiliated third party.

(10) The remaining 25% shareholding in Beijing Airport United Culture Media Co., Ltd. is owned by Beijing Dalu Culture Media Co., Ltd., an unaffiliated third party.

(11) The remaining 15% shareholding in Yuehang Zhongying E-commerce Co., Ltd. is owned by Danque International Network Technology (Beijing) Co., Ltd., an unaffiliated third party.

Our financial statements are expressed in U.S. dollars, which is our reporting currency. Certain Renminbi figures in this annual report are translated into U.S. dollars solely for the reader’s convenience. Unless otherwise noted, all convenience translations from Renminbi to U.S. dollars in this annual report were made at a rate of RMB7.2993 to \$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on December 31, 2024. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, at the rate stated above, or at all.

AirNet Technology Inc. is not a Chinese operating company but a Cayman Islands holding company. AirNet Technology Inc. does not have any substantive operations other than directly controlling (1) Chuangyi Technology, our wholly-owned subsidiary in China that controls and holds the VIEs and their respective subsidiaries through certain contractual arrangements, which conduct our air travel media network business, and (2) Shenzhen Yuehang Information Technology Co., Ltd. and Xi’an Shengshi Dinghong Information Technology Co., Ltd., our wholly-owned subsidiaries in China that conduct our air travel media network business operations.

Investors in the ADSs are purchasing equity securities of our ultimate Cayman Islands holding company rather than purchasing equity securities of the consolidated affiliated entities. AirNet Technology Inc. is an investment holding company without substantive operations on its own, and we conduct our business operations through both our subsidiaries and the consolidated affiliated entities based on certain contractual arrangements. We, together with our PRC subsidiaries and the consolidated affiliated entities, are subject to PRC laws relating to, among others, restrictions over foreign investments in advertising services companies set out in the Negative List (Edition 2024) promulgated by the Ministry of Commerce, or the MOFCOM, and the National Development and Reform Commission of the PRC, or the NDRC. As a result, we have to control over the consolidated affiliated entities through contractual arrangements. Such structure is used to replicate foreign investment in China-based companies where the PRC law prohibits direct foreign investment in the operating companies. Neither we nor our subsidiaries own any share in the consolidated affiliated entities, and investors may never hold equity interests in the Chinese operating companies. Instead, as a result of our direct ownership in Chuangyi Technology and the contractual agreements with the consolidated affiliated entities, we are regarded as the primary beneficiary of the consolidated affiliated entities for accounting purposes. Accordingly, we have consolidated the financial results of the consolidated affiliated entities in our consolidated financial statements in accordance with the Generally Accepted Accounting Principles in the United States, or U.S. GAAP. See “Item 4. Information on the Company—C. Organizational Structure” and “Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Contractual Arrangements” for a description of these arrangements. Neither AirNet Technology Inc. nor its investors have had an equity ownership in, direct foreign investment in, or control, other than as defined under U.S. GAAP, through contractual arrangements with, the VIEs. The contractual arrangements are not equivalent to an equity ownership in the business of the VIEs and their respective subsidiaries in China. Because of our corporate structure, we are subject to risks due to uncertainty of the interpretation and the application of the PRC laws and regulations, including but not limited to limitation on foreign ownership of PRC companies, and regulatory review of overseas listing of PRC companies through a special purpose vehicle, and the validity and enforcement of the contractual agreements. We are also subject to the risks of uncertainty about any future actions of the PRC government in this regard. Our contractual agreements may not be effective in providing control over the consolidated affiliated entities. We may also subject to sanctions imposed by PRC regulatory agencies including China Securities Regulatory Commission, or the CSRC, if we fail to comply with their rules and regulations.

We, our PRC subsidiaries and the consolidated affiliated entities face various legal and operational risks and uncertainties related to being based in and having significant operations in China. The PRC government has significant authority to exert influence on the ability of a China-based company, such as us and the consolidated affiliated entities, to conduct its business, accept foreign investments or list on U.S. or other foreign exchanges. The PRC government has recently issued statements and regulatory actions relating to areas such as regulatory approvals of offshore offerings, oversight on cybersecurity and data privacy, anti-monopoly regulatory actions, as well as the uncertainty of the inspection on our auditors by the Public Company Accounting Oversight Board, or the PCAOB. For example, on February 17, 2023, the China Securities Regulatory Commission, or the CSRC, promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Overseas Listing Trial Measures, and the related guidelines, which became effective on March 31, 2023. According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. In addition, an overseas-listed company must also submit the filing with respect to its follow-on offerings, issuance of convertible corporate bonds and exchangeable bonds, and other equivalent offering activities, within the time frame specified by the Overseas Listing Trial Measures. We believe we are not required to obtain such approval for our initial public offering on November 7, 2007 because such offering made was before the enactment of the Overseas Listing Trial Measures; however, we will be obligated to obtain approvals with the CSRC for our future offerings. If we cannot obtain such approvals or the CSRC rescind our approvals, we may not continue to offer securities to investors and cause the value of our securities to significantly decline or, in extreme cases, become worthless. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—The filing procedure with the CSRC shall be fulfilled and the approval of other PRC government authorities may be required in connection with our future offshore offering under PRC law, and, we cannot predict whether or for how long we will be able to complete the filing procedure with the CSRC and obtain such approval or complete such filing, if required.” In addition, if future regulatory updates mandate clearance of cybersecurity review or other specific actions to be completed by China-based companies listed on foreign stock exchanges or traded in foreign over the counter trading markets, such as us, we face uncertainties as to whether such clearance can be timely obtained, or at all. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Failure to comply with governmental regulations and other legal obligations concerning data protection and cybersecurity may materially and adversely affect our business, as we routinely collect, store and use data during the conduct of our business.” Furthermore, the PRC anti-monopoly and competition laws and regulations are evolving, and there remains uncertainties as to how the anti-monopoly laws, regulations and guidelines will impact our business and results of operations. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating our China business do not comply with PRC governmental restrictions on foreign investment, our business could be materially and adversely affected.” These statements and regulatory actions may impact our ability to conduct certain businesses, accept foreign investments, or list on a U.S. or other foreign exchange. Such risks could result in a material change in our operations and/or the value of the ADSs, significantly limit or completely hinder our ability to offer securities to investors and cause the value of such securities to significantly decline or in extreme cases, become worthless. For further details, see “Item 3. Key Information - D. Risk Factors - Risks Related to Doing Business in China—Any actions by the Chinese government, including any decision to intervene or influence the operations of our subsidiaries and the consolidated affiliated entities, or to exert control over any offering of securities conducted overseas and/or foreign investment in China-based issuers, may cause us to make material changes to the operations of these entities, may limit or completely hinder our ability to offer or continue to offer securities to investors, and may cause the value of such securities to significantly decline or be worthless.”

We are subject to a number of prohibitions, restrictions and potential delisting risk under the Holding Foreign Companies Accountable Act, or the HFCAA. Pursuant to the HFCAA and related regulations, if we have filed an audit report issued by a registered public accounting firm that the PCAOB has determined that it is unable to inspect and investigate completely, the Securities and Exchange Commission, or the SEC will identify us as a “Commission-Identified Issuer,” and the trading of our securities on any U.S. national securities exchange, as well as any over-the-counter trading in the United States, will be prohibited if we are identified as a Commission-Identified Issuer for two consecutive years. In August 2022, the PCAOB, the CSRC and the Ministry of Finance of the PRC signed a Statement of Protocol, which establishes a specific and accountable framework for the PCAOB to conduct inspections and investigations of PCAOB-governed accounting firms in mainland China and Hong Kong. On December 15, 2022, the PCAOB announced that it was able to secure complete access to inspect and investigate PCAOB registered public accounting firms headquartered in mainland China and Hong Kong completely in 2022. The PCAOB Board vacated its previous 2021 determinations that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong. However, whether the PCAOB will continue to be able to satisfactorily conduct inspections of PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong is subject to uncertainties and depends on a number of factors out of our and our auditor’s control. The PCAOB continues to demand complete access in mainland China and Hong Kong moving forward and is making plans to resume regular inspections, as well as to continue pursuing ongoing investigations and initiate new investigations as needed. The PCAOB has also indicated that it will act immediately to consider the need to issue new determinations with the HFCAA if needed. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. There can be no assurance that we would not be identified as a Commission-Identified Issuer for any future fiscal year, and if we were so identified for two consecutive years, the ADSs will be delisted from Nasdaq Capital Market, and our securities will not be permitted for trading over the counter in the United States under the HFCAA and related regulations.

Our financial statements contained in the annual report on Form 20-F for the fiscal year ended December 31, 2024 have been audited by Assenture PAC ,an independent registered public accounting firm that is headquartered and located in Singapore. Assenture PAC has been inspected by the PCAOB on a regular basis and is currently not among the PCAOB registered public accounting firms headquartered in mainland China and Hong Kong that are subject to the determinations announced by the PCAOB on December 16, 2021, which have been vacated by the PCAOB Board in December 2022 as the PCAOB announced that it was able to secure complete access to inspect and investigate PCAOB registered public accounting firms headquartered in mainland China and Hong Kong completely in the same year. For more details about the risk on the HFCAA and its impact on us, see “Item 3. Key Information-D. Risk Factors-Risks Related to Our Corporate Structure” and “Item 3. Key Information-D. Risk Factors-Risks Related to Doing Business in China-Trading in our securities on any U.S. stock exchange and the U.S. over-the-counter market may be prohibited under the HFCAA or the Accelerating Holding Foreign Companies Accountable Act if the SEC subsequently determines our audit work is performed by auditors that the PCAOB is unable to inspect or investigate completely, and as a result, U.S. national securities exchanges, such as the Nasdaq, may determine to delist our securities, and our securities may be prohibited from being traded over the counter.”

As of the date of this annual report, laws and regulations in Hong Kong, including regulatory actions related to data security or anti-monopoly concerns in Hong Kong, do not have a material impact on our ability to conduct business, accept foreign investment, or list on a U.S. or foreign stock exchange.

Cash and asset flows through our organization

Cash may be transferred among AirNet Technology Inc., our PRC subsidiaries and the consolidated affiliated entities, in the following manners: (1) dividends or other distributions may be paid by our PRC subsidiaries to AirNet Technology Inc. through our subsidiaries in Hong Kong and the BVI; (2) funds may be paid by the consolidated affiliated entities to our PRC subsidiaries, as service fees according to the contractual arrangements; (3) our PRC subsidiaries and the consolidated affiliated entities may lend to and borrow from each other from time to time for business operation purposes; and (4) funds may be transferred to our PRC subsidiaries from AirNet Technology Inc. as needed through our subsidiaries in Hong Kong and the BVI in the form of capital contributions or shareholder loans, as the case may be.

AirNet Technology Inc. is a holding company with no material operations of its own. We conduct our operations through our subsidiaries and the consolidated affiliated entities in China. As a result, our ability to pay dividends and fund any cash and financing requirements we may have depends upon dividends paid by our subsidiaries and cash payments from the consolidated affiliated entities in China. If our existing PRC subsidiaries or the consolidated affiliated entities or any newly formed ones incur any debt on their own behalf in the future, the instruments governing their debts may restrict their ability to pay dividends or make cash payments to us. In addition, our subsidiaries in China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with the Accounting Standards for Business Enterprise as promulgated by the Ministry of Finance, or PRC GAAP. Under PRC law, each of our PRC subsidiaries and the consolidated affiliated entities is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory surplus reserve until such reserve reaches 50% of its registered capital. In addition, our subsidiaries in China may allocate a portion of its after-tax profits based on PRC GAAP to enterprise expansion funds as well as staff bonus and welfare funds at its discretion, and the consolidated affiliated entities may allocate a portion of its after-tax profits based on PRC GAAP to a discretionary surplus fund at its discretion. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the statutory reserve funds are not distributable as cash dividends. Furthermore, the PRC government imposes regulations on the convertibility of the Renminbi into foreign currencies. Remittance of dividends by our PRC subsidiaries out of China is also subject to certain procedures with the banks designated by the State Administration of Foreign Exchange of the PRC, or SAFE. For details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—We may rely principally on dividends and other distributions on equity paid by our wholly-owned operating subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our operating subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business” and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Restrictions on currency exchange may limit our ability to receive and use our revenues or financing effectively.”

As an offshore holding company, AirNet Technology Inc. is permitted under PRC laws and regulations to provide funding from the proceeds of its offshore fundraising activities to its PRC subsidiaries only through loans or capital contributions, and to the consolidated affiliated entities only through loans, in each case subject to the satisfaction of the applicable government registration and approval requirements. Loans by AirNet Technology Inc. to our PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with SAFE or its local counterparts, and capital contributions to our PRC subsidiaries are subject to approval by the relevant government authorities and must also be registered with SAFE or its local counterparts.

As of the date of this annual report, none of AirNet Technology Inc., our PRC subsidiaries or the affiliated entities have paid any dividends or made any distributions to respective holding companies or any investors, nor do we have any present plan to pay any cash dividends on our securities in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business. AirNet Technology Inc. and its subsidiaries received RMB18.3 million, RMB5.5 million and RMB1.1 million (US\$0.2 million) from the consolidated affiliated entities in 2022, 2023 and 2024, respectively, which included cash advances and service fees made by the consolidated affiliated entities to us for daily operations. The consolidated affiliated entities received RMB9.8 million, RMB2.9 million and RMB52,000 (US\$7,100) from AirNet Technology Inc. and its subsidiaries in 2022, 2023 and 2024, respectively, which included the repayment of aforementioned cash advances for daily operations. Except as disclosed above, in 2022, 2023 and 2024, there was no other cash transfer among AirNet Technology Inc., its subsidiaries and the consolidated affiliated entities, and there were no material asset transfers other than cash transfers within our organization. For details of our cash transfers during the relevant years, see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Financial Information Related to the VIEs” and our consolidated financial statements and the notes thereto included elsewhere in this annual report. We currently have not maintained any cash management policies that specifically dictate how funds shall be transferred among AirNet Technology Inc., its subsidiaries, the consolidated affiliated entities and investors. We will determine the payment of dividends and fund transfer based on our specific business needs in accordance with the applicable laws and regulations.

The VIE structure and its associated risks

Our corporate structure is subject to unique risks associated with the VIE structure. The contractual arrangements with the VIEs have not been tested in court. If the PRC government deems that our contractual arrangements with the VIEs did not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change or are interpreted differently in the future, we could be subject to severe penalties. The PRC regulatory authorities could disallow our holding company structure, which could lead to a material change in our operations and/or a material change in the value of the ADSs, and could cause the value of the ADSs to significantly decline or become worthless. Our holding company, our PRC subsidiaries, and investors of our company face uncertainty about potential future actions by the PRC government that could affect the enforceability of the contractual arrangements with the VIEs and, consequently, may affect the financial performance of the VIEs and our company as a whole.

The VIE structure was established through a series of agreements entered into among Chuangyi Technology, the VIEs and each of their existing shareholders (except Lin Wang), comprising technology support and service agreements, technology development agreements, exclusive technology consultation and service agreement, call option agreements, equity pledge agreements and authorization letters. The contractual arrangements allow us to (1) be considered as the primary beneficiary of the VIEs for accounting purposes and consolidate the financial results of the VIEs, (2) receive substantially all of the economic benefits of the VIEs, (3) have the pledge right over the equity interests in the VIEs as the pledgee, and (4) have an exclusive option to purchase all or part of the equity interests in the VIEs when and to the extent permitted by PRC law.

- *Technology support and service agreements.* Chuangyi Technology provides exclusive technology support and consulting services to the VIEs, who pay service fees in return. Linghang Shengshi's annual fees to Chuangyi Technology ensure it achieves a net cost-plus rate of at least 0.5%. Chuangyi Technology has sole discretion over fee rates and amounts. AirNet Online's fees are set in the first month of each year, based on factors such as Chuangyi Technology's team credentials, service hours, service nature and value, licenses and patents involved, and the impact on AirNet Online's performance. The agreements are effective for ten years and automatically renewable upon their expiration unless either party gives a 20-day prior notice.
- *Technology development agreements.* The VIEs exclusively engage Chuangyi Technology for technology development services, with Chuangyi Technology retaining ownership of all resulting intellectual property. Linghang Shengshi's fees to Chuangyi Technology ensure a minimum net cost-plus rate of 0.5%, with rates and amounts set solely at Chuangyi Technology's discretion. AirNet Online/Iwangfan's fees are determined in the first month of each year, considering factors such as Chuangyi Technology's team credentials, service hours, service nature and value, licenses and patents involved, and impact on AirNet Online/Iwangfan's operations. These agreements are effective for ten years and automatically renewable unless either party gives a 20-day notice before expiration.

- *Exclusive technology consultation and service agreement.* AirNet Online exclusively engages Chuangyi Technology for consultation services on management, training, marketing, and promotion. Annual fees are set by Chuangyi Technology. This agreement is effective for ten years and may be renewed with Chuangyi Technology's written confirmation before expiration.
- *Call option agreements.* Shareholders (excluding Lin Wang) of Linghang Shengshi and Iwangfan irrevocably grant Chuangyi Technology or its designee an exclusive option to purchase all equity interests in these VIEs at the minimum consideration permitted by PRC law. Shareholders of AirNet Online irrevocably grant Chuangyi Technology or its designee an exclusive option to purchase all equity interests at a purchase price equaling the amount of actual payment made by the respective shareholders with respect to the equity interests, or otherwise at a minimum amount of consideration permitted by the applicable law. These agreements are effective for ten years, renewable at Chuangyi Technology's discretion. A supplement agreement in January 2016 ensures that relevant provisions remain effective despite any changes in equity interest percentages.
- *Equity pledge agreements.* Shareholders of the VIEs (excluding Lin Wang) have pledged their equity interests, including dividend rights, in the VIEs to Chuangyi Technology to secure the VIEs' performance under the relevant service or call option agreements. If the VIEs default, Chuangyi Technology has the right to exercise all remedies and powers specified in the pledge agreements. These agreements remain valid as long as the relevant service or call option agreements are effective (or two years after expiration for AirNet Online). A supplement agreement in January 2016 ensures that relevant provisions remain effective despite any changes in equity interest percentages of those shareholders.
- *Authorization letters.* Each shareholder of the VIEs (excluding Lin Wang) has executed an authorization letter authorizing persons appointed by Chuangyi Technology to exercise certain rights, such as voting, entering into legal documents, and transferring equity interests in the VIEs. These authorization letters remain effective for the VIEs' respective operating periods and for so long as the respective parties remain those shareholders of the VIEs unless terminated earlier by Chuangyi Technology or unless the call option agreement with respect to VIEs is terminated prior to its expiration.

For a more detailed summary of such contractual arrangements, see "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Contractual Arrangements."

These contractual arrangements may not be as effective as direct equity ownership in providing us with control over the consolidated affiliate entities. If we had direct ownership of the VIEs, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of the VIEs, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current contractual arrangements, we rely on the performance by the VIEs and their shareholders of their obligations under the contracts to exercise control over the VIEs. The shareholders of the VIEs may not act in the best interests of our company or may not perform their obligations under these contracts. Such risks exist throughout the period in which we intend to operate certain portion of our business through the contractual arrangements with the VIEs. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and arbitration, litigation and other legal proceedings and therefore will be subject to uncertainties in the PRC legal system. As a result, uncertainties in the commercial arbitration system or legal system in China could limit our ability to enforce these contractual arrangements. In addition, if the legal structure and the contractual arrangements were found to violate any existing or future PRC laws and regulations, we may be subject to fines or other legal or administrative sanctions. If the imposition of government actions causes us to lose our right to direct the activities of the VIEs or our right to receive substantially all the economic benefits and residual returns from the VIEs and we are not able to restructure our ownership structure and operations in a satisfactory manner, we would no longer be able to consolidate the financial results of the VIEs. Furthermore, we are a holding company incorporated in the Cayman Islands. Interim remedies or enforcement orders granted by foreign courts in the United States and the Cayman Islands may not be recognized or enforceable in China. In the event we are unable to enforce our contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over the VIEs, and our ability to conduct our business may be negatively affected. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—We rely on contractual arrangements with the VIEs and their shareholders for a substantial portion of our China operations, which may not be as effective as direct ownership in providing operational control" and "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—Because some of the shareholders of the VIEs in China are our directors and officers, their fiduciary duties to us may conflict with their respective roles in the VIEs, and their interest may not be aligned with the interests of our unaffiliated public security holders. If any of the shareholders of the VIEs fails to act in the best interests of our company or our shareholders, our business and results of operations may be materially and adversely affected."

Financial Information Related to the VIEs

The following tables present the consolidating schedule of financial information relating to AirNet Technology Inc., or the Parent, consolidated affiliated entities, WFOEs and other non-VIE consolidated entities as of and for the years ended December 31, 2022, 2023 and 2024.

Selected consolidated statements of operations data

| Year ended December 31, 2022 | | | | | |
|--|--|--------------|--|--------------------------------------|-------------------------------|
| Parent | Consolidated affiliated entities (VIEs) | WFOEs | Other consolidated entities | Inter-company elimination | Group consolidated |
| (US\$ in thousands) | | | | | |
| Net revenues | — | 2,867 | 1 | — | — |
| Cost of revenues | — | 3,194 | 1 | 2,028 | — |
| Gross loss | — | (327) | — | (2,028) | — |
| Operating expenses | 1,231 | 5,749 | 455 | 4,289 | — |
| Operating loss | (1,231) | (6,076) | (455) | (6,317) | — |
| Other income (expenses) | 41 | 3,611 | 60 | (1,927) | — |
| Income tax expenses | — | (17) | — | — | — |
| Non-controlling interests | — | (1,024) | — | — | — |
| Loss from subsidiaries | (12,145) | — | — | (3,901) | 16,046 |
| Service loss from VIEs | — | — | (3,506) | — | 3,506 |
| Net loss attributable to AirNet Technology Inc. | (13,335) | (3,506) | (3,901) | (12,145) | 19,552 |
| Year ended December 31, 2023 | | | | | |
| Parent | Consolidated affiliated entities (VIEs) | WFOEs | Other consolidated entities | Inter-company elimination | Group consolidated |
| (US\$ in thousands) | | | | | |
| Net revenues | — | 845 | — | 13 | — |
| Cost of revenues | — | 1,376 | — | — | — |
| Gross loss | — | (531) | — | 13 | — |
| Operating expenses | 531 | 1,924 | 870 | 212 | — |
| Operating loss | (531) | (2,455) | (870) | (199) | — |
| Other income (expense) | 8 | 5,009 | (186) | (969) | — |
| Income tax expenses | — | (1) | — | — | — |
| Non-controlling interests | — | (380) | — | — | — |
| (Loss) income from subsidiaries | (51) | — | — | 1,117 | (1,066) |
| Service income from VIEs | — | — | 2,173 | — | (2,173) |
| Net (loss) income attributable to AirNet Technology Inc. | (574) | 2,173 | 1,117 | (51) | (3,239) |
| Year ended December 31, 2024 | | | | | |
| Parent | Consolidated affiliated entities (VIEs) | WFOEs | Other consolidated entities | Inter-company elimination | Group consolidated |
| (US\$ in thousands) | | | | | |
| Net revenues | — | 343 | — | — | — |
| Cost of revenues | — | 306 | — | — | — |
| Gross profit | — | 37 | — | — | — |
| Operating expenses | 1,759 | 4,923 | 135 | — | — |
| Operating loss | (1,759) | (4,886) | (135) | — | — |
| Other (expenses) income | (567) | (6,338) | 37 | — | — |
| Non-controlling interests | — | (3) | — | — | — |
| Loss from subsidiaries | (11,325) | — | — | (11,325) | 22,650 |
| Service loss from VIEs | — | — | (11,227) | — | 11,227 |
| Net loss attributable to AirNet Technology Inc. | (13,651) | (11,227) | (11,325) | (11,325) | 33,877 |

As of December 31, 2023

| | Parent | Consolidated affiliated entities (VIEs) | WFOEs | Other consolidated entities | Inter-company elimination | Group consolidated |
|---|--------|--|---------------------|-----------------------------------|------------------------------|-----------------------|
| | | | (US\$ in thousands) | | | |
| Due from Parent | — | 520 | 189 | 3,512 | (4,221) | — |
| Due from other subsidiaries | 13,039 | 1,971 | 13,539 | — | (28,549) | — |
| Due from WFOEs | — | 17,144 | — | 14,551 | (31,695) | — |
| Due from VIEs | 938 | — | 227,706 | 186 | (228,830) | — |
| Other current assets | 110 | 21,031 | 837 | 7,937 | — | 29,915 |
| Investments in subsidiaries | 2,319 | — | — | 89,439 | (91,758) | — |
| Other non-current assets | — | 42,036 | 223 | — | — | 42,259 |
| Total assets | 16,406 | 82,702 | 242,494 | 115,625 | (385,053) | 72,174 |
| Due to Parent | — | 938 | — | 15,358 | (16,296) | — |
| Due to other subsidiaries | 3,512 | 186 | 14,551 | — | (18,249) | — |
| Due to WFOEs | 189 | 227,706 | — | 13,539 | (241,434) | — |
| Due to VIEs | 520 | — | 17,144 | 1,971 | (19,635) | — |
| Other current liabilities | 336 | 248 | 1,397 | 82,438 | — | 84,419 |
| Service fees payable due to VIEs | — | — | 122,282 | — | (122,282) | — |
| Other non-current liabilities | — | 8,842 | — | — | — | 8,842 |
| Total liabilities | 4,557 | 237,920 | 155,374 | 113,306 | (417,896) | 93,261 |
| Total AirNet Technology Inc.'s shareholders' equity | 11,849 | (122,282) | 87,120 | 2,319 | 32,843 | 11,849 |
| Non-controlling interests | — | (32,936) | — | — | — | (32,936) |
| Total liabilities and equity | 16,406 | 82,702 | 242,494 | 115,625 | (385,053) | 72,174 |

As of December 31, 2024

| | Parent | Consolidated affiliated entities (VIEs) | WFOEs | Other consolidated entities | Inter-company elimination | Group consolidated |
|---|--------|--|---------------------|-----------------------------------|------------------------------|-----------------------|
| | | | (US\$ in thousands) | | | |
| Due from Parent | — | 24,876 | 189 | 3,512 | (28,577) | — |
| Due from other subsidiaries | 22,887 | 1,971 | 4,946 | — | (29,804) | — |
| Due from WFOEs | — | 16,676 | — | 14,551 | (31,227) | — |
| Due from VIEs | 937 | — | 196,928 | 186 | (198,051) | — |
| Other current assets | 4,113 | 5,071 | 33,507 | 12,758 | (29,494) | 25,955 |
| Investments in subsidiaries | — | — | 217 | — | (217) | — |
| Other non-current assets | 24,278 | 9,986 | 1 | — | — | 34,265 |
| Total assets | 52,215 | 58,580 | 235,788 | 31,007 | (317,370) | 60,220 |
| Due to Parent | — | 937 | — | 22,887 | (23,824) | — |
| Due to other subsidiaries | 3,512 | 186 | 14,551 | — | (18,249) | — |
| Due to WFOEs | 189 | 196,928 | — | 4,946 | (202,063) | — |
| Due to VIEs | 24,876 | — | 16,676 | 1,971 | (43,523) | — |
| Other current liabilities | 350 | 76,977 | 976 | 292 | — | 78,595 |
| Deficit of investments in subs | 12,361 | — | — | 78,690 | (91,051) | — |
| Other non-current liabilities | — | 3,631 | — | — | — | 3,631 |
| Total liabilities | 41,288 | 278,659 | 32,203 | 108,786 | (378,710) | 82,226 |
| Total AirNet Technology Inc.'s shareholders' equity | 10,927 | (187,146) | 203,585 | (77,779) | 61,340 | 10,927 |
| Non-controlling interests | — | (32,933) | — | — | — | (32,933) |
| Total liabilities and equity | 52,215 | 58,580 | 235,788 | 31,007 | (317,370) | 60,220 |

| Year ended December 31, 2022 | | | | | |
|---|---|----------|-----------------------------|---------------------------|--------------------|
| Parent | Consolidated affiliated entities (VIEs) | WFOEs | Other consolidated entities | Inter-company elimination | Group consolidated |
| (US\$ in thousands) | | | | | |
| Net cash provided by (used in) operating activities | — | 1,729 | 1 | (323) | 752 |
| Net cash used in investing activities | — | — | — | — | — |
| Net cash provided by financing activities | — | 1,212 | — | — | 1,212 |
| Year ended December 31, 2023 | | | | | |
| Parent | Consolidated affiliated entities (VIEs) | WFOEs | Other consolidated entities | Inter-company elimination | Group consolidated |
| (US\$ in thousands) | | | | | |
| Net cash (used in) provided by operating activities | — | (1,514) | (7) | (179) | (1,817) |
| Net cash used in investing activities | — | — | — | — | — |
| Net cash used in financing activities | — | (1,222) | — | — | (1,222) |
| Year ended December 31, 2024 | | | | | |
| Parent | Consolidated affiliated entities (VIEs) | WFOEs | Other consolidated entities | Inter-company elimination | Group consolidated |
| (US\$ in thousands) | | | | | |
| Net cash (used in) provided by operating activities | (5,700) | 32,737 | — | (4,316) | 22,721 |
| Net cash used in investing activities | — | (29,223) | — | — | (29,223) |
| Net cash provided by financing activities | 5,700 | 455 | — | — | 6,155 |

Permissions or Approvals Required from the PRC Authorities

We currently conduct our air travel media network business operations in China primarily through Chuangyi Technology and its contractual arrangements with the consolidated affiliated entities. Our operations in China are governed by PRC laws and regulations. We and the VIEs are required to obtain certain licenses, permits and approvals from relevant governmental authorities in China in order to operate our business. As of the date of this annual report, based on the opinion of our PRC legal counsel, Beijing DOCVIT Law Firm, we, our PRC subsidiaries and the consolidated affiliated entities have obtained all licenses, permits and approvals from the PRC government authorities necessary for our business operations in China, including, among others, a business license which specifically includes within its scope the operation of an advertising business and value-added telecommunications business operating licenses. As of the same date, we have not received any requirement to obtain any other license, permit or approval from any PRC government authority with respect to the operation of our business, nor have we been denied or dismissed by any government authority of any application of licenses, permits or approvals that are necessary to the operations of our business.

Given the uncertainties of interpretation and implementation of relevant laws and regulations and the enforcement practice by relevant government authorities, and the promulgation of new laws and regulations and amendment to the existing ones, we may be required to obtain additional licenses, permits, approvals, registrations or filings for our business operations in the future. We cannot assure you that we, our PRC subsidiaries or the consolidated affiliated entities will be able to obtain, in a timely manner or at all, or maintain such licenses, permits or approvals, and we, our PRC subsidiaries or the consolidated affiliated entities may also inadvertently conclude that such licenses, permits or approvals are not required. Any lack of or failure to maintain requisite licenses, permits or approvals applicable to us, our PRC subsidiaries or the consolidated affiliated entities may have a material adverse impact on our business, results of operations, financial condition and prospects and cause the value of our securities to significantly decline or become worthless. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—Compliance with PRC laws and regulations could be costly, and failure to comply could subject us to government sanctions” and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system could limit the legal protections available to us or result in substantial costs and the diversion of resources and management attention.”

On December 28, 2021, the Cyberspace Administration of China, or the CAC, and other 12 PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review, or Cybersecurity Review Measures, which became effective on February 15, 2022. Pursuant to the Cybersecurity Review Measures, network platform operators holding personal information of over one million users shall apply for a cybersecurity review before going to list abroad. It also provides that critical information infrastructure operators purchasing network products and services and data processors carrying out data processing activities, which affect or may affect national security, shall apply for cybersecurity review to the cyberspace administrations in accordance with the provisions thereunder. As of the date of this annual report, we have not been involved in any investigations on cybersecurity review initiated by the CAC or related governmental regulatory authorities, nor have we received any inquiry, notice, warning, or sanction in such respect. Based on the opinion of our PRC legal counsel, Beijing DOCVIT Law Firm, we are not required to file an application for the cybersecurity review by the CAC for our previous issuance of securities to foreign investors as of the date of this annual report because (1) we are not in the industry or business operation that involves critical information infrastructure operation, nor do we operate as a network platform operator engaging in relevant data processing activities which affect or may affect national security of the PRC; (2) we are not in possession of personal information of over one million users and it is also very unlikely that it will reach such threshold in the near future; and (3) as of the date of this annual report, we have not received any notice or determination from applicable PRC governmental authorities identifying us as a critical information infrastructure operator or a network platform operator engaging in relevant data processing activities which affect or may affect national security of the PRC.

Furthermore, the PRC government has recently promulgated new or proposed laws and regulations to further regulate securities offerings that are conducted overseas and/or foreign investment in China-based issuers. On February 17, 2023, the CSRC promulgated the Overseas Listing Trial Measures and the related guidelines, which became effective on March 31, 2023. According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. In addition, an overseas-listed company must also submit the filing with respect to its follow-on offerings, issuance of convertible corporate bonds and exchangeable bonds, and other equivalent offering activities, within the time frame specified by the Overseas Listing Trial Measures. With respect to our ability to offer securities to investors, based on the opinion of our PRC legal counsel, Beijing DOCVIT Law Firm, pursuant to the Overseas Listing Trial Measures and related guidelines, under the PRC laws, regulations and regulatory rules currently in effect, as of the date of this annual report, issuers that had already been listed in an overseas market by March 31, 2023, the date the Overseas Listing Trial Measures became effective, such as us, are not required to make any immediate filing with CSRC; however, such issuers will be required to comply with the filing requirements under the Overseas Listing Trial Measures when it subsequently seeks to conduct a follow-on offering overseas. If we fail to complete the filing procedures, under the Overseas Listing Trial Measures or otherwise, for any future overseas securities offering or listing, we may face sanctions by the CSRC or other PRC regulatory authorities, which may include orders for correction, warnings and fines. Any adverse regulatory actions or sanctions could have a material adverse effect on our business, results of operations, financial condition, reputation and prospects, as well as the trading price of the ADSs.

FORWARD-LOOKING STATEMENTS

This annual report contains statements of a forward-looking nature. These statements are made under the “safe harbor provisions” of the U.S. Private Securities Litigation Reform Act of 1995.

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. These forward-looking statements include but are not limited to:

- our growth strategies;
- our future business development, results of operations and financial condition;
- competition in the advertising industry and in particular, the travel advertising industry in China;
- the expected growth in consumer spending, average income levels and advertising spending levels;
- the growth of the air, train and long-haul bus travel sectors in China;
- the length and severity of the COVID-19 outbreak and its impact on our business and industry; and
- PRC governmental policies relating to the advertising industry.

You should read this annual report and the documents that we refer to in this annual report thoroughly and with the understanding that our actual future results may be materially different from and worse than what we expect. 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. We qualify all of our forward-looking statements by these cautionary statements.

You should not rely upon forward-looking statements as predictions of future events. The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. Except as required by law, we assume no obligation to update any forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, even if new information becomes available in the future.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Summary Risk Factors

Our business is subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows, and prospects. These risks are discussed more fully below and include, but are not limited to, risks related to:

Risks Related to Our Business

- We incurred net losses in the past and we may incur losses in the future.
- We have a limited operating history in various business lines, which may make it difficult for you to evaluate our business and prospects.
- If advertisers or the viewing public do not accept, or lose interest in, our air travel media network, we may be unable to generate sufficient cash flow from our operating activities and our business and results of operations could be materially and adversely affected.
- If we do not succeed in launching our in-flight business, our future results of operations and growth prospects may be materially and adversely affected.

Risks Related to Our Corporate Structure

- If the PRC government finds that the agreements that establish the structure for operating our China business do not comply with PRC governmental restrictions on foreign investment, our business could be materially and adversely affected.
- Because some of the shareholders of the VIEs in China are our directors and officers, their fiduciary duties to us may conflict with their respective roles in the VIEs, and their interest may not be aligned with the interests of our unaffiliated public security holders. If any of the shareholders of the VIEs fails to act in the best interests of our company or our shareholders, our business and results of operations may be materially and adversely affected.

- We rely on contractual arrangements with the VIEs and their shareholders for a substantial portion of our China operations, which may not be as effective as direct ownership in providing operational control.
- We have not registered the pledge of equity interest by certain shareholder of the consolidated affiliated entities with the relevant authority, and we may not be able to enforce the equity pledge against any third parties who acquire the equity interests in good faith in the relevant consolidated affiliated entities before the pledge is registered.

Risks Related to Doing Business in China

- Changes in China's economic, political or social conditions or government policies, laws and regulations could adversely affect overall economic growth of China and harm our business. Given the current regulatory environment in the PRC, there remains uncertainty regarding the interpretation and enforcement of PRC laws, which can change quickly and subject to any future actions within the discretion of PRC authorities. See “—Risks Related to Doing Business in China—Adverse changes in the 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 have a material adverse effect on our competitive position.” “—Risks Related to Doing Business in China—The filing procedure with the CSRC shall be fulfilled and the approval of other PRC government authorities may be required in connection with our future offshore offering under PRC law, and, we cannot predict whether or for how long we will be able to complete the filing procedure with the CSRC and obtain such approval or complete such filing, if required” and “—Risks Related to Doing Business in China—Failure to comply with governmental regulations and other legal obligations concerning data protection and cybersecurity may materially and adversely affect our business, as we routinely collect, store and use data during the conduct of our business.”
- We face risks arising from the uncertainties with respect to the PRC legal system. Certain rules and regulations can change quickly with little advance notice, and there may be risks and uncertainties regarding the interpretation and enforcement of PRC laws and regulations, which may affect our decisions on the policies and actions to be taken to comply with PRC laws and regulations. See “—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system could limit the legal protections available to us or result in substantial costs and the diversion of resources and management attention.
- The PRC government has significant oversight and discretion over the conduct of our business and may intervene with or influence our operations as the government deems appropriate to further regulatory, political and societal goals. We, our PRC subsidiaries and the consolidated affiliated entities face various legal and operational risks and uncertainties related to being based in and having significant operations in China. Any actions by the Chinese government to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or become worthless. See “—Risk Factors—Risks Related to Doing Business in China—Any actions by the Chinese government, including any decision to intervene or influence the operations of our subsidiaries and the consolidated affiliated entities, or to exert control over any offering of securities conducted overseas and/or foreign investment in China-based issuers, may cause us to make material changes to the operations of these entities, may limit or completely hinder our ability to offer or continue to offer securities to investors, and may cause the value of such securities to significantly decline or be worthless.
- We face risks arising from the severe or prolonged downturn in the global or Chinese economy. See “—Risk Factors—Risks Related to Doing Business in China—A severe or prolonged downturn in the global or Chinese economy could materially and adversely affect our business, financial condition, results of operations and prospects;

- Cash transfers from our PRC subsidiaries to entities outside of mainland China are subject to PRC government controls on currency conversion. As a result, cash in mainland China may not be available to fund operations or for other use outside of mainland China due to interventions in or the imposition of restrictions and limitations on our PRC subsidiaries' ability to transfer cash. There is no assurance the PRC government will not intervene in or impose restrictions on us and our subsidiaries to transfer cash. Although currently there are no equivalent or similar restrictions or limitations in Hong Kong on cash transfers in, or out of, our subsidiaries in Hong Kong, if certain restrictions or limitations in mainland China were to become applicable to cash transfers in and out of Hong Kong entities in the future, the funds in our subsidiaries in Hong Kong, likewise, may not be available to fund operations or for other use outside of Hong Kong. To the extent cash and/or assets in our business is in mainland China or Hong Kong or a mainland China and/or Hong Kong entity, the funds and/or assets may not be available to fund operations or for other use outside of mainland China or Hong Kong, including that, specifically, due to interventions in or the imposition of restrictions and limitations on the ability of our, our subsidiaries or the consolidated VIEs by the PRC government to transfer cash and/or assets. See “—Risks Related to Doing Business in China—Restrictions on currency exchange may limit our ability to receive and use our revenues or financing effectively”;

Risks Related to the Market for Our ADSs

- The trading price of our ADSs has been and may continue to be volatile.
- If we fail to comply with the continued listing requirements of Nasdaq, we would face possible delisting, which would result in a limited public market for our ADSs and make obtaining future debt or equity financing more difficult for us.

Risks Related to Our Business

We incurred net losses in the past and we may incur losses in the future.

In an effort to realign our business, we:

- divested most of our airport travel advertising business in 2015;
- completely terminated our advertising service at long-haul buses and gas stations and scaled down our on-train Wi-Fi business significantly in 2018, and in early 2019 ceased operations for Wi-Fi services on trains altogether;
- consolidated our efforts in providing in-flight contents of entertainment, advertising and digital multimedia in China;
- strengthened our efforts in launching and operating our in-flight connectivity business; and
- diverted our resources into the development of mining of cryptocurrencies since the beginning of 2021 and disposed of related business in March 2024.
- reentered into the development of mining of cryptocurrencies in May 2024.

We have incurred net losses in recent years, and notwithstanding we recorded net income in 2020 and in spite of our efforts to transition into our new business, we may incur loss in the future. With respect to the termination of our advertising service at gas station and our on-train Wi-Fi business, we no longer pay concession fees. With respect to providing contents on flights, we have paid, and expect to continue to pay concession fees to secure time intervals to play advertising contents. With respect to our in-flight connectivity business, we have incurred, and expect to continue to incur, substantial expenses in the form of acquisition of concession rights, initial system development and installation investments and ongoing system operation and maintenance costs. In the event of any significant technology development, we may need to incur further system development expenses.

Concession fees constitute a significant part of our cost of revenues and most of our concession fees are fixed under the concession rights contracts with an escalation clause. These fees payments are usually due in advance. However, our revenues may fluctuate significantly from period to period for various reasons. For instance, when new concession rights contracts are signed for a period, additional concession fees are incurred immediately, but it may take some time for us to generate revenues from these concession rights contracts because it takes time to find advertisers for the time slots and locations made available under these new contracts. If we are not able to attract enough advertisers and customers, or at all, our revenue will decrease and we may continue to incur losses given most of our costs and expenses are fixed.

We have a limited operating history in various business lines, which may make it difficult for you to evaluate our business and prospects.

Although we began our business operations in August 2005, we started to explore our in-flight connectivity business in 2015, and began operating our in-flight content business in 2015 as well divested our airport travel advertising business in 2015. As a result of our business realignment, we completely terminated our advertising service at long-haul buses and gas stations and scaled down our on-train Wi-Fi business significantly in 2018, and in early 2019 ceased operations for Wi-Fi services on trains altogether. In addition, we established a new line of business in relation to cryptocurrency mining in 2021, which was subsequently disposed of in March 2024. By May 2024, we decided to reenter the Cryptocurrency Business and shifted our focus to the Bitcoin market. Our limited operating history in these new business lines may not provide a meaningful basis for you to evaluate our business, financial performance and prospects. It is also difficult to evaluate the viability of our business model because we do not have sufficient experience to address the risks that we may encounter during our business operations. Certain members of our senior management team have worked together for a relatively short period of time and it may be difficult for us to evaluate their effectiveness, on an individual or collective basis, and their ability to address future challenges to our business. Because of our limited operating history, we may not be able to:

- manage our relationships with relevant parties to retain existing concession rights and obtain new concession rights on commercially advantageous terms or at all;
- retain existing and acquire new advertisers and third-party content providers;
- secure a sufficient number of low-cost hardware for our business from our suppliers;
- manage our operations;
- successfully launch new business and operate our existing business;
- respond to competitive market conditions;
- respond to changes in the PRC regulatory regime;
- maintain adequate control of our costs and expenses; or
- attract, train, motivate and retain qualified personnel.

The relaunch of our cryptocurrency mining business could adversely affect our business, results of operations and financial condition.

We established a new line of business in relation to cryptocurrency mining in 2021 to mitigate the adversary impacts of COVID-19 on our in-flight connectivity business. We generated revenue from the cryptocurrency we earned through our mining activities, which we might hold for our own account and/or sell at prices and times as determined by our executive management team in accordance with our corporate strategy. Our cryptocurrency mining business started to generate revenue in 2021, and we recognized related revenue of \$0.2 million, nil and nil in 2022, 2023 and 2024, respectively. On March 19, 2024, we entered into an investor repurchase agreement with Unistar and Northern Shore, pursuant to which we repurchased (1) 596,908 ordinary shares issued to Unistar under the investment agreement dated December 30, 2020, and (2) 710,321 ordinary shares issued to Northern Shore under the investment agreement dated February 4, 2021, each at a per share price at par of US\$0.04, for an aggregate consideration of US\$2,289.16. In consideration of the repurchase, we transferred 100% of the equity interest of Blockchain Dynamics Limited, a company incorporated under the Laws of Hong Kong which was previously indirectly wholly owned by us to hold the computer servers and to operate related cryptocurrency mining business. In March 2024, we completed the disposal of Blockchain Dynamics Limited. However, by May 2024, recognizing the broad prospects of the global cryptocurrency market, we decided to reenter the Cryptocurrency Business and shifted our focus to the Bitcoin market. On May 30, 2024, we entered into a sales and purchase agreement with an unaffiliated third party for the purchase of 6,218 units of Bitcoin Miner S21. On December 20, 2024, we entered into a Hosting Services Agreement with BTC KZ (“BTC KZ”), a Kazakhstan corporation, (the “Hosting Agreement”), pursuant to which BTC KZ provides hosting services for the Company’s supercomputing servers at its Almaty, Kazakhstan-based data center, including racking, power supply, cooling, and security. On March 17, 2025, we also entered into a non-binding investment letter of intent (the “LOI”) with LLP STH Corp. (“LLP STH”), a Kazakhstan company, for the investment in and construction of a 70MW national grid-powered facility and a 60MW natural gas self-generation facility, both utilizing liquid-cooling technology to enhance operational efficiency and extend equipment lifespan. See “Item 4. Information on The Company-A. History and Development of the Company” for details. The relaunch of our cryptocurrency mining business could cause disruptions in our business, which could have an adverse effect on our business, results of operations and financial condition. As such, the value of your investment in our ADSs could be materially and adversely affected.

If advertisers or the viewing public do not accept, or lose interest in, our air travel media network, we may be unable to generate sufficient cash flow from our operating activities and our business and results of operations could be materially and adversely affected.

Our success in our air travel media business depends on the acceptance of our advertising network by advertisers and their interest in it as a part of their advertising strategies. Our advertisers may elect not to use our services if they believe that consumers are not receptive to our media network or that our network is not a sufficiently effective advertising medium. If consumers find our network to be disruptive or intrusive, airplane companies may refuse to allow us to place our programs on airplanes, and our advertisers may reduce spending on our network.

If we are not able to adequately track air traveler responses to our programs, in particular track the demographics of air travelers most receptive to air travel media, we will not be able to provide sufficient feedback and data to existing and potential advertisers to help us generate demand and determine pricing. Without improved market research, advertisers may reduce their use of air travel media and instead turn to more traditional forms of advertising that have more established and proven methods of tracking the effectiveness of advertisements.

Demand for our advertising services and the resulting advertising spending by our advertisers may fluctuate from time to time, and our advertisers may reduce the money they spend to advertise on our network for any number of reasons. If a substantial number of our advertisers lose interest in advertising on our media network for these or other reasons or become unwilling to purchase advertising time slots or locations on our network, we will be unable to generate sufficient revenues and cash flow to operate our business, and our business and results of operations could be materially and adversely affected.

If we do not succeed in launching our in-flight business, our future results of operations and growth prospects may be materially and adversely affected.

Driven by innovation, we gradually reinvented ourselves and shaped our core competitiveness in providing in-flight solutions to connectivity, entertainment and digital multimedia in China. We began to explore the in-flight business in 2018, which has sustained adversary impacts caused by the spread of COVID-19 and the measurements taken to contain such spread. We collaborated with partners to deliver in-flight connectivity solutions and a wide range of in-flight entertainment and advertising contents streaming via the connectivity. We may face unexpected new risks as we continue to launch this new business. As a result, we cannot assure you that we will be able to generate enough, or any, revenue from this business. If we fail to do so, our considerable amounts of investment on system development will materially and adversely affect our business and financial results.

In our new business, we may face new competition. If we cannot successfully address the foregoing new challenges and compete effectively, we may not be able to develop a sufficiently large advertiser base, recover costs incurred for developing and marketing our new business, and eventually achieve profitability from these businesses, the failure of which could have a material and adverse impact on our future results of operations and growth prospects.

We may be adversely affected by a significant or prolonged economic downturn in the level of consumer spending in the industries and markets served by our customers.

Our business depends on demand for our advertising services from our customers, which could be affected by the level of business activity and economic condition of our customers and may in turn be affected by the level of consumer spending in the markets that our customers serve. Therefore, our businesses and earnings could be affected by general business and economic conditions in China as well as abroad.

Advertising revenues from advertisers in the automobile industry accounted for a significant portion of our revenues. Any significant or prolonged slowdown or decline of this industry or the economy of China, countries with close economic ties with China or the overall global economy will affect consumers' disposable income and consumer spending in such industry, and lead to a decrease in demand for our services.

We derive a significant portion of our revenues from the provision of air travel media services. A contraction in the air travel media industry in China may materially and adversely affect our business and results of operations.

All of our revenues from continuing operations in 2024 was generated from the provision of air travel media services through the display of advertisements on digital TV screens on airplanes. We expect digital TV screens on airplanes to contribute substantially all of our air travel network revenue and a majority of all our revenue in the foreseeable future. If we cannot successfully generate revenues from our other business, this situation will continue into the foreseeable future. A contraction in air travel media industry in China could therefore have a material adverse effect on our business and results of operations.

If we are unable to carry out our operations as specified in existing concession rights contracts, retain or renew existing concession rights contracts or to obtain new concession rights contracts on commercially advantageous terms, we may be unable to maintain or expand our network coverage and our costs may increase significantly in the future.

Our ability to carry out almost all of our business depends on the availability of the necessary concession rights. However, we cannot assure you that we will be able to carry out our operations as specified in our concession rights contracts, and any failure to perform may affect the availability of our concession rights and materially and negatively affect our business.

We may also be unable to retain or renew concession rights contracts when they expire. Most of our concession rights contracts have no automatic renewal provisions. We cannot assure you that we will be able to renew any or all of our concession contracts when they expire. Furthermore, even if we manage to renew a concession right contract, the terms of the new contract may not be commercially favorable to us. The concession fees that we incur under our concession rights contracts comprise a significant portion of our cost of revenues, which may further increase upon renewals. If we cannot pass increased concession costs onto our customers, our earnings and our results of operations could be materially and adversely affected. In addition, many of our concession rights contracts contain provisions granting us certain exclusive concession rights. We cannot assure you that we will be able to retain these exclusivity provisions when we renew these contracts. If we were to lose exclusivity, our advertisers may decide to advertise with our competitors or otherwise reduce their spending on our network and we may lose market share.

We cannot assure you that our concession rights contracts will not be unilaterally terminated during their terms, whether with or without justification. In addition, many of our concession rights contracts were entered into with the advertising companies operated by or advertising agencies hired by airline companies, without such airline companies being parties to these contracts. Although these advertising companies and agencies have generally represented to us in writing that they have the rights to operate advertising media on airplanes and all of them have performed their contractual obligations, we cannot assure you that airline companies will not challenge or revoke the contractual concession rights granted to us by their advertising companies or agencies; if such challenges or revocations occur, our revenues and results of operations could be materially and adversely affected.

If we fail to properly perform our existing concession rights contracts, retain existing concession rights contracts or obtain new concession rights contracts on commercially advantageous terms, we may be unable to maintain or expand our network coverage and our costs may increase significantly in the future.

A significant portion of our revenues has been derived from a limited number of airline companies in China. If any of these airline companies experiences a material business or flight disruption or if there are changes in our arrangements with these airline companies, we may incur substantial losses of revenues.

We derived a significant portion of our revenues from operations in 2024 from one airline company in China. As of the date of this annual report, we have concession rights contracts to place our programs on Air China, which in the aggregate contributed 27% of our revenue from digital TV screens on airplanes in 2024. A material business or flight disruption of any of those airline companies could negatively affect our advertising media on airplanes operated by those companies.

We expect our advertising platform with these abovementioned airline companies to continue to contribute a significant portion of our revenues in the foreseeable future. If any such companies experience a material business or flight disruption, we may lose a substantial amount of revenues.

We depend on third-party program producers to provide the non-advertising content that we include in our programs. Failure to obtain high-quality content on commercially reasonable terms could materially reduce the attractiveness of our network, harm our reputation and materially and adversely affect our business and results of operations.

The programs on the majority of our digital TV screens include both advertising and non-advertising content. Third-party content providers and various other television stations and television production companies have contracts with us to provide the majority of the non-advertising content played on our digital TV screens on airplanes. There is no assurance that we will be able to renew these contracts, enter into substitute contracts to obtain similar contents or obtain non-advertising content on satisfactory terms, or at all. To make our programs more attractive, we must continue to secure contracts with third-party content providers. If we fail to obtain a sufficient amount of high-quality content on a cost-effective basis, advertisers may find advertising on our network unattractive and may not wish to purchase advertising time slots or locations on our network, which would materially and adversely affect our business and results of operations.

When our current advertising network of digital TV screens and LED screens becomes saturated on the airlines which we directly or indirectly partner with, we may be unable to offer additional time slots or locations to satisfy all of our advertisers' needs, which could hamper our ability to generate higher levels of revenues and profitability over time.

When our network of digital TV screens and LED screens in airplanes becomes saturated in any particular airline which we directly or indirectly partner with, we may be unable to offer additional advertising time slots or locations to satisfy all of our advertisers' needs. We would need to increase our advertising rates for advertising in such airlines or other locations to increase our revenues.

However, advertisers may be unwilling to accept rate increases, which could hamper our ability to generate higher level of revenues over time. In particular, the utilization rates of our advertising time slots and locations on the three largest airlines in China are higher than those on other airlines, and saturation or oversaturation of digital TV screens on these airlines could have a material adverse effect on our growth prospects.

Our advertising agencies could engage in activities that are harmful to our reputation in the industry and to our business.

We engage third-party advertising agencies to help source advertisers from time to time. These third-party advertising agencies assist us in identifying advertisers and introduce potential advertisers to us. In return, we pay fees to these advertising agencies if they generate advertising revenues for us. Fees that we pay to these third-party agencies are calculated based on a pre-set percentage of revenues generated from the advertisers introduced to us by such agencies and are paid when payments are received from the advertisers. Our contractual arrangements with these advertising agencies do not provide us with control or oversight over their everyday business activities, and one or more of these agencies may engage in activities that violate PRC laws and regulations governing the advertising industry and related non-advertising content, or other laws and regulations. If the advertising agencies we use violate PRC advertising or other laws or regulations, it could harm our reputation in the industry and have detrimental effects on our business operations.

Because we rely on third-party advertising agencies to help engage advertisers, if we fail to maintain stable business relations with key third-party agencies or to attract additional agencies on competitive terms, our business and results of operations could be materially and adversely affected.

We rely on third-party advertising agencies to help engage advertisers from time to time. We do not have long-term or exclusive agreements with these advertising agencies, including our key third-party advertising agencies, and cannot assure you that we will continue to maintain stable business relations with them. Furthermore, the fees we pay to these third-party advertising agencies constitute a significant portion of our cost of revenues. If we fail to maintain harmonious relationship with existing third-party advertising agencies or to attract additional advertising agencies with fees based on our current pre-set percentage of revenues generated from the advertisers introduced to us by them, the fees we pay such advertising agencies may have to significantly increase. If any of the above happens, our business and results of operations could be materially and adversely affected.

A limited number of advertisers have historically accounted for a significant portion of our revenues and this dependence may reoccur in the future, which would make us more vulnerable to the loss of major advertisers or delays in payments from these advertisers.

A limited number of advertisers historically accounted for a significant portion of our revenues. For the years ended December 31, 2022, 2023 and 2024, three, three and three individual customers each year accounted for over 10% of total revenues.

If we fail to sell our services to one or more of our major advertisers in any particular period, or if a major advertiser purchases fewer of our services, fails to purchase additional advertising time on our network, or cancels some or all of its purchase orders with us, our revenues could decline, and our operating results could be adversely affected. The dependence on a small number of advertisers made us more vulnerable to payment delays from these advertisers. We are required under some of our concession rights contracts to make prepayments and although we do receive some prepayments from advertisers, there is typically a lag between the time of our prepayment of concession fees and the time that we receive payments from our advertisers. As our business expands and revenues grow, we have experienced and may continue to experience an increase in our accounts receivable. If any of our major advertisers are significantly delinquent with its payments, our liquidity and financial conditions may be materially and adversely affected.

We face significant competition in the advertising industry in China, and if we do not compete successfully against new and existing competitors, we may lose our market share, and our profits may be reduced.

We face significant competition in the advertising industry in China. We compete for advertisers primarily on the basis of price, program quality, the range of services offered and brand recognition. We primarily compete for advertising dollars spent in the air travel media industry. We may also face competition from new competitors as we enter into new markets.

Significant competition could reduce our operating margins and profitability and lead to a loss of market share. Some of our existing and potential competitors may have competitive advantages such as significantly greater brand recognition, a longer history in the out-of-home advertising industry and financial, marketing or other resources, and may be able to mimic and adopt our business model. In addition, several of our competitors have significantly larger advertising networks than we do, which gives them an ability to reach a larger number of overall potential consumers and may make them less susceptible than we are to downturns in particular advertising sectors, such as air travel. Moreover, significant competition will provide advertisers with a wider range of media and advertising service alternatives, which could lead to lower prices and decreased revenues, gross margins and profits focus. We cannot assure you that we will be able to successfully compete against new or existing competitors, and failure to compete may reduce for existing market share and profits.

Our results of operations are largely subject to fluctuations in the demand for air travel. A decrease in the demand for air travel may make it difficult for us to sell our advertising time slots and locations.

To a large extent, our results of operations are linked to the demand for air travel, which fluctuates greatly from period to period, and is subject to seasonality due to holiday travel and weather conditions. Other factors that may affect our results include:

- *Downturns in the economy.* Business travel is one of the primary drivers of the air travel industry and it tends to increase in times of economic growth and decrease in times of economic slowdown. A decrease in air passengers in China could lead to lower advertiser spending on our air travel media network.
- *Plane crashes or other accidents.* An aircraft crash or other accident, such as those in 2014 involving certain Asian-based airlines, could create a public perception that air travel is not safe or reliable, which could result in air travelers being reluctant to fly. Significant aircraft delays due to capacity constraints, weather conditions or mechanical problems could also reduce demand for air travel, especially for shorter domestic flights.

- *Adverse effect of the COVID-19 outbreak.* As our primary business is to provide in-flight connectivity and contents in the nature of information and entertainment to travelers by air, our results of operations and financial condition have been adversely affected and may continue to be adversely affected by the COVID-19, to the extent that COVID-19 exerts long-term negative impact on the global economy. See “-We face risks related to natural disasters, health epidemics and other outbreaks, such as the COVID-19 outbreak, which could significantly disrupt our operations.”

If the demand for air travel within our network decreases for any of these or other reasons, advertisers may be reluctant to advertise on our network and we may be unable to sell our advertising time slots or locations or charge premium prices.

Past and future acquisitions may have an adverse effect on our ability to manage our business.

We have acquired and may continue to acquire businesses, technologies, services or products which are complementary to our business in the future. Past and future acquisitions may expose us to potential risks, including risks associated with:

- the integration of new operations, services and personnel;
- unforeseen or hidden liabilities;
- the diversion of resources from our existing business and technology; or
- failure to achieve the intended objectives of our acquisitions.

Any of these potential risks could have a material and adverse effect on our ability to manage our business, our revenues and net income.

We may need to raise additional debt or sell additional equity securities to make future acquisitions. The raising of additional debt funding by us, if required, would increase debt service obligations and may lead to additional operating and financing covenants, or liens on our assets, that would restrict our operations. The sale of additional equity securities could cause additional dilution to our shareholders.

Our acquisition strategy also depends on our ability to obtain necessary government approvals. See “-Risks Related to Doing Business in China-The M&A Rule sets forth complex procedures for acquisitions conducted by foreign investors which could make it more difficult to pursue growth through acquisitions.”

Our quarterly and annual operating results are difficult to predict and have fluctuated and may continue to fluctuate significantly from period to period.

Our quarterly and annual operating results are difficult to predict and have fluctuated and may continue to fluctuate significantly from period to period based on the performance of our new business, the seasonality of air travel, consumer spending and corresponding advertising trends in China. Air travel and advertising spending in China generally tend to increase during major national holidays in October and tend to decrease during the first quarter of each year. Air travel and advertising spending in China is also affected by certain special events and related government measures. As a result, and also due to the unpredictable performance of our new business, you may not be able to rely on period-to-period comparisons of our operating results as an indication of our future performance. Other factors that may cause our operating results to fluctuate include a deterioration of economic conditions in China and potential changes to the regulation of the advertising industry in China. If our revenues for a particular quarter are lower than we expect, we may be unable to reduce our operating costs and expenses for that quarter by a corresponding amount, and it would harm our operating results for that quarter relative to our operating results for other quarters.

Our business depends substantially on the continuing efforts of our senior executives and other key employees, and our business may be severely disrupted if we lose their services.

Our future success heavily depends upon the continued services of our senior executives and other key employees. We rely on their industry expertise, their experience in business operations and sales and marketing, and their working relationships with our advertisers, airlines, and relevant government authorities.

If one or more of our senior executives and other key employees were unable or unwilling to continue in their present positions, we might not be able to replace them easily or at all. If any of our senior executives and other key employees joins a competitor or forms a competing company, we may lose advertisers, suppliers, key professionals and staff members. Each of our executive officers and other key employees has entered into an employment agreement with us which contains non-competition provisions. However, if any dispute arises between any of our executive officers and other key employees and us, we cannot assure you the extent to which any of these agreements could be enforced in China, where most of these executive officers and other key employees reside. See “-Risks Related to Doing Business in China-Uncertainties with respect to the PRC legal system could limit the legal protections available to us or result in substantial costs and the diversion of resources and management attention.”

Failure to maintain an effective system of internal control over financial reporting and effective disclosure controls and procedures could have a material and adverse effect on the trading price of our ADSs.

We are subject to reporting obligations under the U.S. securities laws. The SEC, as required by Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, adopted rules requiring every public company to include a management report on such company’s internal control over financial reporting in its annual report, which must also contain management’s assessment of the effectiveness of the company’s internal control over financial reporting. SEC rules also require every public company to include a management report containing management’s assessment of the effectiveness of such company’s disclosure controls and procedures in its annual report.

We have identified material weaknesses in our internal control over financial reporting in the past. If we fail to develop or maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential stockholders could lose confidence in our financial reporting, which would harm our business and the trading price of our securities. In connection with the audit of our consolidated financial statements for the year ended December 31, 2024, our management concluded we had material weaknesses in our internal controls. Despite our continued efforts and the improvement achieved, our management has concluded that we had not maintained effective internal control over financial reporting and disclosure controls and procedures as of December 31, 2024. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses as of December 31, 2024 were related to the weak operating effectiveness and lack of monitoring of controls over financial reporting due to inadequate resources or resources with insufficient experience or training in our financial reporting team, administration team and human resource team. See “Item 15. Controls and Procedures.” Any failure to achieve and maintain effective internal control over financial reporting could negatively affect the reliability of our financial information and reduce investors’ confidence in our reported financial information, which in turn could result in lawsuits being filed against us by our shareholders, otherwise harm our reputation or negatively impact the trading price of our ADSs. Furthermore, we have incurred and anticipate that we will continue to incur considerable costs and use significant management time and other resources in an effort to comply with Section 404 of the Sarbanes-Oxley Act and other requirements of the Sarbanes-Oxley Act.

We may need additional capital which, if obtained, could result in dilution or significant debt service obligations. We may not be able to obtain additional capital on commercially reasonable terms, which could adversely affect our liquidity and financial position.

We may require additional cash resources due to changed business conditions or other future developments. If our current resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. The sale of convertible debt securities or additional equity securities could result in additional dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations and liquidity.

In addition, our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, including:

- investors’ perception of, and demand for, securities of alternative advertising media companies;
- conditions of the market;
- our future results of operations, financial condition and cash flows; and
- PRC governmental regulation of foreign investment in advertising services companies in China.

We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all. Any failure to raise additional funds on favorable terms could have a material adverse effect on our liquidity and financial condition.

Compliance with PRC laws and regulations could be costly, and failure to comply could subject us to government sanctions.

As an advertising service provider, we are obligated under PRC laws and regulations to monitor the advertising content shown on our network for compliance with applicable law. Violation of these laws or regulations may result in penalties, including fines, confiscation of advertising fees, orders to cease dissemination of the offending advertisements and orders to publish advertisements correcting the misleading information. In case of serious violations, the PRC authorities may revoke our license for advertising business operations. In general, the advertisements shown on our network have previously been broadcast over public television networks and have been subjected to internal review and verification by such networks, but we are still required to independently review and verify these advertisements for content compliance before displaying them. In addition, if a special government review is required for certain product advertisements before they are shown to the public, we are required to confirm that such review has been performed and approval obtained. For advertising content related to certain types of products and services, such as food products, alcohol, cosmetics, pharmaceuticals and medical procedures, we are required to confirm that the advertisers have obtained requisite government approvals, including review of operating qualifications, proof of quality inspection of the advertised products, government pre-approval of the contents of the advertisement and filing with local authorities.

We endeavor to comply with such requirements through means such as requesting relevant documents from the advertisers. However, we cannot assure you that each advertisement that an advertiser provides to us and which we include in our network programs is in full compliance with all relevant PRC advertising laws and regulations or that such supporting documentation and government approvals provided to us are complete. Although we employ qualified advertising inspectors who are trained to review advertising content for compliance with relevant PRC laws and regulations, the content standards in the PRC are less certain and less clear than those in more developed countries such as the United States and we cannot assure you that we will always be able to properly review all advertising content to comply with the PRC standards imposed on us with certainty.

In addition, although we use our best efforts to comply with all relevant laws and regulations and to obtain all necessary certificates, registrations and approvals for our business, due to the complexity of local laws and regulations across China governing outdoor media advertising platforms, there can be no assurance that we will be able to obtain or maintain all necessary approvals. Any delay or failure in obtaining such approvals or licenses could materially and adversely affect our results of operations.

We may be subject to, and may expend significant resources in defending against government actions and civil suits based on the content we provide through our advertising network.

Because of the nature and content of the information displayed on our network, civil claims may be filed against us for fraud, defamation, subversion, negligence, copyright or trademark infringement or other violations. Offensive and objectionable content and legal standards for defamation and fraud in China are less defined than in other more developed countries and we may not be able to properly screen out unlawful content. If consumers find the content displayed on our network to be offensive, the relevant airlines, gas stations, railway bureaus and long-haul bus companies may seek to hold us responsible for any consumer claims or may terminate their relationships with us.

In addition, if the security of our content management system is breached and unauthorized images, text or audio sounds are displayed on our network, viewers or the PRC government may find these images, text or audio sounds to be offensive, which may subject us to civil liability or government censure despite our efforts to ensure the security of our content management system. Any such event may also damage our reputation. If our advertising viewers do not believe our content is reliable or accurate, our business model may become less appealing to viewers in China and our advertisers may be less willing to place advertisements on our network.

We may be subject to intellectual property infringement claims, which may force us to incur substantial legal expenses and, if determined adversely against us, may materially and adversely affect our business.

Our commercial success depends to a large extent on our ability to operate without infringing the intellectual property rights of third parties. We cannot assure you that our displays or other aspects of our business do not or will not infringe patents, copyrights or other intellectual property rights held by third parties. We may become subject to legal proceedings and claims from time to time relating to the intellectual property of others in the ordinary course of our business. If we are found to have violated the intellectual property rights of others, we may be enjoined from using such intellectual property, incur licensing fees or be forced to develop alternatives. In addition, we may incur substantial expenses and diversion of management time in defending against these third-party infringement claims, regardless of their merit. Successful infringement or licensing claims against us may result in substantial monetary liabilities, which may materially and adversely affect our business.

We face risks related to natural disasters, health epidemics and other outbreaks, such as the COVID - 19 outbreak, which could significantly disrupt our operations.

Our business could be materially and adversely affected by natural disasters or the outbreak of health epidemic. Any such occurrences could cause severe disruption to our daily operations, and may even require a temporary closure of our facilities. In August 2014, a strong earthquake hit part of Yunnan province in south, and resulted in significant casualties and property damage. While we did not suffer any loss or experience any significant increase in cost resulting from these earthquakes, if a similar disaster were to occur in the future affecting Beijing or another city where we have major operations in China, our operations could be materially and adversely affected due to loss of personnel and damages to property. In addition, any outbreak of avian flu, severe acute respiratory syndrome (SARS), influenza A (H1N1), H7N9, Ebola, COVID-19 or other adverse public health epidemic in China may have a material and adverse effect on our business operations. These occurrences could require the temporary closure of our offices or prevent our staff from traveling to our customers' offices to provide services. Such closures could severely disrupt our business operations and adversely affect our results of operations. These occurrences could reduce air and train traveling in China and adversely affect the results of operations of our related business.

For example, the outbreak of the COVID-19, a novel strain of coronavirus spread rapidly throughout the world. The COVID-19 resulted in quarantines, travel restrictions, and the temporary closure of facilities in many countries and regions. The spread of the pandemic and efforts to contain and counter the spread of the pandemic restrained the flow of travelers both domestically and internationally. As our primary business is to provide in-flight connectivity and contents in the nature of information and entertainment to travelers by air, our results of operations and financial condition were adversely affected. The extent to which this outbreak impacts our results of operations will depend on future developments which are still uncertain and unpredictable, including the COVID-19 variants, regional resurgence of COVID-19 cases, the severity of the disease, the success or failure of efforts to contain or treat the disease, and future actions we or the authorities may take in response to these developments.

We were named as a defendant or respondent in legal proceedings that could have a material adverse impact on our business, financial condition, results of operation, cash flows and reputation.

We have to defend against the legal proceedings described in "Item 8. Financial Information-A. Consolidated Statements and Other Financial Information-Legal Proceedings," including any appeals of such legal proceedings should our initial defense be unsuccessful. We are currently unable to estimate the possible loss or possible range of loss, if any, associated with the resolution of these legal proceedings. In the event that our initial defense of these legal proceedings is unsuccessful, there can be no assurance that we will prevail in any appeal. Any adverse outcome of these cases, including any plaintiff's or claimant's appeal of a judgment in these legal proceedings, could have a material adverse effect on our business, financial condition, results of operation, cash flows and reputation. In addition, there can be no assurance that our insurance carriers will cover all or part of the defense costs, or any liabilities that may arise from these matters. The legal proceeding process may utilize a significant portion of our cash resources and divert management's attention from the day-to-day operations of our company, all of which could harm our business. We also may be subject to claims for indemnification related to these matters, and we cannot predict the impact that indemnification claims may have on our business or financial results.

Risks Related to Our Corporate Structure

If the PRC government finds that the agreements that establish the structure for operating our China business do not comply with PRC governmental restrictions on foreign investment, our business could be materially and adversely affected.

Substantially all of our operations are conducted through contractual arrangements with the VIEs in China: AirNet Online, Linghang Shengshi and Iwangfan. As the Foreign-invested Advertising Enterprise Management Regulations, or the Foreign-invested Advertising Regulations, which became effective on October 1, 2008 and has been abolished on June 29, 2015, it permitted 100% foreign ownership of companies that provide advertising services, subject to approval by relevant PRC government authorities. In addition, according to the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2024), which became effective on November 1, 2024, the television program production and operation falls into the category of prohibited foreign investment industry, but the advertising business still does not fall into the category of restricted or prohibited foreign investment industry. We believe that these regulations apply to our business and are therefore carrying out the portions of our business that involve the production of non-advertising content through the VIEs. Our wholly owned Hong Kong subsidiary Air Net (China) Limited, or AN China, the 100% shareholder of our three wholly foreign owned subsidiaries in China, has been operating an advertising business in Hong Kong since 2008, and thus it is allowed to directly invest in advertising business in China. In December 2014, we transferred 100% equity interest in Shenzhen Yuehang to AN China to provide advertising services in China directly. In July 2015, Shenzhen Yuehang obtained the approval to include advertising in its scope of business. We, therefore, intend to gradually shift our advertising business to Shenzhen Yuehang to gradually reduce our reliance on the current VIE structure in terms of our advertising business. Our advertising business is currently primarily provided through our contractual arrangements with certain of the VIEs in China. These entities directly operate our air advertising network, enter into concession rights contracts related to our air advertising network and sell advertising time slots and locations to our advertisers. In addition, under current PRC regulations, a foreign entity is prohibited from owning more than 50% of any PRC entity that provides value-added telecommunication services. If we re-run our Wi-Fi business, it might be regarded as value-added telecommunication business. As a result we would enter into concession rights contracts related to our Wi-Fi business via AirNet Online, which is expected to directly operate this business. We have contractual arrangements with these VIEs pursuant to which we, through Chuangyi Technology, provide technical support and consulting services and other services to these entities. We also have VIE agreements with the VIEs and each of their existing individual shareholders (except Lin Wang) that provide us with the substantial ability to control these entities. For a description of these contractual arrangements, see “Item 4. Information on the Company-C. Organizational Structure” and “Item 7. Major Shareholders and Related Party Transactions-B. Related Party Transactions-Contractual Arrangements.”

In January 2016 and March 2016, we, through the nominee shareholders of the respective VIEs, transferred 3.7868% and 3.49% equity interest in Linghang Shengshi and AirNet Online to Yi Zhang, respectively. Yi Zhang is an unrelated third-party minority shareholder of those VIEs and did not enter into the same VIE arrangements with us as did the other nominee shareholders. In April 2019 and October 2020, Yi Zhang withdrew all his equity interests in AirNet Online and Linghang Shengshi, respectively. Accordingly, we can exert control over the equity interests in the VIEs previously owned by Yi Zhang. In December 2021, we, through the nominee shareholder of the respective VIE, transferred 10% equity interest in Iwangfan to Lin Wang. Lin Wang is a minority shareholder of the VIE and did not enter into the same VIE arrangements with us as did the other nominee shareholders. AirNet Online signed an entrusted equity holding agreement with Lin Wang, pursuant to which AirNet Online entrusted Lin Wang to act as the nominee shareholder of the foregoing equity interests.

Some of our VIE arrangements may expire in 2025, 2027 and 2028, if any party thereto sends a no-extension notice to the other at least twenty (20) days in advance. Although we believe we can renew those agreements with the VIEs and their shareholders at that time, if we fail to do so, our control over such VIEs might be adversely affected.

In the opinion of Beijing DOCVIT Law Firm, our PRC counsel, except as described in this annual report, the contractual arrangements between Chuangyi Technology and the VIEs do not violate existing PRC laws and regulations, and in each case governed by PRC law, are (1) valid and legally binding on each party thereto, and (2) enforceable in accordance with the terms thereof, subject as to enforceability to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally, the discretion of relevant government agencies in exercising their authority in connection with the interpretation and implementation thereof and the application of relevant PRC laws and policies thereto, and to general equity principles. However, some uncertainties regarding the interpretation and application of current or future PRC laws and regulations could limit our ability to enforce these contractual arrangements and if the shareholders of the VIEs were to reduce their interest in us, their interests may diverge from ours and that may potentially increase the risk that they would seek to act contrary to the contractual terms, for example by influencing the VIEs not to pay the service fees when required to do so.

Our ability to control the VIEs also depends on the power of attorney Chuangyi Technology has to vote on all matters requiring shareholder approval in the VIEs. As noted above, we believe this power of attorney is legally enforceable but may not be as effective as direct equity ownership.

In addition, if the PRC government were to find that the VIE arrangements do not comply with PRC governmental restrictions on foreign investment or any other existing PRC laws and regulations, or if these regulations change or are interpreted differently in the future, the PRC government could:

- revoke the business and operating licenses of our PRC subsidiaries and the consolidated affiliated entities;
- discontinue or restrict the operations of our PRC subsidiaries and the consolidated affiliated entities;
- impose conditions or requirements with which we or our PRC subsidiaries and affiliates may not be able to comply; or
- require us or our PRC subsidiaries and affiliates to restructure the relevant ownership structure or operations.

While we do not believe that any penalties imposed or actions taken by the PRC government would result in the liquidation of us, Chuangyi Technology, or the VIEs, the imposition of any of these penalties may result in a material and adverse effect on our ability to conduct our business. In addition, if the imposition of any of these penalties causes us to lose the power to direct the activities of consolidated affiliated entities that most significantly impact consolidated affiliated entities' economic performance or our right to receive substantially all of the benefits from consolidated affiliated entities, we would no longer be able to consolidate such consolidated affiliated entities. As a result, in the event that the PRC government determines that the contractual arrangements constituting part of the VIE structure do not comply with PRC regulations, or if these regulations change or are interpreted differently in the future, we may be unable to assert contractual control over the assets of the VIEs, and the value of our securities may significantly decline or be worthless.

In December 2018, the National People's Congress of the PRC, or the NPC, released another draft of foreign investment law, or the Foreign Investment Law, for soliciting public comments. On March 15, 2019, the Foreign Investment Law was enacted by the NPC and was effective on January 1, 2020. Although the Foreign Investment Law does not explicitly define the contractual arrangements with VIEs as a form of foreign investment, it contains an ambiguous clause that covers other form stipulated in laws, administrative regulations or other methods prescribed by the State Council within its definition of foreign investment. Therefore, uncertainties still exist about whether our contractual arrangements with VIEs will be deemed to violate the market access requirements for foreign investment under the PRC laws. Additionally, if the State Council or laws, administrative regulations require further actions regarding the existing contractual arrangements with VIEs, we may not complete such actions in a timely manner, or at all, which may materially and adversely affect our business operation and financial condition.

Because some of the shareholders of the VIEs in China are our directors and officers, their fiduciary duties to us may conflict with their respective roles in the VIEs, and their interest may not be aligned with the interests of our unaffiliated public security holders. If any of the shareholders of the VIEs fails to act in the best interests of our company or our shareholders, our business and results of operations may be materially and adversely affected.

Certain of our directors and officers are shareholders in the VIEs, namely AirNet Online, Linghang Shengshi, and Iwangfan. Mr. Man Guo, our chairman, interim chief financial officer and former chief executive officer, in addition to holding 48.63% in our company, also directly and indirectly holds approximately 80.00% of AirNet Online, 86.9193% of Linghang Shengshi and 90.00% of Iwangfan. Mr. Qing Xu, our executive president and former director, in addition to holding 0.17% of our company, also directly and indirectly holds approximately 15.00% of AirNet Online, and 12.9954% of Linghang Shengshi. In addition, Mr. Guo is a director of AirNet Online and Iwangfan, the general manager of Linghang Shengshi, and the legal representative of AirNet Online; Mr. Xu is a director of Linghang Shengshi, the general manager and legal representative of Iwangfan. For these directors and officers, their fiduciary duties toward our company under Cayman Islands law, i.e., to act honestly, in good faith and with a view to our best interests, may conflict with their roles in the VIEs, as what is in the best interest of the VIEs may not be in the best interests of our company or the unaffiliated public shareholders of our company.

Currently, we do not have agreements in place that solely target to resolve conflicts of interest arising between our company and the VIEs and their operations. In addition, we have not appointed a separate fiduciary (one without potential conflicts of interest) to serve as the fiduciary of the public unaffiliated security holders of our company. Although our independent directors or disinterested officers may take measures to prevent the parties with dual roles from making decisions that may favor themselves as shareholders of the VIEs, we cannot assure you that these measures would be effective in all instances. If the parties with dual roles do find ways to make and carry out decisions on our behalf that are detrimental to our interest, our business and results of operations may be materially and adversely affected.

Certain provisions in the contractual agreements between Chuangyi Technology and the VIEs do impose limits on the rights of the shareholders of the VIEs. For example, each of the existing individual shareholders of the VIEs (except Lin Wang) has signed an irrevocable power of attorney authorizing the person designated by Chuangyi Technology to exercise its rights as shareholder, including the voting rights, the right to enter into legal documents and the right to transfer its equity interest in the VIEs. However, we cannot assure you that when conflicts of interest arise that each of the VIEs and its respective shareholders will act completely in our interests or that conflicts of interests will be resolved in our favor, or that the above contractual provisions would be sufficient protection for us in the event that shareholders of the VIEs fail to perform under their contracts with Chuangyi Technology. In any such event, we would have to rely on legal remedies under PRC law, which may not be effective. See “-We rely on contractual arrangements with the VIEs and their shareholders for a substantial portion of our China operations, which may not be as effective as direct ownership in providing operational control” and “Item 7. Major Shareholders and Related Party Transactions-B. Related Party Transactions-Contractual Arrangements.”

We rely on contractual arrangements with the VIEs and their shareholders for a substantial portion of our China operations, which may not be as effective as direct ownership in providing operational control.

We rely on contractual arrangements with AirNet Online, Linghang Shengshi, and Iwangfan to operate our business. For a description of these arrangements, see “Item 4. Information on the Company-C. Organizational Structure” and “Item 7. Major Shareholders and Related Party Transactions-B. Related Party Transactions-Contractual Arrangements.” These contractual arrangements may not be as effective as direct ownership in providing control over the VIEs. Under these contractual arrangements, if the VIEs or their shareholders fail to perform their respective obligations, we may have to incur substantial costs and resources to enforce such arrangements and rely on legal remedies under PRC law, including seeking specific performance or injunctive relief and claiming damages, and we may not be successful.

Many of these contractual arrangements are governed by PRC law and provide for disputes to be resolved through arbitration or litigation in the PRC. The legal environment in the PRC is not as developed as in other jurisdictions such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements, which may make it difficult to exert effective control over the VIEs, and our ability to conduct our business may be negatively affected.

We have not registered the pledge of equity interest by certain shareholder of the consolidated affiliated entities with the relevant authority, and we may not be able to enforce the equity pledge against any third parties who acquire the equity interests in good faith in the relevant consolidated affiliated entities before the pledge is registered.

The existing individual shareholders (except Lin Wang) of the VIEs, each a consolidated affiliated entity of ours, have pledged all of their equity interests, including the right to receive declared dividends, in the relevant VIEs to Chuangyi Technology, our wholly-owned subsidiary. An equity pledge agreement becomes effective among the parties upon execution, but according to the PRC Civil Code, an equity pledge is not perfected as a security property right unless it is registered with the relevant local administration for industry and commerce. We have not yet registered the share pledges by shareholders of AirNet Online, Linghang Shengshi and Iwangfan. As the registration of these pledges has not yet been completed so far, the pledges, as property rights, have not yet become effective under the PRC Civil Code. Before the registration procedures are completed, we cannot assure you that the effectiveness of these pledges will be recognized by PRC courts if disputes arise with respect to certain pledged equity interests or that Chuangyi Technology’s interests as pledgee will prevail over those of third parties. Chuangyi Technology may not be able to successfully enforce these pledges against any third parties who have acquired property right interests in good faith in the equity interests in AirNet Online, Linghang Shengshi and Iwangfan. As a result, if AirNet Online, Linghang Shengshi or Iwangfan breaches their respective obligations under the various agreements described above, and there are third parties who have acquired equity interests in good faith, Chuangyi Technology would need to resort to legal proceedings to enforce its contractual rights under the equity pledge agreements, or the underlying agreements secured by the pledges. We do not have agreements that pledge the assets of the VIEs and their respective subsidiaries for the benefit of us or our wholly owned subsidiaries.

Contractual arrangements we have entered into among Chuangyi Technology and the VIEs may be subject to scrutiny by the PRC tax authorities and a finding that we owe additional taxes could substantially increase our taxes owed and reduce our net income and the value of your investment.

Under PRC law, arrangements and transactions among related parties may be audited or challenged by the PRC tax authorities. If any transactions we have entered into among Chuangyi Technology and the VIEs are found not to be on an arm's length basis, or to result in an unreasonable reduction in tax under PRC law, the PRC tax authorities have the authority to disallow our tax savings, adjust the profits and losses of our respective PRC entities and assess late payment interest and penalties. A finding by the PRC tax authorities that we are ineligible for the tax savings we achieved would substantially increase our taxes owed and reduce our net income and the value of your investment.

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

We are a holding company, and we may rely principally on dividends and other distributions on equity paid by Chuangyi Technology, Shenzhen Yuehang and Xi'an Shengshi for our cash requirements, including the funds necessary to service any debt we may incur. If Chuangyi Technology, Shenzhen Yuehang or Xi'an Shengshi incurs debt on its own behalf in the future, the instruments governing the debt may restrict the ability of these entities to pay dividends or make other distributions to us. In addition, the PRC tax authorities may require us to adjust our taxable income under the contractual arrangements Chuangyi Technology currently has in place with the VIEs in a manner that would materially and adversely affect Chuangyi Technology's ability to pay dividends and other distributions to us.

Furthermore, relevant PRC laws and regulations permit payments of dividends by Chuangyi Technology, Shenzhen Yuehang and Xi'an Shengshi only out of their accumulated profits, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC laws and regulations, Chuangyi Technology, Shenzhen Yuehang and Xi'an Shengshi are also required to set aside at least 10% of after-tax income based on PRC accounting standards each year to their general reserves until the accumulative amount of such reserves reaches 50% of their respective registered capital.

The registered capital of Chuangyi Technology, Shenzhen Yuehang and Xi'an Shengshi is \$42.0 million, \$96.4 million and \$50.0 million, respectively. Xi'an Shengshi and Chuangyi Technology have made the applicable annual appropriations required under PRC law. Shenzhen Yuehang is not currently required to fund any statutory surplus reserve because Shenzhen Yuehang still has accumulated losses. Any direct or indirect limitation on the ability of our PRC subsidiaries to distribute dividends and other distributions to us could materially and adversely limit our ability to make investments or acquisitions at the holding company level, pay dividends or otherwise fund and conduct our business.

Although none of Chuangyi Technology, Shenzhen Yuehang or Xi'an Shengshi has any present plan to pay any cash dividends to us in the foreseeable future, any limitation on the ability of Chuangyi Technology, Shenzhen Yuehang or Xi'an Shengshi to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, or otherwise fund and conduct our business.

Risks Related to Doing Business in China

Adverse changes in the 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 have a material adverse effect on our competitive position.

Substantially all of our assets are located in China and substantially all of our revenues are derived from our operations in China. Accordingly, our business, financial condition, results of operations and prospects are affected significantly by China's economic, political and legal developments. The Chinese economy differs from the economies of most developed countries in many respects, including the level of government involvement and the level and growth rate of economic development.

While the Chinese economy has experienced significant growth in the past decades, growth has been uneven both geographically and among various sectors of the economy, and the rate of growth has been slowing. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may also have a negative effect on us. We cannot predict the future direction of political or economic reforms or the effects such measures may have on our business, financial position or results of operations. Any adverse change in the political or economic conditions in China, including changes in the policies of the PRC government or in laws and regulations in China, could have a material adverse effect on the overall economic growth of China and the industries in which we operate. Such developments could have a material adverse effect on our business, lead to a reduction in demand for our services and materially and adversely affect our competitive position.

Uncertainties with respect to the PRC legal system could limit the legal protections available to us or result in substantial costs and the diversion of resources and management attention.

We conduct our business primarily through Beijing Yuehang Digital Media Advertising Co., Ltd., or Beijing Yuehang, and AirNet Online, which are subject to PRC laws and regulations applicable to foreign investment in China and, in particular, laws applicable to wholly-foreign owned companies. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. PRC legislation and regulations afford significant protections to various forms of foreign investments in China, but since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and the enforcement of these laws, regulations and rules involve uncertainties, which may limit the legal protections available to us. In addition, any litigation in China may be protracted and result in substantial costs and the diversion of resources and management attention.

Any actions by the Chinese government, including any decision to intervene or influence the operations of our subsidiaries and the consolidated affiliated entities, or to exert control over any offering of securities conducted overseas and/or foreign investment in China-based issuers, may cause us to make material changes to the operations of these entities, may limit or completely hinder our ability to offer or continue to offer securities to investors, and may cause the value of such securities to significantly decline or be worthless.

The Chinese government has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy through regulation and state ownership. The ability of our subsidiaries and the consolidated affiliated entities to operate in China may be impaired by changes in its laws and regulations, including those relating to the internet, advertising, taxation, land use rights, foreign investment limitations, and other matters.

The PRC government may exert, at any time, subject to necessary procedures, substantial intervention and influence over the manner of our operations, and the rules and regulations to which we are subject, including the ways they are enforced, may change rapidly and with little advance notice to us or our shareholders. Recently, the PRC government initiated a series of regulatory actions and statements to regulate business operations in China with little advance notice, including cracking down on illegal activities in the securities market, enhancing supervision over China - based companies listed overseas, and adopting new measures to extend the scope of cybersecurity reviews and new laws and regulations relating to data security. The central or local governments of China may impose new, stricter regulations or interpretations of existing regulations that would require additional expenditures and efforts on our part to ensure that our subsidiaries and the consolidated affiliated entities comply with such regulations or interpretations. As such, our subsidiaries and the consolidated affiliated entities may be subject to various government actions and regulatory interference in the provinces in which they operate. They could be subject to regulation by various political and regulatory entities, including various local and municipal agencies and government sub-divisions. They may incur increased costs necessary to comply with existing and newly adopted laws and regulations or penalties for any failure to comply.

The PRC government may also impose industry-wide policies on certain industries, which could materially increase our compliance cost, abruptly change the relevant industry landscape, or cause significant changes to, or otherwise intervene or influence, our operations in China at any time. We may not be aware of all non-compliance incidents at all time, and may face regulatory investigation, fines and other penalties as a result. As a result of the changes in the industrial policies of the PRC government, including the amendment to and/or enforcement of the related laws and regulations, companies with China-based operations, including us, and the industries in which we operate, face significant compliance and operational risks and uncertainties. For example, on July 24, 2021, Chinese state media, including Xinhua News Agency and China Central Television, announced a broad set of reforms targeting private education companies providing after-school tutoring services and prohibiting foreign investments in institutions providing such after-school tutoring services. As a result, the market value of certain U.S. listed companies with China-based operations in the affected sectors declined substantially. On August 30, 2021, the PRC government imposed restrictions over the provision of online gaming services to minors, aiming at curbing excessive indulgence in online gaming and protecting minors' mental and physical health, which could adversely affect the development of the online gaming industry in China.

Furthermore, on February 17, 2023, the CSRC released the Trial Measures and five supporting guidelines, which came into effect on March 31, 2023. According to the Overseas Listing Trial Measures, among other requirements, (1) domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedures with the CSRC; if a domestic company fails to complete the filing procedures, such domestic company may be subject to administrative penalties; and (2) where a domestic company seeks to indirectly offer and list securities in an overseas market, the issuer shall designate a major domestic operating entity responsible for all filing procedures with the CSRC, and such filings shall be submitted to the CSRC within three business days after the submission of the overseas offering and listing application. On the same day, the CSRC also held a press conference for the release of the Overseas Listing Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies, which clarifies that, among others, the domestic companies that have already been listed overseas on or before March 31, 2023 shall be deemed as existing issuers, and while existing issuers are not required to complete the filing procedures immediately, they shall be required to file with the CSRC upon the occurrence of certain subsequent matters, including but not limited to follow-on offerings, secondary listings and going private transactions. Such requirements could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or, in extreme cases, become worthless. We believe we are not required to obtain such approval for our initial public offering on November 7, 2007 because such offering made was before the enactment of the Overseas Listing Trial Measures; however, we will be obligated to obtain approvals with the CSRC for our future offerings. If we cannot obtain such approvals or the CSRC rescind our approvals, we may not continue to offer securities to investors and cause the value of our securities to significantly decline or, in extreme cases, become worthless. See “-The filing procedure with the CSRC shall be fulfilled and the approval of other PRC government authorities may be required in connection with our future offshore offering under PRC law, and, we cannot predict whether or for how long we will be able to complete the filing procedure with the CSRC and obtain such approval or complete such filing, if required.”

Accordingly, government actions in the future, including any decision to intervene or influence the operations of our subsidiaries and the consolidated affiliated entities at any time, or to exert control over an offering of securities conducted overseas and/or foreign investment in China-based issuers, may cause us to make material changes to the operations of our subsidiaries and the consolidated affiliated entities, may limit or completely hinder our ability to offer or continue to offer securities to investors, and/or may cause the value of such securities to significantly decline or be worthless.

Failure to comply with governmental regulations and other legal obligations concerning data protection and cybersecurity may materially and adversely affect our business, as we routinely collect, store and use data during the conduct of our business.

We routinely collect, store and use data during our operations. We are subject to PRC laws and regulations governing the collecting, storing, sharing, using, processing, disclosure and protection of data on the internet and mobile platforms as well as cybersecurity. While we take precautions for secure storage and usage of these data, our security control may not prevent the improper leakage of such data. Anyone may circumvent our security measures and misappropriate proprietary information or cause interruptions in our operations. A security breach, such as hacking or any other attempt to harm our systems, that leads to leakage of these data, could harm our reputation and undermine the competitiveness of our database and services. Any compromise of security that results in the unauthorized release or transfer of personally identifiable information could cause our users and clients to lose trust in us and could expose us to legal claims, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

On December 28, 2021, the CAC and other 12 PRC regulatory authorities jointly revised and promulgated the Cybersecurity Review Measures, which became effective on February 15, 2022. Pursuant to the Cybersecurity Review Measures, network platform operators holding personal information of over one million users shall apply for a cybersecurity review before going to list abroad. It also provides that critical information infrastructure operators purchasing network products and services and data processors carrying out data processing activities, which affect or may affect national security, shall apply for cybersecurity review to the cyberspace administrations in accordance with the provisions thereunder. See “Item 4. Information on the Company-B. Business Overview-Regulations-Regulations on Data Privacy and Cybersecurity.” As of the date of this annual report, we have not been involved in any investigations on cybersecurity review initiated by the CAC or related governmental regulatory authorities, nor have we received any inquiry, notice, warning, or sanction in such respect. Based on the opinion of our PRC legal counsel, Beijing DOCVIT Law Firm, we are not required to file an application for the cybersecurity review by the CAC for our previous issuance of securities to foreign investors as of the date of this annual report because (1) we are not in the industry or business operation that involves critical information infrastructure operation, nor do we operate as a network platform operator engaging in relevant data processing activities which affect or may affect national security of the PRC; (2) we are not in possession of personal information of over one million users and it is also very unlikely that it will reach such threshold in the near future; and (3) as of the date of this annual report, we have not received any notice or determination from applicable PRC governmental authorities identifying us as a critical information infrastructure operator or a network platform operator engaging in relevant data processing activities which affect or may affect national security of the PRC. We will closely monitor the rule-making process and will assess and determine whether we are required to apply for the cybersecurity review.

Network Data Regulations were promulgated by the State Council on September 24, 2024, and became effective as of January 1, 2025. The Network Data Regulations restates and further specifies the legal requirements for personal information, important data, cross-border data transfer, network platform services, and data security. Among others, network data handlers engaging in data processing activities that affect or may affect national security must be subject to network data security review by the relevant cyberspace administration of the PRC. Any failure to comply with such requirements may subject us to, among others, suspension of services, fines, revoking relevant business permits or business licenses and penalties.

We expect that these areas will receive greater attention and focus from regulators, as well as attract continued or greater public scrutiny and attention going forward, which could increase our compliance costs and subject us to heightened risks and challenges associated with data security and protection. If we are unable to manage these risks, our reputation and results of operations could be materially and adversely affected. In addition, regulatory authorities around the world have recently adopted or are considering a number of legislative and regulatory proposals concerning data protection. Complying with all these laws and regulations may result in additional expenses to us or require us to change our business practices in a manner materially adverse to our business, and any non-compliance may subject us to negative publicity which could harm our reputation and negatively affect the trading price of the ADSs.

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

The global macroeconomic environment is facing challenges, including the economic slowdown in the Eurozone since 2014, potential impact of the United Kingdom’s exit from the European Union on January 31, 2020, and the continuous adverse impact of the COVID-19 pandemic on the global economies and financial markets. The growth of the PRC economy has slowed down since 2012 compared to the previous decade and the trend may continue. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world’s leading economies, including the United States and China. There have been concerns over unrest and terrorist threats in the Middle East, Europe and Africa and over the conflicts involving Ukraine, Syria and North Korea. There have also been concerns on the relationship among China and other Asian countries, which may result in or intensify potential conflicts in relation to territorial disputes, and the trade disputes between the United States and China. The ongoing trade tensions between the United States and China may have tremendous negative impact on the economies of not merely the two countries concerned, but the global economy as a whole. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term.

Economic conditions in China are sensitive to global economic conditions, changes in domestic economic and political policies, and the expected or perceived overall economic growth rate in China. While the economy in China has grown significantly over the past decades, growth has been uneven, both geographically and among various sectors of the economy, and the rate of growth has been slowing in recent years. Although growth of China’s economy remained relatively stable, there is a possibility that China’s economic growth may materially decline in the near future. Any severe or prolonged slowdown in the global or PRC economy may materially and adversely affect our business, results of operations and financial condition.

The filing procedure with the CSRC shall be fulfilled and the approval of other PRC government authorities may be required in connection with our future offshore offering under PRC law, and, we cannot predict whether or for how long we will be able to complete the filing procedure with the CSRC and obtain such approval or complete such filing, if required.

On July 6, 2021, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the Opinions on Severely Cracking Down on Illegal Securities Activities According to Law, or the Opinions. The Opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies. These opinions proposed to take effective measures, such as promoting the construction of relevant regulatory systems, to deal with the risks and incidents facing China-based overseas-listed companies and the demand for cybersecurity and data privacy protection. The aforementioned policies and any related implementation rules to be enacted may subject us to additional compliance requirement in the future. As official guidance and interpretation of the Opinions remain unclear in several respects at this time. Therefore, we cannot assure you that we will remain fully compliant with all new regulatory requirements of the Opinions or any future implementation rules on a timely basis, or at all.

On February 17, 2023, the CSRC promulgated the Overseas Listing Trial Measures and five relevant guidelines, which took effect on March 31, 2023. According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provides that an overseas listing or offering is explicitly prohibited, if any of the following: (1) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (2) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (3) the domestic company intending to make the securities offering and listing, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (4) the domestic company intending to make the securities offering and listing is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (5) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

At a press conference held for these new regulations, officials from the CSRC clarified that the domestic companies that have already been listed overseas on or before March 31, 2023 shall be deemed as existing issuers. Existing issuers are not required to complete the filing procedures immediately, and they shall be required to file with the CSRC upon occurrences of certain subsequent matters such as follow-on offerings of securities. According to the Overseas Listing Trial Measures and the press conference, the existing domestic companies that have completed overseas offering and listing before March 31, 2023, such as us, shall not be required to perform filing procedures for the completed overseas securities issuance and listing. However, from the effective date of the regulation, any of our subsequent securities offering in the same overseas market or subsequent securities offering and listing in other overseas markets shall be subject to the filing requirement with the CSRC within three business days after the offering is completed or after the relevant application is submitted to the relevant overseas authorities, respectively. If it is determined that any approval, filing or other administrative procedures from other PRC governmental authorities is required for any future offering or listing, we cannot assure you that we can obtain the required approval or accomplish the required filings or other regulatory procedures in a timely manner, or at all. If we fail to fulfill filing procedure as stipulated by the Overseas Listing Trial Measures or offer and list securities in an overseas market in violation of the Overseas Listing Trial Measures, the CSRC may order rectification, issue warnings to us, and impose a fine of between RMB1,000,000 and RMB10,000,000. Persons-in-charge and other persons that are directly liable for such failure shall be warned and each imposed a fine from RMB500,000 to RMB5,000,000. Our controlling shareholders and actual controlling persons that organize or instruct such violations shall be imposed a fine from RMB1,000,000 and RMB10,000,000.

If we fail to obtain the relevant approval or complete the filings and other relevant regulatory procedures, we may face adverse actions or sanctions by the CSRC or other PRC regulatory agencies. In any such event, these regulatory agencies may impose fines and penalties on our operations in China, delay or restrict the repatriation of the proceeds from offshore fund-raising activities into the PRC or take other actions that could materially adversely affect our business, financial condition, results of operations, reputation and prospects, as well as the trading price of the ADSs.

On September 6, 2024, the NDRC and MOFCOM jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2024), which became effective on November 1, 2024. Pursuant to the Negative List (Edition 2024), if a company in China engaging in the prohibited business stipulated in the Negative List (Edition 2024) seeks an overseas offering and listing, it shall obtain the approval from the competent governmental authorities. The foreign investors of the issuer shall not be involved in the company's operation and management, and their shareholding percentages shall be subject, mutatis mutandis, to the relevant regulations on the domestic securities investments by foreign investors. As the Negative List (Edition 2024) is relatively new, there remain substantial uncertainties as to the interpretation and implementation of these new requirements, and we may have difficulty in understanding or predicting that whether and to what extent listed companies like us will be subject to these new requirements. If we are required to comply with these requirements and fail to do so on a timely basis, if at all, our business operation, financial condition and business prospect may be adversely and materially affected.

On February 24, 2023, the CSRC published the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises, or the Provisions on Confidentiality and Archives Administration, which came into effect on March 31, 2023. The Provisions on Confidentiality and Archives Administration requires that, in the process of overseas issuance and listing of securities by domestic entities, the domestic entities, and securities companies and securities service institutions that provide relevant securities service shall strictly implement the provisions of relevant laws and regulations and the requirements of these provisions, establish and improve rules on confidentiality and archives administration. Where the domestic entities provide with or publicly disclose documents, materials or other items related to the state secrets and government work secrets to the relevant securities companies, securities service institutions, overseas regulatory authorities, or other entities or individuals, the companies shall apply for approval of competent departments with the authority of examination and approval in accordance with law and report the matter to the secrecy administrative departments at the same level for record filing. Where there is unclear or controversial whether or not the concerned materials are related to state secrets, the materials shall be reported to the relevant secrecy administrative departments for determination.

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements on us. If it is determined in the future that approval and filing from the CSRC or other regulatory authorities or other procedures, including the cybersecurity review under the Cybersecurity Review Measures and the annual data security review under the Administrative Regulations of Cyber Data Security (Draft for Comments), are required for our listing status or future offshore offerings, we could not predict whether we can or how long it will take us to obtain such approval or complete such filing procedures and any such approval or filing could be rescinded or rejected.

Trading in our securities on any U.S. stock exchange and the U.S. over-the-counter market may be prohibited under the HFCAA or the Accelerating Holding Foreign Companies Accountable Act if the SEC subsequently determines our audit work is performed by auditors that the PCAOB is unable to inspect or investigate completely, and as a result, U.S. national securities exchanges, such as the Nasdaq, may determine to delist our securities, and our securities may be prohibited from being traded over the counter.

The HFCAA was enacted on December 18, 2020. On December 29, 2022, the Accelerating Holding Foreign Companies Accountable Act was signed into law, and the number of consecutive non-inspection years required for triggering the prohibitions under the HFCAA is reduced from three years to two. Trading in our securities on U.S. markets, including the over-the-counter market, may be prohibited under the HFCAA if the PCAOB determines that it is unable to inspect or investigate completely our auditor for two consecutive years.

On March 24, 2021, the SEC adopted interim final rules relating to the implementation of certain disclosure and documentation requirements of the Holding Foreign Companies Accountable Act. On September 22, 2021, the PCAOB adopted a final rule implementing the HFCAA, which provides a framework for the PCAOB to determine, as contemplated under the HFCAA, whether the PCAOB is unable to inspect or investigate completely registered public accounting firms located in a foreign jurisdiction because of a position taken by one or more authorities in that jurisdiction. On December 2, 2021, the SEC adopted amendments to finalize the implementation of disclosure and documentation requirements, which require us to identify, in our annual report on Form 20-F, (1) the auditors that provided opinions to the financial statements presented in the annual report, (2) the location where the auditors' report was issued, and (3) the PCAOB ID number of the audit firm or branch that performed the audit work.

On December 16, 2021, the PCAOB issued the HFCAA Determination Report to notify the SEC of its determinations that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong. On August 26, 2022, the PCAOB, the CSRC and the Ministry of Finance of the PRC signed a Statement of Protocol, which establishes a specific and accountable framework for the PCAOB to conduct inspections and investigations of PCAOB-governed accounting firms in mainland China and Hong Kong. On December 15, 2022, the PCAOB announced that it was able to secure complete access to inspect and investigate PCAOB registered public accounting firms headquartered in mainland China and Hong Kong completely in 2022. The PCAOB Board vacated its previous 2021 determinations that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong. However, whether the PCAOB will continue to be able to satisfactorily conduct inspections of PCAOB-registered public accounting firms headquartered in mainland China and Hong Kong is subject to uncertainties and depends on a number of factors out of our control. The PCAOB continues to demand complete access in mainland China and Hong Kong moving forward and is making plans to resume regular inspections, as well as to continue pursuing ongoing investigations and initiate new investigations as needed. The PCAOB has also indicated that it will act immediately to consider the need to issue new determinations with the HFCAA if needed. The PCAOB is required under the HFCAA to make its determination on an annual basis with regards to its ability to inspect and investigate completely accounting firms based in the mainland China and Hong Kong.

Our financial statements contained in the annual report on Form 20-F for the fiscal year ended December 31, 2024 have been audited by Assenture PAC, an independent registered public accounting firm that is headquartered and located in Singapore. Assenture PAC has been inspected by the PCAOB on a regular basis and is currently not among the PCAOB registered public accounting firms headquartered in mainland China and Hong Kong that are subject to the determinations announced by the PCAOB on December 16, 2021 of having been unable to inspect or investigate completely. However, as the PRC Securities Law requires approval from the relevant PRC authorities for inspection of any audit working papers in China by foreign authorities, the audit working papers of our financial statements may not be inspected by the PCAOB, since the audit work was carried out by Assenture PAC with the collaboration of their China-based offices and the PCAOB has not obtained such requisite approval.

If the PCAOB is unable to inspect and investigate completely registered public accounting firms located in China, or if we fail to, among others, meet the PCAOB's requirements, including retaining a registered public accounting firm that the PCAOB determines it is able to inspect and investigate completely, we will be identified as a "Commission-Identified Issuer," and upon the expiration of two years of non-inspection under the HFCAA and relevant regulations, the ADSs will be delisted from Nasdaq and our ordinary shares and ADSs will not be permitted for trading over the counter either. If our ordinary shares and ADSs are prohibited from trading in the United States, we cannot assure you that we will be able to list on a non-U.S. exchange or that a market for our ordinary shares will develop outside of the United States. Such a prohibition would substantially impair your ability to sell or purchase the ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of the ADSs. Moreover, the HFCAA or other efforts to increase U.S. regulatory access to audit information could cause investor uncertainty for affected issuers, including us, and the market price of the ADSs could be adversely affected. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

Fluctuations in the value of the Renminbi may have a material adverse effect on your investment.

The conversion of Renminbi into foreign currencies, including U.S. dollar, is based on rates set by the People's Bank of China. The value of the RMB against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. There is no guarantee that Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

The reporting and functional currency of our Cayman Islands parent company is the U.S. dollar. However, substantially all of the revenues and expenses of the consolidated affiliated entities are denominated in Renminbi. Substantially all of our sales contracts are denominated in Renminbi and substantially all of our costs and expenses are denominated in Renminbi. Any significant appreciation or depreciation of the RMB may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our ADSs in U.S. dollars. To the extent that we need to convert U.S. dollars into Renminbi for our operations, depreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of dividend distribution or for other business purposes, depreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us. Fluctuations in the exchange rate will also affect the relative value of any dividend we issue which will be exchanged into U.S. dollars and earnings from and the value of any U.S. dollar-denominated investments we make in the future.

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

Restrictions on currency exchange may limit our ability to receive and use our revenues or financing effectively.

Our revenues and expenses are mainly denominated in Renminbi. We may need to convert a portion of our revenues into other currencies to meet our foreign currency obligations, including, among others, payments of dividends declared, if any, in respect of our ordinary shares or ADSs. Under China's existing foreign exchange regulations, Chuangyi Technology, Shenzhen Yuehang and Xi'an Shengshi are able to pay dividends in foreign currencies, without prior approval from the State Administration of Foreign Exchange, or the SAFE, by complying with certain procedural requirements. However, we cannot assure you that the PRC government will not take measures in the future to restrict access to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to utilize cash held in mainland China or generated by a PRC entity to fund our operations outside of mainland China or pay dividends in foreign currencies to our shareholders, including holders of the ADSs. Although currently there are no equivalent or similar restrictions or limitations in Hong Kong on cash transfers in, or out of, our subsidiaries in Hong Kong (including currency conversion), if certain restrictions or limitations in mainland China were to become applicable to cash transfers in and out of Hong Kong entities (including currency conversion) in the future, the funds in our subsidiaries in Hong Kong, likewise, may not be available to meet our currency demand. To the extent cash and/or assets in our business is in mainland China or Hong Kong or a mainland China and/or Hong Kong entity, the funds and/or assets may not be available to fund operations or for other use outside of mainland China or Hong Kong, including that, specifically, due to interventions in or the imposition of restrictions and limitations on the ability of our, our subsidiaries or the consolidated VIEs by the PRC government to transfer cash and/or assets.

Foreign exchange transactions by our subsidiaries and VIEs in China under capital accounts continue to be subject to significant foreign exchange controls and require the approval of, or registration with, PRC governmental authorities. In particular, if we or other foreign lenders make foreign currency loans to our subsidiaries or VIEs in China, these loans must be registered with the SAFE, and if we finance them by means of additional capital contributions, these capital contributions must be approved by or registered with certain government authorities including the SAFE, the Ministry of Commerce or their local counterparts. These limitations could affect the ability of our subsidiaries in China to exchange the foreign currencies obtained through debt or equity financing, and could affect our business and financial condition.

On August 29, 2008, SAFE promulgated the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign Invested Enterprises, or SAFE Circular 142, regulating the conversion by a foreign-invested enterprise of foreign currency registered capital into RMB by restricting how the converted RMB may be used. SAFE Circular 142 provides that the RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used within the purpose within the business scope approved by the applicable government authority and unless otherwise provided by law, such RMB capital may not be used for equity investments within the PRC. In addition, SAFE strengthened its oversight of the flow and use of the RMB capital converted from foreign currency registered capital of a foreign-invested company. The use of such RMB capital may not be altered without SAFE approval, and such RMB capital may not in any case be used to repay RMB loans if the proceeds of such loans have not been used. Violations of SAFE Circular 142 could result in severe monetary or other penalties. On November 9, 2011, SAFE promulgated the Circular of the State Administration of Foreign Exchange on Issues Relating to Further Clarification and Regulation of Certain Capital Account Items under Foreign Exchange Control, or the Circular 45, to further strengthen and clarify its existing regulations on foreign exchange control under SAFE Circular 142. Circular 45 expressly prohibits foreign invested entities, including wholly foreign owned enterprises such as Chuangyi Technology, from converting RMB funds derived from settlement of foreign exchange capital for the purpose of domestic equity investment, granting certain loans, repayment of inter-company loans, and repayment of bank loans which have been transferred to a third party. Further, Circular 45 generally prohibits a foreign invested entity from converting RMB funds derived from settlement of foreign exchange capital for the payment of various types of cash deposits. If the VIEs require financial support from us or our wholly foreign-owned enterprises in the future and we find it necessary to use foreign currency-denominated capital to provide such financial support, our ability to fund the VIEs' operations will be subject to statutory limits and restrictions, including those described above.

Circular 45 was abolished by SAFE on March 19, 2015 according to a Circular on Promulgating the Abolishment and Invalidation of 50 Foreign Exchange-related Regulatory Documents. On March 30, 2015, SAFE promulgated the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-invested Enterprises, or SAFE Circular 19, which took effect on June 1, 2015, subsequently amended in 2016, 2019 and 2023, and replaced SAFE Circular 142. On June 9, 2016, the SAFE promulgated the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or SAFE Circular 16, which revised some provisions of SAFE Circular 19. SAFE Circular 19 and SAFE Circular 16 allow foreign-invested enterprises to settle 100% of their foreign exchange capitals on a discretionary basis and allows ordinary foreign-invested enterprises to make domestic equity investments by capital transfer in the original currencies, or with the amount obtained from foreign exchange settlement, subject to complying with certain requirements. According to SAFE Circular 19 and SAFE Circular 16, the RMB funds obtained by foreign-invested enterprises from the discretionary settlement of foreign exchange capitals shall be managed under the accounts pending for foreign exchange settlement payment, and foreign-invested enterprise shall not use its capital and the RMB funds obtained from foreign exchange settlement for the purposes within the following negative list: for expenditure beyond its business scope or expenditure prohibited by laws and regulations, for investments in securities or other investments than banks' principal-secured products, for the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business license, or for construction or expenses related to the purchase of real estate not for self-use, unless it is a foreign-invested real estate enterprise. Nevertheless, it is still not clear whether foreign-invested enterprises like our PRC subsidiaries are allowed to extend intercompany loans to the VIEs.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents and registration requirements for employee stock ownership plans or share option plans may subject our PRC resident beneficial owners or the plan participants to personal liability, limit our ability to inject capital into our PRC subsidiaries, limit our subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

Regulations promulgated by the SAFE require PRC residents and PRC corporate entities to register with local branches of the SAFE in connection with their direct or indirect offshore investment activities. These regulations apply to our shareholders who are PRC residents and may apply to any offshore acquisitions that we make in the future.

On February 15, 2012, the SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Administration for Domestic Individuals Participating in an Employee Share Incentive Plan of an Overseas-Listed Company (which replaced the old Circular 78, "Application Procedure of Foreign Exchange Administration for Domestic Individuals Participating in an Employee Stock Holding Plan or Stock Option Plan of an Overseas-Listed Company" promulgated on March 28, 2007), or the New Share Incentive Rule. Under the New Share Incentive Rule, PRC citizens who participate in a share incentive plan of an overseas publicly listed company are required to register with SAFE and complete certain other procedures. All such participants need to retain a PRC agent through a PRC subsidiary to register with SAFE and handle foreign exchange matters such as opening accounts, transferring and settlement of the relevant proceeds. The New Share Incentive Rule further requires that an offshore agent should also be designated to handle matters in connection with the exercise or sale of share options and proceeds transferring for the share incentive plan participants.

We and our PRC employees who have been granted stock options are subject to the New Share Incentive Rule. We are in the process of completing the registration and procedures which the New Share Incentive Rule requires, but the application documents are subject to the review and approval of SAFE, and we can make no assurance as to when the registration and procedures could be completed. If we or our PRC employees fail to comply with the New Share Incentive Rule, we and/or our PRC employees may face sanctions imposed by the foreign exchange authority or any other PRC government authorities.

In addition, the State Administration of Taxation, or SAT, has issued a few circulars concerning employee stock options. Under these circulars, our employees working in China who exercise stock options will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee stock options with relevant tax authorities and withhold individual income taxes of those employees who exercise their stock options. If our employees fail to pay and we fail to withhold their income taxes, we may face sanctions imposed by tax authorities or any other PRC government authorities.

Under the SAFE regulations, PRC residents who make, or have previously made, direct or indirect investments in offshore companies, will be required to register those investments. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is required to file or update the registration with the local branch of the SAFE, with respect to that offshore company, any material change involving its round-trip investment and capital variation. The PRC subsidiaries of that offshore company are required to urge the PRC resident shareholders to make such updates. If any PRC shareholder fails to make the required SAFE registration or file or update the registration, the PRC subsidiaries of that offshore parent company may be prohibited from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation, to their offshore parent company, and the offshore parent company may also be prohibited from injecting additional capital into their PRC subsidiaries. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions, such as restrictions on distributing dividend to our offshore entities or monetary penalties against us. We cannot assure you that all of our shareholders who are PRC residents will make or obtain any applicable registrations or approvals required by these SAFE regulations. The failure or inability of our PRC resident shareholders to comply with these SAFE registration procedures may subject us to fines and legal sanctions, restrict our cross-border investment activities, or limit our PRC subsidiaries' ability to distribute dividends to or obtain foreign-exchange-dominated loans from our company.

As it is uncertain how the SAFE regulations will be interpreted or implemented, we cannot predict how these regulations will affect our business operations or future strategy. For example, we may be subject to more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our results of operations and financial condition. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the SAFE regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

Certain measures promulgated by the People's Bank of China on foreign exchange for individuals set forth the respective requirements for foreign exchange transactions by PRC individuals under either the current account or the capital account. Implementing rules for these measures were promulgated by the SAFE which, among other things, specified approval requirements for certain capital account transactions such as a PRC citizen's participation in the employee stock ownership plans or stock option plans of an overseas publicly-listed company. The SAFE also promulgated rules under which PRC citizens who are granted stock options by an overseas publicly-listed company are required, through a PRC agent or PRC subsidiary of such overseas publicly-listed company, to register with the SAFE and complete certain other procedures. We and our PRC employees who have been granted stock options are subject to these rules, and we are in the process of completing the required registration and procedures, but the application documents are subject to the review and approval of SAFE, and we can make no assurance as to when the registration and procedures could be completed. If we or our PRC optionees fail to comply with these regulations, we or our PRC optionees may be subject to fines and legal sanctions. See "Item 4. Information on the Company-B. Business Overview-Regulation-SAFE Regulations on Offshore Investment by PRC Residents and Employee Stock Options."

The M&A Rule sets forth complex procedures for acquisitions conducted by foreign investors which could make it more difficult to pursue growth through acquisitions.

Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rule, sets forth complex procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. Part of our growth strategy includes acquiring complementary businesses or assets. Complying with the requirements of the M&A Rule to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the Ministry of Commerce, may delay or inhibit the completion of such transactions, which could affect our ability to expand our business or maintain our market share. In addition, if any of our acquisitions were subject to the M&A Rule and were found not to be in compliance with the requirements of the M&A Rule in the future, relevant PRC regulatory agencies may impose fines and penalties on our operations in the PRC, limit our operating privileges in the PRC, or take other actions that could materially and adversely affect our business and results of operations.

Changes in laws and regulations governing air travel media or otherwise affecting our business in China may result in substantial costs and diversion of resources and may materially and adversely affect our business and results of operations.

There are no existing PRC laws or regulations that specifically define or regulate air travel media. Changes in existing laws and regulations or the implementation of new laws and regulations governing the content of air travel media and our business licenses or otherwise affecting our business in China may result in substantial costs and diversion of resources and may materially and adversely affect our business prospects and results of operations.

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

The Labor Contract Law, which came into effect January 1, 2008 and was amended on December 28, 2012, established more restrictions and increased costs for employers to dismiss employees under certain circumstances, including specific provisions relating to fixed-term employment contracts, non-fixed-term employment contracts, task-based employment, part-time employment, probation, consultation with the labor union and employee representative's council, employment without a contract, dismissal of employees, compensation upon termination and for overtime work, and collective bargaining. Under the Labor Contract Law, unless otherwise provided by law, an employer is obligated to sign a labor contract with a non-fixed term with an employee, if the employer continues to hire the employee after the expiration of two consecutive fixed-term labor contracts, or if the employee has worked for the employer for 10 consecutive years. Severance pay is required if a labor contract expires and is not renewed because of the employer's refusal to renew or seeking to renew with less favorable terms. In addition, under the Regulations on Paid Annual Leave for Employees, which became effective on January 1, 2008, employees who have served more than one year for an employer are entitled to a paid vacation for five to 15 days, depending on the employee's number of years of employment. Employees who waive such vacation at the request of employers are entitled to compensation that equals to three times their regular daily salary for each waived vacation day. As a result of these new labor protection measures, our labor costs are expected to increase, which may adversely affect our business and our results of operations. It is also possible that the PRC government may enact additional labor-related legislations in the future, which would further increase our labor costs and affect our operations.

We have limited insurance coverage in China, and any business disruption or litigation we experience may result in our incurring substantial costs and the diversion of resources.

Insurance companies in China offer limited business insurance products and do not, to our knowledge, offer business liability insurance. While business disruption insurance is available to a limited extent in China, we have determined that the risks of disruption, cost of such insurance and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. As a result, we do not have any business liability, disruption or litigation insurance coverage for our operations in China. Any business disruption or litigation may result in our incurring substantial costs and the diversion of resources.

We may have claims and lawsuits against us that may result in material adverse outcomes.

We have been and will be possibly subject to a variety of claims and lawsuits. See "Item 8. Financial Information-A. Consolidated Statements and Other Financial Information-Legal Proceedings." This litigation and other claims that may be made against us from time to time are subject to inherent uncertainties. Adverse outcomes in one or more of those claims may result in significant monetary damages or injunctive relief that could adversely affect our ability to conduct our business. A material adverse impact on our financial statements also could occur for the period in which the effect of an unfavorable final outcome becomes probable and reasonably estimable.

If one or more of our PRC subsidiaries fails to obtain qualifications to receive PRC preferential tax treatments, we will be required to pay more taxes, which may have a material adverse effect on our result of operations.

The Enterprise Income Tax Law (revised in 2018), or the EIT law, which became effective on December 29, 2018, imposes a uniform income tax rate of 25% on most domestic enterprises and foreign investment enterprises. Under this law, entities that qualify as "high and new technology enterprises strongly supported by the state," or HNTE, are entitled to the preferential EIT rate of 15%. A company's status as a HNTE is valid for three years, after which the company must re-apply for such qualification in order to continue to enjoy the preferential EIT rate. In addition, according to relevant guidelines, "new software enterprises" can enjoy an income tax exemption for two years beginning with their first profitable year and a 50% tax reduction to a rate of 12.5% for the subsequent three years.

Wangfan Linghang Mobile Network Technology Co., Ltd., one of our PRC subsidiaries, or Linghang received the HNTE certificate at the end of 2017 and was entitled to an EIT rate of 15% from 2017 to 2020, and is subject to a uniform income tax rate of 25% afterwards.

Air Esurfing Information Technology Co., Ltd., one of our PRC subsidiaries, or Air Esurfing received the HNTE certificate in 2018 and entitled to an EIT rate of 15% from 2018 to 2021, and is subject to a uniform income tax rate of 25% afterwards.

We cannot assure you that our PRC subsidiaries will be able to obtain qualifications to receive any of the above preferential tax treatments; we will be required to pay more taxes if they fail to be eligible to receive PRC tax benefits, which may materially and adversely affect our business and results of operations.

Dividends payable to us by our wholly-owned operating subsidiaries may be subject to PRC withholding taxes, or we may be subject to PRC taxation on our worldwide income, and dividends distributed to our investors may be subject to more PRC withholding taxes under PRC tax law.

Under the EIT Law and related regulations, dividends payable by a foreign-invested enterprise in China to its foreign investors who are non-resident enterprises are subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. The British Virgin Islands, or BVI, where Broad Cosmos Enterprises Ltd., or Broad Cosmos, our wholly-owned subsidiary, is incorporated, does not have such a tax treaty with AN China, the 100% shareholder of Chuangyi Technology, Shenzhen Yuehang and Xi'an Shengshi, is incorporated in Hong Kong. According to the Mainland and Hong Kong Special Administrative Region Arrangement on Avoiding Double Taxation or Evasion of Taxation on Income between China and Hong Kong and the relevant rules, dividends paid by a foreign-invested enterprise in China to its direct holding company in Hong Kong will be subject to withholding tax at a rate of 5% (if the foreign investor owns directly at least 25% of the shares of the foreign-invested enterprise). However, under recently implemented PRC regulations, now our Hong Kong subsidiary must obtain approval from the competent local branch of the State Administration of Taxation in accordance with the double-taxation agreement among the PRC and Hong Kong in order to enjoy the 5% preferential withholding tax rate. In February 2009, SAT issued Notice No. 81. According to Notice No. 81, in order to enjoy the preferential treatment on dividend withholding tax rates, an enterprise must be the "beneficial owner" of the relevant dividend income, and no enterprise is entitled to enjoy preferential treatment pursuant to any tax treaties if such enterprise qualifies for such preferential tax rates through any transaction or arrangement, the major purpose of which is to obtain such preferential tax treatment. The tax authority in charge has the right to make adjustments to the applicable tax rates, if it determines that any taxpayer has enjoyed preferential treatment under tax treaties as a result of such transaction or arrangement. In October 2009, SAT issued another notice on this matter, or Notice No. 601, to provide guidance on the criteria to determine whether an enterprise qualifies as the "beneficial owner" of the PRC sourced income for the purpose of obtaining preferential treatment under tax treaties. Pursuant to Notice No. 601, the PRC tax authorities will review and grant tax preferential treatment on a case-by-case basis and adopt the "substance over form" principle in the review. Notice 601 specifies that a beneficial owner should generally carry out substantial business activities and own and have control over the income, the assets or other rights generating the income. Therefore, an agent or a conduit company will not be regarded as a beneficial owner of such income. Since the two notices were issued, it has remained unclear how the PRC tax authorities will implement them in practice and to what extent they will affect the dividend withholding tax rates for dividends distributed by our subsidiaries in China to our Hong Kong subsidiary. If the relevant tax authority determines that our Hong Kong subsidiary is a conduit company and does not qualify as the "beneficial owner" of the dividend income it receives from our PRC subsidiaries, the higher 10% withholding tax rate may apply to such dividends. On February 3, 2018, SAT issued Announcement of the State Administration of Taxation on Issues concerning "Beneficial Owners" in Tax Treaties, or Circular 9, which became effective on April 1, 2018 and superseded Notice No. 601. In comparison with Notice No. 601, Circular 9 enlarging and further explaining the scope of beneficial owner, supplementing the applicants deemed as beneficial owners who obtain proceeds from China as direct or indirect 100% shareholder, increasing the certainty of identifying beneficial owner.

Under the EIT Law and EIT Implementation Rules, an enterprise established outside of the PRC with "de facto management bodies" within the PRC is considered a PRC resident enterprise and is subject to the EIT at the rate of 25% on its worldwide income. The EIT Implementation Rules define the term "de facto management bodies" as "establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise." The SAT issued the Notice Regarding the Determination of Chinese-Controlled Overseas Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or SAT Circular 82, on April 22, 2009. SAT Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled overseas-incorporated enterprise is located in China.

In addition, the SAT issued a bulletin on July 27, 2011 to provide more guidance on the implementation of SAT Circular 82 with an effective date to be September 1, 2011. The bulletin made clarification in the areas of resident status determination, post-determination administration, as well as competent tax authorities. It also specifies that when provided with a copy of the Chinese tax resident determination certificate from a resident Chinese controlled offshore incorporated enterprise, the payer should not withhold 10% income tax when paying the Chinese-sourced dividends, interest, royalties, etc. to the Chinese controlled offshore incorporated enterprise. Although both SAT Circular 82 and the bulletin only apply to offshore enterprises controlled by PRC enterprises, not to those that, like our company, are controlled by PRC individuals, the determination criteria set forth in SAT Circular 82 and administration clarification made in the bulletin may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax residency status of offshore enterprises and the administration measures that should be implemented, regardless of whether they are controlled by PRC enterprises or PRC individuals.

After consulting with our PRC counsel, we do not believe that our holding company and other overseas subsidiaries should be deemed PRC resident enterprises as, among other things, certain of our company's key assets and records, including register of members, board resolutions and shareholder resolutions, are located and maintained outside of the PRC, and we also hold our board and board committee meetings outside of the PRC from time to time. However, we have been advised by our PRC counsel, Beijing DOCVIT Law Firm, that because there remains uncertainty regarding the interpretation and implementation of the EIT Law and EIT Implementation Rules, it is uncertain whether we will be deemed a PRC resident enterprise. If the PRC authorities were to subsequently determine, or any further regulations provide, that we should be treated as a PRC resident enterprise, we would be subject to a 25% EIT on our global income. To the extent our holding company earns income outside of China, a 25% EIT on our global income may increase our tax burden and could adversely affect our financial condition and results of operations.

If we are regarded as a PRC resident enterprise, dividends distributed from our PRC subsidiaries to us could be exempt from the PRC dividend withholding tax, since such income is exempt under the EIT Law and the EIT Implementation Rules to the extent such dividends are deemed "dividends among qualified PRC resident enterprises." If we are considered a resident enterprise for enterprise income tax purposes, dividends we pay with respect to our ADSs or ordinary shares may be considered income derived from sources within the PRC and subject to PRC withholding tax of 10%. In addition, non-PRC shareholders may be subject to PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within the PRC. It is unclear whether our non-PRC shareholders would be able to claim the benefits of any tax treaties between their tax residence and the PRC in the event that we are considered as a PRC resident enterprise.

With the 10% PRC dividend withholding tax, we will incur an incremental PRC tax cost when we distribute our PRC profits to our ultimate shareholders if we are deemed not to be a PRC resident enterprise. On the other hand, if we are determined to be a PRC resident enterprise under the EIT Law and receive income other than dividends, our profitability and cash flow would be adversely impacted due to our worldwide income being taxed in China under the EIT Law.

Moreover, under the EIT Law, foreign ADS holders may be subject to a 10% withholding tax upon dividends payable by us and gains realized on the sale or other disposition of ADSs or ordinary shares, if we are classified as a PRC resident enterprise and such income is deemed to be sourced from within the PRC. Although we are incorporated in the Cayman Islands, it is unclear whether the dividends payable by us or the gains our foreign ADS holders may realize on disposition will be regarded as income from sources within the PRC if we are classified as a PRC resident enterprise. Any such tax on our dividend payments will reduce the returns of your investment.

Scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

In connection with the EIT Law, the Ministry of Finance and the State Administration of Taxation jointly issued, on April 30, 2009, the Notice on Issues Concerning Process of Enterprise Income Tax in Enterprise Restructuring Business, or Circular 59. On December 10, 2009, the State Administration of Taxation issued the Notice on Strengthening the Management on Enterprise Income Tax for Non-resident Enterprises Equity Transfer, or Circular 698. Both Circular 59 and Circular 698 became effective retroactively on January 1, 2008. By promulgating and implementing these circulars, the PRC tax authorities have enhanced their scrutiny over the direct or indirect transfer of equity interests in a PRC resident enterprise by a non-resident enterprise. However, SAT issued Announcement of the State Administration of Taxation on Matters concerning Withholding of Income Tax of Non-resident Enterprises at Source, or Circular 37, which became effective on December 1, 2017 and superseded Circular 698. In comparison with Circular 698, Circular 37 releases the obligations of withholding agent, taxpayer by adopting straightforward procedures and simple calculation concerning withholding income tax of non-resident enterprises at source.

On February 3, 2015, the SAT issued the Announcement on Several Issues concerning the Enterprise Income Tax on Indirect Transfers of Properties by Non-Resident Enterprises, or Public Notice 7, to supersede tax rules in relation to the Indirect Transfer of Shares under the original SAT Circular 698. Public Notice 7 covers transactions involving not only Indirect Transfer of Shares as set forth under SAT Circular 698 but also transactions involving an overseas company's indirect transfer of other property or assets (such as real properties) located in China (collectively, "PRC Taxable Properties") through transfer of shares of an offshore intermediary company. Pursuant to Public Notice 7, in the event that non-residential enterprises indirectly transfer PRC Taxable Properties without reasonable commercial purposes in order to evade PRC enterprise income tax, such indirect transfer will be deemed as direct transfer of PRC Taxable Properties and, therefore, be subject to PRC enterprise income tax. In addition, Public Notice 7 provides clearer criteria on how to assess reasonable commercial purposes and allows for safe harbor scenarios applicable to internal group restructurings. Under Public Notice 7, subject to certain exceptions such as internal group restructurings and purchase and sale of shares of the same publicly-listed overseas enterprise in a public securities market, an indirect transfer of PRC Taxable Properties shall be directly deemed as having no reasonable commercial purposes if the following circumstances are satisfied: (1) more than 75% of the value of overseas enterprises' shares directly or indirectly comes from PRC Taxable Properties; (2) at any time within one year before the indirect transfer of PRC Taxable Properties, more than 90% the total amount of overseas enterprises' assets (excluding cash) are directly or indirectly constituted by their investment within the PRC, or within one year before the indirect transfer of PRC Taxable Properties, more than 90% of the overseas enterprises' income directly or indirectly derive from the PRC; (3) the overseas enterprises and their controlling enterprises, which directly or indirectly hold PRC Taxable Properties, cannot justify the economic substance of the corporate structure; and (4) overseas tax payment regarding indirect transfer of PRC Taxable Properties is lower than PRC tax payment regarding direct transfer of PRC Taxable Properties. Public Notice 7 also brings uncertainties to the offshore transferor and transferee of the indirect transfer of PRC Taxable Properties as they have to make self-assessment on whether the transaction should be subject to PRC tax and to file or withhold the PRC tax accordingly. As a result, where non-resident investors were involved in our private equity financing or share transfer of our company between two or more offshore parties, if such transactions were determined by the tax authorities to lack reasonable commercial purpose, we and our non-resident investors may become at risk of being taxed under Circular 37 and Public Notice 7 and may be required to expend valuable resources to comply with Circular 37 and Public Notice 7 or to establish that we should not be taxed under Circular 37 and Public Notice 7, which may have an adverse effect on our financial condition and results of operations.

The PRC tax authorities have the discretion under Public Notice 7 to make adjustments to the taxable capital gains based on the difference between the fair value of the equity interests transferred and the cost of investment. We may pursue acquisitions in the future that may involve complex corporate structures. If we are considered a non-resident enterprise under the PRC Enterprise Income Tax Law and if the PRC tax authorities make adjustments to the taxable income of the transactions under SAT Circular 59, Circular 37 or Public Notice 7, our income tax costs associated with such potential acquisitions will be increased, which may have an adverse effect on our financial condition and results of operations. Although Circular 37 requires less scrutiny on withholding income tax of non-resident enterprises at source, we cannot assure you that the PRC government will not take harsh measures in the future with respect to tax related regulations over acquisition transactions.

If we become directly subject to the scrutiny, criticism and negative publicity involving U.S.-listed Chinese companies, we may have to expend significant resources to investigate and resolve the matter which could harm our business operations, stock price and reputation and could result in a loss of your investment in our stock, especially if such matter cannot be addressed and resolved favorably.

Occasionally, U.S. public companies that have substantially all of their operations in China, particularly companies which have completed so-called reverse merger transactions, have been the subject of intense scrutiny, criticism and negative publicity by investors, financial commentators and regulatory agencies, such as the SEC. Much of the scrutiny, criticism and negative publicity has centered around financial and accounting irregularities and mistakes, a lack of effective internal controls over financial accounting, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. For example, in December 2012, the SEC initiated administrative proceedings against the China affiliates of the "big four" public accounting firms for allegedly refusing to produce audit work papers and other documents related to certain China-based companies under investigation by the SEC for potential accounting fraud against U.S. investors. Although the firms reached a settlement with the SEC and although we were not and are not subject to any ongoing SEC investigations, many U.S. listed Chinese companies are now subject to, or may become subject to, shareholder lawsuits and SEC enforcement actions and are conducting internal and external investigations into the allegations. As a result of this proceeding and the scrutiny, criticism and negative publicity, the publicly traded stock of many U.S. listed Chinese companies has sharply decreased in value and, in some cases, has become virtually worthless. It is not clear what effect this sector-wide scrutiny, criticism and negative publicity will have on our company, our business and our stock price. If we become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we will have to expend significant resources to investigate such allegations and/or defend our company. This situation will be costly and time consuming and distract our management from growing our company.

If the settlement reached between the SEC and the “big four” PRC-based accounting firms concerning the manner in which the SEC may seek access to audit working papers from audits in China of US-listed companies is not or cannot be performed in a manner acceptable to authorities in China and the United States, we may be unable to timely file future financial statements in compliance with the requirements of the Exchange Act in the future.

In late 2012, the SEC commenced administrative proceedings under Rule 102(e) of its Rules of Practice and also under the Sarbanes-Oxley Act of 2002 against the China affiliates of the “big four” accounting firms. A first instance trial of the proceedings in July 2013 in the SEC’s internal administrative court resulted in an adverse judgment against the firms. The administrative law judge proposed penalties on the four PRC-based accounting firms including a temporary suspension of their right to practice before the SEC, although that proposed penalty did not take effect pending review by the Commissioners of the SEC. On February 6, 2015, before a review by the Commissioner had taken place, the Chinese accounting firms reached a settlement with the SEC whereby the proceedings were stayed. Under the settlement, the SEC accepted that future requests by the SEC for the production of documents would normally be made to the CSRC. The Chinese accounting firms would receive requests matching those under Section 106 of the Sarbanes-Oxley Act of 2002, and would be required to abide by a detailed set of procedures with respect to such requests, which in substance would require them to facilitate production via the CSRC. The CSRC for its part initiated a procedure whereby, under its supervision and subject to its approval, requested classes of documents held by the accounting firms could be sanitized of problematic and sensitive content so as to render them capable of being made available by the CSRC to US regulators.

Under the terms of the settlement, the underlying proceeding against the four PRC-based accounting firms was deemed dismissed with prejudice at the end of four years starting from the settlement date, which was on February 6, 2019. Despite the final ending of the proceedings, the presumption is that all parties will continue to apply the same procedures: i.e., the SEC will continue to make its requests for the production of documents to the CSRC, and the CSRC will normally process those requests applying the sanitization procedure. We cannot predict whether, in cases where the CSRC does not authorize production of requested documents to the SEC, the SEC will further challenge the four PRC-based accounting firms’ compliance with U.S. law.

In the event that the SEC restarts the administrative proceedings, depending upon the final outcome, listed companies in the United States with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in the PRC, which could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act, including possible delisting. Moreover, any negative news about any such future proceedings against these accounting firms may cause investor uncertainty regarding China-based, United States-listed companies and the market price of our ADSs may be adversely affected.

In the past, we had engaged certain China affiliates of the “big four” accounting firms as our independent registered public accounting firm. While we did not do so since March 2017, we cannot assure you that we will not engage or otherwise rely on their audits in the future. If the accounting firm we engage were denied, even temporarily, the ability to practice before the SEC, and we were unable to timely find another registered public accounting firm to audit and issue an opinion on our financial statements, our financial statements could be determined not to be in compliance with the requirements of the Exchange Act. Such a determination could ultimately lead to the delisting of our ADSs from the Nasdaq or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of our ADSs in the United States.

The custodians or authorized users of our controlling non-tangible assets, including chops and seals, may fail to fulfill their responsibilities, or misappropriate or misuse these assets.

Under the PRC law, legal documents for corporate transactions, including agreements and contracts are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with relevant PRC market regulation administrative authorities.

In order to secure the use of our chops and seals, we have established internal control procedures and rules for using these chops and seals. In any event that the chops and seals are intended to be used, the responsible personnel will submit the application through our office automation system and the application will be verified and approved by authorized employees in accordance with our internal control procedures and rules. In addition, in order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to authorized employees. Although we monitor such authorized employees, the procedures may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our employees could abuse their authority, for example, by entering into a contract not approved by us or seeking to gain control of one of our subsidiaries or the consolidated affiliated entities. If any employee obtains, misuses or misappropriates our chops and seals or other controlling non-tangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve and divert management from our operations.

It may be difficult for overseas regulators to conduct investigations or collect evidence within China.

Shareholder claims or regulatory investigations that are common in jurisdictions outside China are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States or other jurisdictions may not be efficient in the absence of a mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, or Article 177, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC, and without the consent by the Chinese securities regulatory authorities under the State Council and the relevant competent departments under the State Council, no entity or individual may provide documents or materials related to securities business to any foreign party. While detailed interpretation of or implementation rules under Article 177 has yet to be promulgated, the inability of an overseas securities regulator to directly conduct investigation or evidence collection activities within China and the potential obstacles for information provision may further increase difficulties you face in protecting your interests. See “-You may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts may be limited, because we are incorporated under Cayman Islands law, conduct substantially all of our operations in China and most of our directors and officers reside outside the United States” for risks associated with investing in us as a Cayman Islands company.

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

We are an exempted company with limited liability incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Act (As Revised) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands have a less developed body of securities laws than the United States. Some states in the United States, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of exempted companies in Cayman Islands like us have no general rights under Cayman Islands law to inspect corporate records (other than copies of our memorandum and articles of association, special resolutions passed by our shareholders, and our register of mortgages and chargers) or to obtain copies of lists of shareholders of these companies. Our directors have discretion to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder resolution or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. If we choose to follow home country practice in the future, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

In addition, we conduct substantially all of our business operations in China, and substantially all of our directors and senior management are based in China. The SEC, U.S. Department of Justice and other authorities often have substantial difficulties in bringing and enforcing actions against non-U.S. companies and non-U.S. persons, including company directors and officers, in certain emerging markets, including China. Additionally, our public shareholders may have limited rights and few practical remedies in emerging markets where we operate, as shareholder claims that are common in the United States, including class action securities law and fraud claims, generally are difficult or impossible to pursue as a matter of law or practicality in many emerging markets, including China. For example, in China, there are significant legal and other obstacles for the SEC, the DOJ and other U.S. authorities to obtaining information needed for shareholder investigations or litigation. Although the competent authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, the regulatory cooperation with the securities regulatory authorities in the United States has not been efficient in the absence of a mutual and practical cooperation mechanism. In China, without the consent of the Chinese securities regulatory authorities under the State Council and the relevant competent departments under the State Council, no organization or individual may provide the documents and materials relating to securities business activities to foreign securities regulators. See “-It may be difficult for overseas regulators to conduct investigations or collect evidence within China.”

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States.

Risks Related to the Market for Our ADSs

The trading price of our ADSs has been and may continue to be volatile.

The trading price of our ADSs has been and may continue to be subject to wide fluctuations. Effective on December 9, 2022, we consolidated every forty of the authorized (whether issued or unissued) shares of each class of par value of US\$0.001 each in the capital of our company into one share of the same class of par value of US\$0.04 each, or the Share Consolidation. Upon the Share Consolidation, the ratio of our American Depositary Receipts representing ordinary shares of our company was amended from one ADS representing 10 ordinary shares to one ADS representing one ordinary share. During the year of 2024, the trading prices of our ADSs on the Nasdaq Capital Market ranged from \$0.26 to \$2.90 per ADS, and the last reported trading price on December 31, 2024 was \$0.475 per ADS. The aforementioned trading prices have not been adjusted for the ADS ratio change. The price of our ADSs may fluctuate in response to a number of events and factors including, changes in the economic performance or market valuations of other advertising companies, conditions in the air travel media industry and the sales or perceived potential sales of additional ordinary shares or ADSs.

In addition, the securities market has from time to time experienced significant price and volume fluctuations unrelated to the operating performance of particular companies. These market fluctuations may also have a material adverse effect on the market price of our ADSs.

Additional sales of our ordinary shares in the public market, or the perception that these sales could occur, could also cause the market price of our ADSs to decline.

If we fail to comply with the continued listing requirements of Nasdaq, we would face possible delisting, which would result in a limited public market for our ADSs and make obtaining future debt or equity financing more difficult for us.

Our ADSs are currently listed on the Nasdaq Capital Market under the symbol “ANTE.” We are required to meet certain qualitative and financial requirements to maintain the listing of our ADSs on Nasdaq.

We received two notification letters from Nasdaq on September 18, 2024 indicating that (1) the Company is no longer in compliance with the minimum bid price requirement (“Bid Price Requirement”) set forth in Rule 5550(a)(2) of the Nasdaq Listing Rules as the Company’s closing bid price per American depository share (“ADS”), each representing one ordinary share of the Company, has been below \$1.00 for a period of 30 consecutive business days, and (2) the Company is no longer in compliance with Rule 5550(a)(5) of the Nasdaq Listing Rules for continued listing due to its failure to maintain a minimum Market Value of Publicly Held Shares (“MVPHS”) of US\$1.0 million for a period of 30 consecutive business days. As determined by Nasdaq, we had until March 17, 2025 to regain compliance with Nasdaq’s minimum bid price and minimum MVPHS requirements.

We received a notification letter from the Listing Qualifications Department of Nasdaq on November 12, 2024 notifying the Company that it has regained compliance with the MVPHS requirement. We have also received a notification letter from Nasdaq notifying that we have been granted an additional 180-day grace period, until September 15, 2025, to regain compliance with the Bid Price Requirement.

There can be no assurance that we will be able to continue to maintain our compliance with the continued listing requirements of Nasdaq. If we fail to satisfy the requirements going forward or fail to regain compliance on a timely basis, our ADSs could be delisted from Nasdaq Capital Market and they would likely be traded on the over-the-counter markets. As a result, selling our ADSs could be more difficult because smaller quantities of shares would likely be bought and sold, and security analysts’ coverage of us may be reduced. In addition, in the event that our ADSs are delisted, broker-dealers would bear certain regulatory burdens which may discourage them from effecting transactions in our ADSs and further limit the liquidity. These factors could result in lower trading prices and larger spreads in the bid and ask prices for our ADSs. Such delisting from Nasdaq could also greatly impair our ability to raise additional funds through equity or debt financing.

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

Except as described in this annual report and in the deposit agreement, 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 depository 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 depository 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.

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

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register both the rights and the securities to which the rights relate under the U.S. Securities Act of 1933, as amended, or the Securities Act, or an exemption from the registration requirements is available. Under the deposit agreement, the depository bank will not make rights available to you unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective and we may not be able to establish a necessary exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

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

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

Your ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties.

In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary 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.

Anti-takeover provisions in our second amended and restated memorandum and articles of association and rights agreement could adversely affect the rights of holders of our ordinary shares and ADSs.

We have included certain provisions in our second amended and restated memorandum and articles of association that could limit the ability of others to acquire control of our company and deprive our shareholders of the opportunity to sell their shares at a premium over the prevailing market price by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transactions. The following provisions in our articles may have the effect of delaying or preventing a change of control of our company:

- Our board of directors has the authority to establish from time to time, in their absolute discretion, one or more series of preferred shares without action by our shareholders and to determine, with respect to any series of preferred shares, the terms and rights of that series, including the designation of the series, the number of shares of the series, the dividend rights, conversion rights, and the rights and terms of redemption and liquidation preferences.
- Subject to applicable regulatory requirements, our board of directors from time to time may, in their absolute discretion and without approval of our shareholders, cause our company to issue additional ordinary shares without action by our shareholders to the extent of available authorized but unissued shares.

On August 13, 2020, our board of directors adopted a rights agreement between us and American Stock Transfer & Trust Company, LLC, as the rights agent, and declared a dividend distribution of one right with respect to each of our outstanding ordinary share held of record at the close of business on August 24, 2020. When exercisable, each right will entitle the registered holder to purchase one ordinary share of our company at an exercise price of US\$0.9 per right, subject to adjustment. In general terms, it works by imposing a significant penalty upon any person or group that acquires 15% or more of our ordinary shares without the approval of our board of directors. As a result, the overall effect of the rights agreement and the issuance of the rights may be to render more difficult or discourage a merger, tender or exchange offer or other business combination involving us that is not approved by our board. The issuance of additional ordinary shares of our company pursuant to the rights agreement would cause substantial dilution to a person or group that attempts to acquire us on terms not approved by our board of directors.

Our corporate actions are substantially controlled by our principal shareholders who could exert significant influence over important corporate matters, which may reduce the price of our ADSs and deprive you of an opportunity to receive a premium for your shares.

Certain principal shareholders hold a substantial percentage of the outstanding shares of our company. For example, as of April 15, 2025, our principal shareholder, Mr. Man Guo, along with his wife, Ms. Dan Shao, beneficially owned approximately 25% of our outstanding ordinary shares. Mr. Guo and other principal shareholders of our company could exert substantial influence over matters such as electing directors and approving material mergers, acquisitions or other business combination transactions. This concentration of ownership may also discourage, delay or prevent a change in control of our company, which could have the dual effect of depriving our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and reducing the price of our ADSs. These actions may be taken even if they are opposed by our other shareholders.

We are a “foreign private issuer,” and have disclosure obligations that are different from those of U.S. domestic reporting companies so you should not expect to receive the same information about us at the same time as a U.S. domestic reporting company may provide.

We are a foreign private issuer and, as a result, we are not subject to certain of the requirements imposed upon U.S. domestic issuers by the SEC. For example, we are not required by the SEC or the federal securities laws to issue quarterly reports or proxy statements with the SEC. We are required to file our annual report within four months of our fiscal year end. We are not required to disclose certain detailed information regarding executive compensation that is required from U.S. domestic issuers. Further, our directors and executive officers are not required to report equity holdings under Section 16 of the Securities Act. We are also exempt from the requirements of Regulation FD (Fair Disclosure) which, generally, are meant to ensure that select groups of investors are not privy to specific information about an issuer before other investors. We are, however, still subject to the anti-fraud and anti-manipulation rules of the SEC, such as Rule 10b-5. Since many of the disclosure obligations required of us as a foreign private issuer are different from those required by other U.S. domestic reporting companies, our shareholders should not expect to receive information about us in the same amount and at the same time as information is received from, or provided by, other U.S. domestic reporting companies. We are liable for violations of the rules and regulations of the SEC which do apply to us as a foreign private issuer. Violations of these rules could affect our business, results of operations and financial condition.

We believe we have been a passive foreign investment company for certain prior years, which could subject U.S. investors in the ADSs or ordinary shares to significant adverse U.S. federal income tax consequences.

In general, a non-U.S. corporation will be considered a passive foreign investment company, or a PFIC, for any taxable year if either (1) 75% or more of its gross income for such year consists of certain types of “passive” income or (2) 50% or more of the average quarterly value of its assets (as generally determined on the basis of fair market value or adjusted basis) during such year produce or are held for the production of passive income. For purposes of the income test, “gross income” generally consists of sales revenues less the cost of goods sold, together with income from investments and from other sources, and “passive income” generally includes, among other things, dividends, interest, rents, royalties, gains from the disposition of passive assets and foreign currency gains, other than with respect to any foreign currency transaction directly related to the business needs of a non-U.S. corporation. However, under applicable Internal Revenue Service guidance (which is not binding precedent), it is unclear how companies, like us, with negative gross revenue, are treated or if our foreign currency gains would be treated as non-passive income for PFIC purposes. Assuming that our foreign currency gains are treated as non-passive income and that we are permitted to use gross loss to offset our passive income, and based on the composition and characterization of our assets and income, we believe it is reasonable to take a position that we were not classified as a PFIC for the taxable year ended December 31, 2024. However, the application of the PFIC rules is subject to uncertainty in several respects, and we cannot assure you that the Internal Revenue Service, or the IRS, will not challenge our determination in this regard or that we will not be classified as a PFIC for the current taxable year or future taxable years. The value of the assets of our Parent for purposes of the PFIC determination will generally be determined by reference to the market price of the ADSs, which has and could continue to fluctuate significantly. Accordingly, we may become classified as a PFIC for our current taxable year ending December 31, 2024 and future taxable years if the market price of our ADSs does not increase or continues to decline and/or we do not invest a substantial amount of cash and other passive assets we hold in assets that produce or are held for the production of non-passive income. In addition, if we do not generate material active income for PFIC purposes, we may become classified as a PFIC for the current and future taxable years. The IRS, may challenge the classification of our income or our assets in this regard. Further, for the period that we are treated as a “controlled foreign corporation” (see “-If a U.S. Holder is treated as owning at least 10% of our ordinary shares, such U.S. Holder may be subject to adverse U.S. federal income tax consequences.”), the value of the assets owned by our subsidiaries and the VIEs will be determined by reference to the adjusted tax basis of such assets for U.S. federal income tax purposes, which could increase the likelihood that such periods. Further, the disposal of Blockchain Dynamics Limited in March 2024 may cause us to become a PFIC for the current taxable year. See “Item 4. Information on The Company-A. History and Development of the Company” for further information. Because of these uncertainties, there can be no assurance that we were not classified as a PFIC for our taxable year ended December 31, 2024, or we will not be classified as a PFIC for the current taxable year or in future taxable years.

If we were to be classified as a PFIC in any taxable year, a U.S. Holder (as defined in Item 10. Additional Information-E. Taxation-U.S. Federal Income Taxation) who held our ADSs or ordinary shares during such year may incur significantly increased U.S. income tax on gain recognized on the sale or other disposition of the ADSs or ordinary shares and on the receipt of distributions on the ADSs or ordinary shares to the extent such gain or distribution is treated as an “excess distribution” under the U.S. federal income tax rules. Furthermore, a U.S. Holder will generally be treated as holding an equity interest in a PFIC in the first taxable year of the U.S. Holder’s holding period in which we become a PFIC and subsequent taxable years even if, we, in fact, cease to be a PFIC in subsequent taxable years. Accordingly, a U.S. Holder of our ADSs or ordinary shares is urged to consult its tax advisor concerning the U.S. federal income tax consequences of an investment in our ADSs or ordinary shares, including the possibility of making a “mark-to-market” election. For more information, see “Item 10. Additional Information-E. Taxation-U.S. Federal Income Taxation.”

If a U.S. Holder is treated as owning at least 10% of our ordinary shares, such U.S. Holder may be subject to adverse U.S. federal income tax consequences.

If a U.S. Holder (as defined below in “Item 10. Additional Information-E. Taxation-U.S. Federal Income Taxation.”) is treated as owning, directly, indirectly or constructively, at least 10% of the value or voting power of our ordinary shares (directly or in the form of ADSs representing our ordinary shares), such U.S. Holder may be treated as a “United States shareholder” with respect to each “controlled foreign corporation” in our corporate group, if any. Generally, a non-U.S. corporation is considered as a controlled foreign corporation if more than 50% of its voting stock or 50% of its value of is owned (directly, indirectly or constructively) by United States shareholders. We believe we were likely classified as a controlled foreign corporation for a portion of the taxable year ended December 31, 2024. Further if our corporate group includes one or more U.S. subsidiaries, certain of our non-U.S. subsidiaries could be treated as controlled foreign corporations, regardless of whether we are treated as a controlled foreign corporation. A United States shareholder of a controlled foreign corporation may be required to annually report and include in its U.S. taxable income its pro rata share of “Subpart F income,” “global intangible low-taxed income” and investments in U.S. property by controlled foreign corporations, regardless of whether we make any distributions. An individual that is a United States shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. Failure to comply with these reporting obligations may subject a United States shareholder to significant monetary penalties and may prevent the statute of limitations with respect to such shareholder’s U.S. federal income tax return for the year for which reporting was due from starting. We cannot provide any assurances that we will assist our investors in determining whether any of our non-U.S. subsidiaries are treated as a controlled foreign corporation or whether such investor is treated as a United States shareholder with respect to any of such controlled foreign corporations. Further, we cannot provide any assurances that we will furnish to any United States shareholder information that may be necessary to comply with the reporting and tax paying obligations described in this risk factor. U.S. Holders should consult their tax advisors regarding the potential application of these rules to their investment in our ordinary shares or ADSs.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

We were incorporated in the Cayman Islands on April 12, 2007 and conducted our operations in China through our subsidiaries, and the consolidated affiliated entities. We commenced operations in August 2005 in China through Linghang Shengshi, a VIE of our principal subsidiary, Chuangyi Technology. Later, we established additional VIEs to conduct our operations in China. Substantially all of our current operations are conducted through contractual arrangements with these VIEs.

On November 7, 2007, we listed our ADSs on the Nasdaq Global Market under the symbol “AMCN.” We and certain of our then shareholders completed the initial public offering of 17,250,000 ADSs, representing 34,500,000 of our ordinary shares, on November 13, 2007. Our ADSs were subsequently transferred to the Nasdaq Global Select Market, and transferred to the Nasdaq Capital Market in November 2018. On April 11, 2019, we changed our ADS share ratio from one ADS representing two ordinary shares to one ADS representing 10 ordinary shares. Our trading symbol on the Nasdaq Capital Market has been changed from “AMCN” to “ANTE” effective on June 13, 2019. Effective on December 9, 2022, we consolidated every forty of the authorized (whether issued or unissued) shares of each class of par value of US\$0.001 each in the capital of our company into one share of the same class of par value of US\$0.04 each. Upon the Share Consolidation, the ratio of our American Depositary Receipts representing ordinary shares of our company were amended from one ADS representing 10 ordinary shares to one ADS representing one ordinary share.

In 2015, we sold all equity interest of Jinsheng Advertising, the operating entity of our TV-attached digital frames business. In connection with such equity interest transfer, we have transferred all relevant assets, liabilities and managerial duties related to the TV-attached digital frames operated by Jinsheng Advertising with net carrying value of \$1.1 million. In 2015, we also divested our digital TV screens in airports and did not renew the relevant concession right contracts as they expired. As a result, we ceased our operation of the business line of digital TV screens in airports.

In April 2015, we established AirNet Online, a VIE, to operate a Wi-Fi business.

In June 2015, we entered into an equity interest transfer agreement with Beijing Longde Wenchuang Investment Fund Management Co., Ltd. to sell 75% equity interest of AM Advertising, for a consideration of RMB2.1 billion in cash. In November 2015, Beijing Longde Wenchuang Investment Fund Management Co., Ltd. assigned and transferred its rights and obligations under the equity interest transfer agreement relating to 46.43% equity interest of AM Advertising to Beijing Cultural Center Construction and Development Fund (Limited Partnership), or Culture Center. As part of the transaction, we effected an internal business reorganization and transferred all our media business in airports (excluding digital TV screens in airports and TV-attached digital frames) and all billboard and LED media business outside of airports (excluding gas station media network and digital TV screens on airplanes) to AM Advertising to form the target business to be sold, or the Disposed Business, and transferred our other business out of AM Advertising. To effectuate the sale, we removed the VIE structure with respect to AM Advertising. The change in the equity ownership of AM Advertising was registered with the local branch of the State Administration for Industry and Commerce, or the SAIC (which has merged into the State Administration for Market Regulation, or the SAMR, in March 2018), in December 2015. We have ceased to consolidate the results of AM Advertising after the sale.

In addition, the agreement's earnout provisions will continue to apply until all profit targets are achieved. In the event the adjusted net profit of AM Advertising after the provided restructuring in 2015, 2016 and 2017 is less than the profit target provided for in the agreement, we, as a shareholder of AM Advertising, will be obligated to compensate the buyers for the deficiency by nil-consideration equity interest transfers or other means of compensation. On March 28, 2018, August 23, 2018 and November, 2018, we entered into a memorandum of understanding (MoU) and its supplemental agreement respectively, with, among others, Beijing Longde Wenchuang Investment Fund Management Co., Ltd and Beijing Cultural Center Construction and Development Fund (Limited Partnership), under which, among other things, Linghang Shengshi, Mr. Man Guo and Mr. Qing Xu have agreed to pay or make available to AM Advertising on or prior to May 30, 2018 and further extended to September 30, 2018 and December 31, 2018 an aggregate of RMB304.5 million to hedge the following amounts (1) the RMB152.0 million profits attributable to Linghang Shengshi, Mr. Guo and Mr. Xu for the first nine months of 2015, based on a third-party pro forma audit report on the Target Business; (2) the loan of RMB88.0 million in principal balance and RMB7.8 million in interests; and (3) the payment of RMB56.7 million in cash after the sale of the 20.32% equity interests in AM Advertising, which consisted of 20.18% equity interests held by us and 0.14% equity interests held by Mr. Man Guo and Mr. Qing Xu on behalf of our company, and following the completion of the foregoing arrangements, our obligations with respect to the profit target for 2015, the earnout provision for the first nine months of 2015 and the loans between AM Advertising and Linghang Shengshi shall be deemed completed. As the primary rights and obligations of the MoU have been fulfilled including the transfer all its media business in airports (excluding digital TV screens in airports and TV-attached digital frames) and all billboard and LED media business outside of airports (excluding gas station media network and digital TV screens on airplanes) to AM Advertising, and transfer of the trademark to AM advertising, and we did not received any notice of cancellation of the MoU from Beijing Longde Wenchuang Investment Fund Management Co., Ltd and Beijing Cultural Center Construction and Development Fund (Limited Partnership), we believe the MoU is legally valid. We will make payment according to the MoU once the application for tax refund of AM Advertising finishes as agreed in the MoU. Once the tax refund finishes, the net settlement amount may be reduced pursuant to the MoU.

In January 2021, we were informed that two of Linghang Shengshi's bank accounts amounted to \$1 in aggregate was frozen by the court as Culture Center applied to the court regardless of the arbitration process in the China International Economic and Trade Arbitration Commission, or the CIETAC, in connection with the sale by us of 75% equity interests in AM Advertising. We believed the application is non-excused as it conflicted with the arbitration proceeding already submitted by the Culture Center to the CIETAC and defended the actions by applying to the court to unfreeze Linghang Shengshi's bank accounts. In March 2021, we discovered that the equity interest of AirNet Online held by Mr. Man Guo and Mr. Qing Xu was frozen by the court, which was applied to the court by AM Advertising to urge all parties to settle the Transfer, or the Case. In January 2022, the court ruled that Linghang Shengshi, Mr. Man Guo and Mr. Qing Xu should pay RMB56.7 million and interest, or the Debts, to AM Advertising within 10 days of the effective date of the judgment. The court further ruled that Chuangyi Technology and AirNet is jointly and severally liable for the Debts to the AM Advertising. Linghang Shengshi, Mr. Man Guo, Mr. Qing Xu and Chuangyi Technology then entered an appeal to the court. The results of the appeal remains the same and a trail counsel has been engaged for the retrial.

In January 2017, we, through AirNet Online, established Unicom AirNet (Beijing) Network Co., Ltd., or Unicom AirNet, jointly with Unicom Broadband Online Co., Ltd., a wholly owned subsidiary of China Unicom, and Chengdu Haite Kairong Aeronautical Technology Co., Ltd., a wholly owned subsidiary of a listed company providing aeronautical technical services. Pursuant to a capital contribution agreement entered into by the relevant parties, AirNet Online invested an aggregate of RMB117.9 million in Unicom AirNet. In February 2024, we entered into an equity transfer agreement with Hainan Oriental Meitong Technology Partnership, an unaffiliated third party, pursuant to which we disposed of all the 33.67% of equity interests held by AirNet Online in Unicom AirNet for an aggregate consideration of RMB197.0 million, or approximately US\$27.7 million.

In November 2018, Linghang Shengshi, Mr. Man Guo and Mr. Qing Xu entered into an equity transfer agreement with Jiangsu Hongzhou Investment Co., Ltd., an independent third party to sell 20.32% equity interest of AM Advertising for an initial transfer price of RMB580 million in cash. We have completed the equity interest transfer and have received the installment payment of RMB200 million for the transfer pursuant to this equity transfer agreement and a supplemental agreement entered into by the same parties in November 2019.

In conjunction with the realignment of our business to further develop the in-flight connectivity business, our shareholders resolved to change our name from "AirMedia Group Inc." to "AirNet Technology Inc." in an extraordinary general meeting on May 27, 2019.

In 2021, we established a new line of business in relation to cryptocurrency mining to mitigate the adversary impacts of COVID-19 on our in-flight connectivity business. On December 30, 2020, we entered into an investment agreement with Unistar. Pursuant to the agreement, we issued 23,876,308 ordinary shares, or approximately 19% of our then outstanding ordinary shares, to Unistar on December 31, 2020, in exchange for the delivery and transfer by Unistar to us of computer servers specifically designed for mining cryptocurrencies. On February 4, 2021, we entered into an investment agreement with Northern Shore. Pursuant to the agreement, we issued 28,412,806 ordinary shares, or approximately 19% of our then outstanding ordinary shares, to Northern Shore in exchange for the delivery and transfer by Northern Shore to us of computer servers specifically designed for mining cryptocurrencies. On April 6, 2022, we entered into an investment agreement with Unistar, pursuant to which we issued (1) 4,448,847 ordinary shares, par value US\$0.04 per share, and (2) warrants to purchase an aggregate of 2,945,137 newly issued ordinary shares, par value US\$0.04 per share, to Unistar and Northern Shore in exchange for the delivery and transfer of 5,000 ANTMINER S19 and 2,000 INNO A11 computer servers to further expand our cryptocurrency business. However, such computer servers in consideration of the issuance of such shares had not been delivered and transferred to us and certain conditions to the closing under the investment agreement had not been satisfied. On June 21, 2023, we entered into a termination agreement with Unistar and Northern Shore to terminate the investment agreement dated April 6, 2022, pursuant to which, (1) we repurchased 3,432,345 ordinary shares and 1,016,502 ordinary shares from Unistar and Northern Shore at par, respectively, and (2) the warrant agreement dated April 7, 2022 with each of Unistar Group and Northern Shore entitling them to subscribe from us for up to an aggregate of 2,945,137 Shares (or 117,805,476 shares of the Company prior to the Share Consolidation) were terminated and cancelled in full and rendered null and void.

On March 19, 2024, we entered into an investor repurchase agreement with Unistar and Northern Shore, pursuant to which we repurchased (1) 596,908 ordinary shares issued to Unistar under the investment agreement dated December 30, 2020, and (2) 710,321 ordinary shares issued to Northern Shore under the investment agreement dated February 4, 2021, each at a per share price at par of US\$0.04, for an aggregate consideration of US\$52,289.16. In consideration of the repurchase, we transferred 100% of the equity interest of Blockchain Dynamics Limited, a company incorporated under the Laws of Hong Kong which was previously indirectly wholly owned by us to hold the computer servers and to operate related cryptocurrency mining business. In March 2024, we completed the disposal of Blockchain Dynamics Limited. As such, cryptocurrency mining business was presented as discontinued operation in the consolidated financial statement for the years ended December 31, 2024, 2023 and 2022, respectively.

However, by May 2024, recognizing the broad prospects of the global cryptocurrency market, we made a strategic decision to reenter the Cryptocurrency Business to capture emerging market opportunities, shifting our focus to the Bitcoin market, using dedicated ASIC miners. On May 30, 2024, we entered into a sales and purchase agreement with an unaffiliated third party for the purchase of 6,218 units of Bitcoin Miner S21. The aggregate purchase price for these miners is approximately RMB177.2 million. The transaction is subject to the completion of the requisite corporate and other approvals and customary closing conditions.

On December 20, 2024, we entered into a Hosting Services Agreement with BTC KZ (“BTC KZ”), a Kazakhstan corporation, (the “Hosting Agreement”), pursuant to which BTC KZ provides hosting services for the Company’s supercomputing servers at its Almaty, Kazakhstan-based data center, including racking, power supply, cooling, and security. The Company pays a primary fee of \$0.07 per kWh of electricity consumed, plus a \$0.002 per kWh maintenance fee. A refundable deposit of \$1.5 million was paid to BTC KZ. The Hosting Agreement has a one-year term from the servers’ activation date, with options for renewal. The arrangement ensures operational stability, mutual indemnities, and confidentiality protections, with disputes governed by Hong Kong law and resolved through HKIAC arbitration. As of the date of this report, we have mined an aggregate of 69.56 units of BTC from our hosted supercomputing servers in Kazakhstan.

On March 17, 2025, we also entered into a non-binding investment letter of intent (the “LOI”) with LLP STH Corp. (“LLP STH”), a Kazakhstan company, for the investment in and construction of a 70MW national grid powered facility and a 60MW natural gas self-generation facility, both utilizing liquid-cooling technology to enhance operational efficiency and extend equipment lifespan. We shall complete a full legal and business due diligence of LLP STH to the satisfaction of the board of directors of the Company before entering into a definitive written agreement.

Our principal executive offices are located at Suite 301 No. 26 Dongzhimenwai Street, Chaoyang District, Beijing 100027, People’s Republic of China. Our telephone number at this address is +86-10-8450-8818 and our fax number is +86-10-8460-8658. Our registered office in the Cayman Islands is at the offices of Maples Corporate Services Limited, P.O. Box 309, Umland House, Grand Cayman, KY1-1104, Cayman Islands.

The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC and state the address of that site (<http://www.sec.gov>). We will also post this annual report on Form 20-F, along with other press releases, on our website at <http://ir.airnetgroup.cn>. For more information, please refer to the SEC’s website and our website.

B. Business Overview

General

We conduct our air travel media network business operations primarily by our VIEs and their respective subsidiaries.

Driven by innovation, we gradually reinvented ourselves and shaped our core competitiveness in providing in-flight solutions to connectivity, entertainment and digital multimedia in China. Collaborating with our partners, we provide Chinese airlines with seamless and immersive internet connections through a network of satellites and land-based beacons, furnish airline travelers with interactive entertainment and coverage of breaking news, and provide corporate clients with advertisements tailored to the changing perceptions of the travelers.

Collaborating with China Unicom, we are licensed to provide in-flight connectivity over the internet. Furthermore, backed by our partners' next-generation satellite communications hardware, we are able to provide airline travelers with a seamless and immersive internet connection delivering the same experience as it would've been otherwise on the ground. Moreover, our strategic partnership with China Eastern Airlines Media Co., Ltd. enables us to deliver multimedia contents to travelers on airplanes operated by China Eastern Airlines through a mobile app.

In addition to our active endeavors in in-flight connectivity, we maintain a wide range of in-flight entertainment and advertising contents. As of March 31, 2024, we have access to in-flight entertainment and advertising contents including exclusive in-flight copyrights to over 65% of movies previously shown in domestic theaters, more than 900 archived films, and thousands of hours of multimedia programs of entertainment nature covering a variety of topics such as sports, comedies, local attractions, reality shows, commentaries, documentaries. As of March 31, 2024, we were engaged to provide copyrighted entertainment contents to more than 12 airlines. Furthermore, we are engaged by hundreds of corporate clients to provide advertising contents across different in-flight entertainment systems. Built upon our experiences, we are capable of developing entertainment contents independently and producing advertising contents tailored to the needs of corporate clients.

Our products and services combine in-flight connectivity and entertainment. To further grow our business, we are committed to take full advantage of our partnership with China Unicom and partners to improve travelers' experience when they connect to the internet en route of their travel. Meanwhile, we are devoted to maintaining a versatile collection of entertainment contents covering a variety of aspects of lifestyles attracting traveling consumers. We are also satisfying the advertising needs of corporate clients through our influence on travelling consumers.

Advertisers, Sales and Marketing

Our Advertisers

Our advertisers purchase advertising time slots and locations on our advertising network either directly from us or through advertising agencies. Many advertisers negotiate the terms of the advertising purchase agreements directly with us, however we also rely on advertising agencies for a significant portion of our sales.

We have a broad base of international and domestic advertisers in various industries. In each of 2022, 2023 and 2024, advisors from one industry, which is automobiles, accounted for more than 10% of our total revenues from continuing operations. There were three, three and three of our customers each year accounted for more than 10% of our total revenues for 2022, 2023 and 2024.

Sales and Marketing

We rely on our experienced sales team to assist advertisers in structuring advertising campaigns by analyzing advertisers' target audiences and the form and contents of the advertisement they may be interested in, as well as consumer products and services. We conduct market research, consumer surveys, demographic analysis and other advertising industry research for internal use to help our advertisers to create effective advertisements. We also engage third-party market research firms from time to time to obtain the relevant market study data, and at the same time hire such research firms to evaluate the effects of our advertising, so as to evaluate the effectiveness of our network for our advertisers and to illustrate to our advertisers our ability to reach targeted demographic groups effectively.

We actively attend various public relation events to promote our brand image and the value of air travel digital advertising. We market our advertising services by displaying our name and logo on all of our digital TV screens on airplanes and by placing advertisements on third-party media from time to time, including China Central Television. We also engage third-party advertising agencies to help source advertisers.

Pricing

The listing prices of our air travel media services depend on the passenger flow of each airline, the needs of each airline, the number of time slots and display locations purchased, the cost of the relevant media assets, our costs for the relevant concession rights, and competition. We review our listing prices periodically and make adjustments as necessary in light of market conditions.

Prices for advertisements on our network are fixed under our sales contracts with advertisers or advertising agencies, typically at a discount to our listing prices.

Programming

Our digital TV screens on network airplanes play programs ranging from 45 minutes to 120 minutes once per flight. We compile each cycle from advertisements of 5-, 15- or 30-seconds in length provided by advertisers to us and from non-advertising content generated by the VIEs in China or provided by third-party content providers. We generally create a programming list on a weekly or monthly basis for programs played on airplanes, respectively. We create this list by first fixing the schedule for advertising content according to the respective sales contracts with our advertisers to guarantee the agreed duration, time and frequency of advertisements for each advertiser, then adding the non-advertising content to achieve an optimal blend of advertising and non-advertising content.

Substantially all of the advertisements on our network are provided by our advertisers. All of the advertising content displayed on our advertising network is reviewed by us to ensure compliance with PRC laws and regulations. See “-Regulation-Regulation of Advertising Services-Advertising Content.” We update advertising content for our programs played on digital TV screens on airplanes on a monthly basis. A majority of the non-advertising content played on our network is provided by third-party content providers such as Dragon TV, the Travel Channel and various satellite and cable television stations and television production companies. In January 2014, we entered into a strategic partnership with China Radio International Oriental Network (Beijing) Co., Ltd, which manages the internet TV business of China International Broadcasting Network, to operate the CIBN-AirNet channel to broadcast network TV programs to air travelers in China.

Our programming team edits, compiles and records into digital format for all of our network programs according to the programming list. Each programming list and pre-recorded program is carefully reviewed to ensure the accuracy of the order, duration and frequency as well as the appropriateness of the programming content.

Display Equipment Supplies and Maintenance

The primary hardware required for the operation of our air travel media network are the digital TV screens that we use in our media network. The majority of our digital TV screens consist of plasma display panels and LCDs. Maintaining a steady supply of our display equipment is important to our operations and the growth of our network. Our TV screen suppliers typically provide us with one-year warranties. Our service team cleans, maintains and monitors our digital TV screens on airplanes regularly.

Customer Service

Our customer service team is responsible for contacting third-party research firms to compile evaluation reports based on selective sampling of the status of advertising on our network and providing advertisers with monthly monitoring reports once the relevant advertising campaign is launched on our network. At the same time, we also provide our advertisers with monthly reports prepared by third parties who verify the proper functioning of our displays and the proper dissemination of the advertisement when required by our advertisers; such reports are done through online survey to analyze the effectiveness of and public reaction to the advertisements. In addition, our network airlines are also actively involved in the monitoring process.

Competition

We compete primarily with several different groups of competitors in the air travel media market:

- in-house advertising companies of airlines that may operate their own advertising networks; and
- traditional advertising media, such as newspapers, television, magazines and radio.

We compete for advertisers primarily on the basis of location, price, program quality, range of services offered and brand recognition. See “Item 3. Key Information-D. Risk Factors-Risks Related to Our Business-We face significant competition in the PRC advertising industry, and if we do not compete successfully against new and existing competitors, we may lose our market share, and our profits may be reduced.”

Intellectual Property

To protect our brand and other intellectual property, we rely on a combination of trademark and trade secret laws as well as confidentiality agreements with our employees, sales agents, contractors and others. As of March 31, 2024, we have registered 23 major trademarks and one patent in China, including “往返”, “忘返” and “众伴”. We cannot be certain that our efforts to protect our intellectual property rights will be adequate or that third parties will not infringe or misappropriate these rights.

Regulation

We operate our business in China under a legal regime consisting of the State Council, which is the highest authority of the executive branch of the National People’s Congress, and several ministries and agencies under its authority including the SAMR.

China’s Advertising Law was promulgated in 1994, and was later revised in 2015, 2018 and 2021. In addition, the State Council, SAIC (which has merged into the SAMR in March 2018) and other ministries and agencies have issued regulations that regulate our business, all of which are discussed below.

Company Law

The formation, operation, and management of corporate entities in China is governed by the PRC Company Law, which was promulgated by the SCNPC on December 29, 1993 and became effective on July 1, 1994. The latest amendment of the PRC Company Law is dated December 29, 2023 (“Company Law (2023)”), which became effective on July 1, 2024. The PRC Company Law defines a “company” as a limited liability company or a joint stock limited company, both of which have the status of an enterprise legal person, and the liability of shareholders of a limited liability company or a joint stock limited company is limited to the amount of their capital contributions or shareholdings. Company Law (2023) further governs the formation, dissolution, organizational structure, capitalization, and social responsibility of a company, as well as the duties of officers and shareholders. Pursuant to Company Law (2023), all registered capital of a PRC limited liability company subscribed to by a shareholder must be fully paid for by such shareholder within five years from the date of the formation of the limited liability company, unless applicable laws.

Limitations on Foreign Ownership in the Advertising Industry

Investment activities in the PRC by foreign investors are principally governed by the Catalogue of Industries for Encouraged Foreign Investment (2022 Edition) and the Special Administrative Measures for Access of Foreign Investment (Negative List) (Edition 2024). The Catalogue of Industries for Encouraged Foreign Investment (2022 Edition) and the Special Administrative Measures for Access of Foreign Investment (Negative List) (Edition 2024) classified the foreign-invested industries into two categories, namely (1) encouraged industries and (2) industries within the catalogue of special administrative measures. As updated and clarified by the Special Administrative Measures for Access of Foreign Investment (Negative List) (Edition 2024), industries within the catalogue of special administrative measures are further divided into two sub-categories: “restricted” industries and “prohibited” industries. Unless otherwise prescribed by the PRC laws, industries which are not set out in the Catalogue of Industries for Encouraged Foreign Investment (2022 Edition) and the Special Administrative Measures for Access of Foreign Investment (Negative List) (Edition 2024) are permitted foreign-invested industries. Applicable regulations and approval requirements vary based on the different categories. Investments in the PRC by foreign investors through wholly foreign-owned enterprises must be in compliance with the applicable regulations, and such foreign investors must obtain governmental approvals as required by these regulations.

According to the Catalogue of Industries for Encouraged Foreign Investment (2022 Edition) and the Special Administrative Measures for Access of Foreign Investment (Negative List) (Edition 2024), the television program production and operation falls into the category of prohibited foreign investment industry, but the advertising industry is not listed in the Catalogue of Industries for Encouraged Foreign Investment (2020 Edition) or the Special Administrative Measures for Access of Foreign Investment (Negative List) (Edition 2024). As such, the advertising industry does not fall into the category of restricted or prohibited foreign investment industry.

In 2021, 2022 and 2023 and up to the date of this annual report, our advertising business is mainly conducted through contractual arrangements with the VIEs in China, including AirNet Online, Linghang Shengshi and Iwangfan.

In addition, according to the Special Administrative Measures for Access of Foreign Investment (Negative List) (Edition 2024), a foreign entity is prohibited from owning more than 50% of any PRC entity that provides value-added telecommunication services. If we re-run our Wi-Fi business, it might be regarded as value-added telecommunication business. As a result, we would enter into concession rights contracts related to our Wi-Fi business via AirNet Online, which is expected to directly operate this business.

Our subsidiary, Chuangyi Technology, has entered into a series of contractual arrangements with AirNet Online, Linghang Shengshi and Iwangfan and their shareholders under which:

- we are able to exert effective control over the VIEs and their respective subsidiaries;
- a substantial portion of the economic benefits of the VIEs and their respective subsidiaries could be transferred to us; and
- we have an exclusive option to purchase all of the equity interests in the VIEs in each case when and to the extent permitted by PRC law.

See “Item 4. Information on the Company-C. Organizational Structure” and “Item 7. Major Shareholders and Related Party Transactions-B. Related Party Transactions-Contractual Arrangements.”

In the opinion of our PRC legal counsel, Beijing DOCVIT Law Firm, save as described in this annual report, the contractual arrangements between Chuangyi Technology and the VIEs do not violate existing PRC laws and regulations, and in each case governed by PRC law, are (1) valid and legally binding on each party thereto, and (2) enforceable in accordance with the terms thereof, subject as to enforceability to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors’ rights generally, the discretion of relevant government agencies in exercising their authority in connection with the interpretation and implementation thereof and the application of relevant PRC laws and policies thereto, and to general equity principles.

We have been advised by our PRC legal counsel, however, that there are some uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to the opinion of our PRC legal counsel. We have been further advised by our PRC counsel that if the PRC government determines that the contractual arrangements do not comply with PRC government restrictions on foreign investment, we could be subject to certain penalties. See “Item 3. Key Information-D. Risk Factors-Risks Related to Our Corporate Structure-If the PRC government finds that the agreements that establish the structure for operating our China business do not comply with PRC governmental restrictions on foreign investment, our business could be materially and adversely affected.”

Regulation on Foreign Investment

On March 15, 2019, the Foreign Investment Law was enacted by the National People’s Congress, which became effective on January 1, 2020 and replaced the trio of existing laws regulating foreign investment in China namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments.

The Foreign Investment Law does not explicitly define the contractual arrangements with VIEs as a form of foreign investment. It contains an ambiguous clause that covers other form stipulated in laws, administrative regulations or other methods prescribed by the State Council within its definition of foreign investment. Therefore, uncertainties still exist about whether the contractual arrangements with VIEs will be deemed to violate the market access requirements for foreign investment under the PRC laws.

Moreover, the Foreign Investment Law establishes a foreign investment information reporting system. Foreign investors or foreign-funded enterprises shall submit the investment information to competent authorities through the enterprise registration system and the enterprise credit information publicity system. The contents and scope of foreign investment information to be reported shall be determined by the principle of necessity. Where foreign-investors or foreign-invested enterprises are found to be non-compliant with these information reporting obligations, competent commerce authority shall ask for corrections with a specified period; if such corrections are not made in time, a penalty of not less than RMB100,000 yet not more than RMB500,000 shall be imposed. Other than reporting foreign investment information, the Foreign Investment Law also establishes a security examination mechanism for foreign investment and conducts security review of foreign investment that affects or may affect national security. The decision made upon the security examination in accordance with the law shall be final.

On September 6, 2024, the NDRC and the MOFCOM, jointly issued the Special Administrative Measures (Negative List), effective from November 1, 2024. Pursuant to the Negative List, if a domestic company engaging in the prohibited business stipulated in the Negative List seeks an overseas offering and listing, it shall obtain the approval from the competent governmental authorities. Besides, the foreign investors of the company shall not be involved in the company’s operation and management, and their shareholding percentage shall be subject, mutatis mutandis, to the relevant regulations on the domestic securities investments by foreign investors. According to the public responses of relevant officials from the NDRC and the MOFCOM to the reporters’ questions regarding the Negative List, no reduction shareholding percentage of foreign investor is required with respect to those existing enterprises listed overseas, the percentage of foreign shareholding of which have exceeded the stipulated threshold before the promulgation of the Negative List.

Business License for Advertising Companies

The SAMR is the primary governmental authority regulating advertising activities in China. Regulations that apply to advertising business primarily include: (1) Advertisement Law of the People's Republic of China, promulgated by the Standing Committee of the National People's Congress on October 27, 1994 and amended on April 24, 2015, October 26, 2018 and April 29, 2021; and (2) Administrative Regulations for Advertising, promulgated by the State Council on October 26, 1987 and effective on December 1, 1987. Under applicable regulations governing advertising businesses in China, companies that engage in advertising activities must obtain from the SAMR or its local branches a business license which specifically includes within its scope the operation of an advertising business. Companies conducting advertising activities without such a license may be subject to penalties, including fines, confiscation of advertising income and orders to cease advertising operations. The business license of an advertising company is valid for the duration of its existence, unless the license is suspended or revoked due to a violation of any relevant law or regulation. We do not expect to encounter any difficulties in maintaining our business licenses. Each of the VIEs which conducts such advertising business has obtained such a business license from the local branches of the SAMR as required by existing PRC regulations.

On February 25, 2023, the SAMR promulgated the Measures for Internet Advertisement Administration, which became effective on May 1, 2023. The Measures for Internet Advertisement Administration strengthen the management of pop-up advertisements, link advertisements and advertorials, among others. The Measures for Internet Advertisement Administration stipulates that promotion of commodities or services in the form of paid listing on the internet must be conspicuously identified as an advertisement, and it requires advertisers, operators and publishers of internet advertisements containing links to examine the content in the next level link. Furthermore, internet platform operators are obliged to cooperate with advertising monitoring, assist in supervision and provide statistical data.

Advertising Content

PRC advertising laws and regulations set forth certain content requirements for advertisements in China, which include prohibitions on, among other things, misleading content, superlative wording, socially destabilizing content or content involving obscenities, superstition, violence, discrimination or infringement of the public interest. Advertisements for anesthetic, psychotropic, toxic or radioactive drugs are prohibited. The dissemination of tobacco advertisements via media is also prohibited as well as the display of tobacco advertisements in public areas. There are also specific restrictions and requirements regarding advertisements that relate to matters such as patented products or processes, pharmaceuticals, medical instruments, agrochemicals, foodstuff, alcohol and cosmetics. In addition, all advertisements relating to pharmaceuticals, medical instruments, agrochemicals and veterinary pharmaceuticals advertised through any media, together with any other advertisements subject to censorship by administrative authorities under relevant laws and administrative regulations, must be submitted to the relevant administrative authorities for content approval prior to dissemination. We do not believe that advertisements containing content subject to restriction or censorship comprise a material portion of the advertisements displayed on our network.

Advertisers, advertising operators and advertising distributors are required by PRC advertising laws and regulations to ensure that the content of the advertisements they prepare or distribute are true and in full compliance with applicable law. In providing advertising services, advertising operators and advertising distributors must review the prescribed supporting documents provided by advertisers for advertisements and verify that the content of the advertisements comply with applicable PRC laws and regulations. In addition, prior to distributing advertisements for certain items which are subject to government censorship and approval, advertising distributors are obligated to ensure that such censorship has been performed and approval has been obtained. Violation of these regulations may result in penalties, including fines, confiscation of advertising income, orders to cease dissemination of the advertisements and orders to publish an advertisement correcting the misleading information. In circumstances involving serious violations, the SAMR or its local branches may revoke violators' licenses or permits for advertising business operations. Furthermore, advertisers, advertising operators or advertising distributors may be subject to civil liability if they infringe the legal rights and interests of third parties in the course of their advertising business.

Outdoor Advertising

The PRC Advertising Law stipulates that the exhibition and display of outdoor advertisements must not:

- utilize traffic safety facilities and traffic signs;
- impede the use of public facilities, traffic safety facilities and traffic signs;
- obstruct commercial and public activities or create an unpleasant sight in urban areas;
- be placed in restrictive areas near government offices, cultural landmarks or historical or scenic sites; or
- be placed in areas prohibited by the local governments at or above county level from having outdoor advertisements.

In addition, according to a relevant the State Administration of Radio Film Television, or the SARFT, circular, displaying audio-video programs such as television news, films and television shows, sports, technology and entertainment through public audio-video systems located in automobiles, buildings, airports, bus or train stations, shops, banks and hospitals and other outdoor public systems must be approved by the SARFT. The relevant authority in China has not promulgated any implementation rules on the procedure of applying for the requisite approval pursuant to the SARFT circular.

Regulations on Foreign Exchange

The principal regulation governing foreign currency exchange in China is the Foreign Exchange Administration Rules, which became effective in 1996, and was further amended in 2008. Under these Rules, RMB is freely convertible for current account items, such as trade and service-related foreign exchange transactions, but not for capital account items, such as direct investment, loan or investment in securities outside China unless the prior approval of, and/or registration with, SAFE or its local counterparts (as the case may be) is obtained.

On March 30, 2015, SAFE promulgated the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-invested Enterprises, or SAFE Circular 19, which became effective on June 1, 2015, and was further amended in 2016, 2019 and 2023. On June 9, 2016, the SAFE promulgated the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or SAFE Circular 16, which revised some provisions of SAFE Circular 19. SAFE Circular 19 and SAFE Circular 16 allows foreign-invested enterprises to settle 100% of their foreign exchange capitals on a discretionary basis and allows ordinary foreign-invested enterprises to make domestic equity investments by capital transfer in the original currencies, or with the amount obtained from foreign exchange settlement, subject to complying with certain requirements. According to SAFE Circular 19 and SAFE Circular 16, the RMB funds obtained by foreign-invested enterprises from the discretionary settlement of foreign exchange capitals shall be managed under the accounts pending for foreign exchange settlement payment, and foreign-invested enterprise shall not use its capital and the RMB funds obtained from foreign exchange settlement for the purposes within the following negative list: for expenditure beyond its business scope or expenditure prohibited by laws and regulations, for investments in securities or other investments than banks' principal-secured products, for the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business license, or for construction or expenses related to the purchase of real estate not for self-use, unless it is a foreign-invested real estate enterprise. Moreover, on January 26, 2017, SAFE promulgated Circular of the State Administration of Foreign Exchange on Further Advancing the Reform of Foreign Exchange Administration and Improving Examination of Authenticity and Compliance, or Circular 3. The Circular 3 states several control measures with respect to the outbound remittance of any profit from domestic entities to offshore entities, including (1) under the principle of genuine transaction, banks should review board resolutions, the original version of tax filing records and audited financial statements before wiring the foreign exchange profit distribution of a foreign-invested enterprise exceeding \$50,000; and (2) domestic entities should hold income to make up previous years' losses before remitting the profits to offshore entities. Meanwhile, verification on the genuineness and compliance of foreign direct investments in domestic entities has also been tightened in accordance with Circular 3.

Pursuant to SAFE Circular 19, SAFE Circular 16 and SAFE Circular 3, foreign invested enterprises in China may convert part or all of the amount of the foreign currency in its capital account, special account for foreign debt or special account for overseas listing into RMB at any time after going through capitals review process with bank and supplement necessary supporting documents upon bank's request for verification on genuineness and compliance. Nevertheless, it is still not clear whether foreign-invested enterprises like our PRC subsidiaries are allowed to extend intercompany loans to the VIEs.

Regulations on Dividend Distribution

Under applicable PRC regulations, wholly foreign-owned companies in the PRC may pay dividends only out of their accumulated profits as determined in accordance with PRC accounting standards and regulations. Additionally, these wholly foreign-owned companies are required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until their cumulative total reserve funds have reached 50% of the companies' registered capitals. At the discretion of these wholly foreign-owned companies, they may allocate a portion of their after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends except in the event of liquidation and cannot be used for working capital purposes.

In addition, under the EIT Law and its implementing rules, dividends generated after January 1, 2008 and payable by a FIE in China to its foreign investors who are non-resident enterprises will be subject to a 10% withholding tax unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. BVI, where Broad Cosmos, our wholly owned subsidiary, is incorporated, does not have such a tax treaty with China. AN China, the 100% shareholder of Chuangyi Technology, Shenzhen Yuehang and Xi'an Shengshi, is incorporated in Hong Kong. According to the Mainland and Hong Kong Special Administrative Region Arrangement on Avoiding Double Taxation or Evasion of Taxation on Income agreed between China and Hong Kong in August 2006, dividends paid by a foreign-invested enterprise in China to its direct holding company in Hong Kong will be subject to withholding tax at a rate of 5% (if the foreign investor owns directly at least 25% of the shares of the foreign-invested enterprise). On October 14, 2019, the State Administration of Taxation, or the SAT, issued Announcement of the State Taxation Administration on Issuing the Measures for Non-resident Taxpayers' Enjoyment of Treaty Benefits, or SAT Circular 35, which became effective on January 1, 2020. Under these measures, our Hong Kong subsidiary needs to obtain approval from the competent local branch of the State Administration of Taxation in order to enjoy the preferential withholding tax rate of 5% in accordance with the Double Taxation Arrangement. In February 2009, SAT issued Notice No. 81. According to Notice No. 81, in order to enjoy the preferential treatment on dividend withholding tax rates, an enterprise must be the "beneficial owner" of the relevant dividend income, and no enterprise is entitled to enjoy preferential treatment pursuant to any tax treaties if such enterprise qualifies for such preferential tax rates through any transaction or arrangement, the major purpose of which is to obtain such preferential tax treatment. The tax authority in charge has the right to make adjustments to the applicable tax rates, if it determines that any taxpayer has enjoyed preferential treatment under tax treaties as a result of such transaction or arrangement. In October 2009, SAT issued another notice on this matter, or Notice No. 601, to provide guidance on the criteria to determine whether an enterprise qualifies as the "beneficial owner" of the PRC sourced income for the purpose of obtaining preferential treatment under tax treaties. Pursuant to Notice No. 601, the PRC tax authorities will review and grant tax preferential treatment on a case-by-case basis and adopt the "substance over form" principle in the review. Notice 601 specifies that a beneficial owner should generally carry out substantial business activities and own and have control over the income, the assets or other rights generating the income. Therefore, an agent or a conduit company will not be regarded as a beneficial owner of such income. On February 3, 2018, SAT issued Announcement of the State Administration of Taxation on Issues concerning "Beneficial Owners" in Tax Treaties, or Circular 9, which became effective on April 1, 2018 and superseded Notice No. 601. In comparison with Notice No. 601, Circular 9 enlarging and further explaining the scope of beneficial owner, supplementing the applicants deemed as beneficial owners who obtain proceeds from China as direct or indirect 100% shareholder, increasing the certainty of identifying beneficial owner. Since the two notices were issued, it has remained unclear how the PRC tax authorities will implement them in practice and to what extent they will affect the dividend withholding tax rates for dividends distributed by our subsidiaries in China to our Hong Kong subsidiary. If the relevant tax authority determines that our Hong Kong subsidiary is a conduit company and does not qualify as the "beneficial owner" of the dividend income it receives from our PRC subsidiaries, the higher 10% withholding tax rate may apply to such dividends.

The EIT Law provides, however, that dividends distributed between qualified resident enterprises are exempted from the withholding tax. According to the Implementation Regulations of the EIT Law, the qualified dividend and profit distribution from equity investment between resident enterprises shall refer to investment income derived by a resident enterprise from its direct investment in other resident enterprises, except the investment income from circulating stocks issued publicly by resident enterprises and traded on stock exchanges where the holding period is less than 12 months. As the term “resident enterprises” needs further clarification and interpretation, we cannot assure you that the dividends distributed by Chuangyi Technology, Shenzhen Yuehang and Xi’an Shengshi to their direct shareholders would be regarded as dividends distributed between qualified resident enterprises and be exempted from the withholding tax.

Under the EIT Law and related regulations, an enterprise established outside of the PRC with “de facto management bodies” within the PRC is considered a PRC resident enterprise and is subject to the EIT at the rate of 25% on its worldwide income. The related regulations define the term “de facto management bodies” as “establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise.” The SAT issued the Notice Regarding the Determination of Chinese-Controlled Overseas Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or SAT Circular 82, on April 22, 2009, which was amended in 2013 and 2017 respectively. SAT Circular 82 provides certain specific criteria for determining whether the “de facto management body” of a Chinese-controlled overseas-incorporated enterprise is located in China. In addition, the SAT issued a bulletin on July 27, 2011, which was amended in June 2015, June 2016 and June 2018, to provide more guidance on the implementation of SAT Circular 82 with an effective date to be September 1, 2011. The bulletin provided clarification in the areas of resident status determination, post-determination administration, as well as competent tax authorities. It also specifies that when provided with a copy of a Chinese tax resident determination certificate from a resident Chinese controlled offshore incorporated enterprise, the payer should not withhold 10% income tax when paying the Chinese-sourced dividends, interest, royalties, etc. to the Chinese controlled offshore incorporated enterprise. Although both SAT Circular 82 and the bulletin only apply to offshore enterprises controlled by PRC enterprises, not to those that, like our company, are controlled by PRC individuals, the determination criteria set forth in SAT Circular 82 and administration clarification made in the bulletin may reflect the SAT’s general position on how the “de facto management body” test should be applied in determining the tax residency status of offshore enterprises and the administration measures that should be implemented regardless of whether they are controlled by PRC enterprises or PRC individuals.

Moreover, under the EIT Law, if we are classified as a PRC resident enterprise and such income is deemed to be sourced from within the PRC, foreign ADS holders may be subject to a 10% withholding tax upon dividends payable by us and gains realized on the sale or other disposition of ADSs or ordinary shares.

See “Item 3. Key Information-D. Risk Factors-Risks Related to Our Business-Dividends payable to us by our wholly-owned operating subsidiaries may be subject to PRC withholding taxes, or we may be subject to PRC taxation on our worldwide income, and dividends distributed to our investors may be subject to more PRC withholding taxes under the PRC tax law.”

SAFE Regulations on Offshore Investment by PRC Residents and Employee Stock Options

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 Circular 75, which became effective as of November 1, 2005. SAFE Circular 75 suspends the implementation of two prior regulations promulgated in January and April of 2005 by the SAFE. On July 4, 2014, SAFE issued the SAFE’s Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Outbound Investment and Financing and Inbound Investment via Special Purpose Vehicles, or SAFE Circular 37, which has superseded SAFE Circular 75. Under SAFE Circular 75, SAFE Circular 37 and other relevant foreign exchange regulations, PRC residents who make, or have previously made, prior to the implementation of these foreign exchange regulations, direct or indirect investments in offshore companies will be required to register those investments. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is also required to file or update the registration with the local branch of SAFE, with respect to that offshore company for any material change involving its round-trip investment, capital variation, such as an increase or decrease in capital, transfer or swap of shares, merger, division, long-term equity or debt investment or the creation of any security interest. If any PRC shareholder fails to make the required registration or update the previously filed registration, the PRC subsidiary of that offshore parent company may be prohibited from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to their offshore parent company, and the offshore parent company may also be prohibited from injecting additional capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

In December 2006, the People’s Bank of China promulgated the Administrative Measures of Foreign Exchange Matters for Individuals, or the PBOC Regulation, setting forth the respective requirements for foreign exchange transactions by PRC individuals under either the current account or the capital account. In January 2007, the SAFE issued implementing rules for the PBOC Regulation, which, among other things, specified approval requirements for certain capital account transactions such as a PRC citizen’s participation in the employee stock ownership plans or stock option plans of an overseas publicly-listed company. On February 15, 2012, the SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Administration for Domestic Individuals Participating in an Employee Share Incentive Plan of an Overseas-Listed Company (which replaced the old Circular 78, “Application Procedure of Foreign Exchange Administration for Domestic Individuals Participating in an Employee Stock Holding Plan or Stock Option Plan of an Overseas-Listed Company” promulgated on March 28, 2007), or the New Share Incentive Rule. Under the New Share Incentive Rule, PRC citizens who participate in a share incentive plan of an overseas publicly listed company are required to register with SAFE and complete certain other procedures. All such participants need to retain a PRC agent through a PRC subsidiary to register with SAFE and handle foreign exchange matters such as opening accounts and transferring and settlement of the relevant proceeds. The New Share Incentive Rule further requires that an offshore agent should also be designated to handle matters in connection with the exercise or sale of share options and proceeds transferring for the share incentive plan participants.

We and our PRC employees who have been granted stock options are subject to the New Share Incentive Rule. We are in the process of completing the required registration and the procedures for the New Share Incentive Rule under PRC laws, but the application documents are subject to the review and approval of the SAFE, and we can make no assurance as to when the registration and procedures will be completed. If we or our PRC employees fail to comply with the New Share Incentive Rule, we and/or our PRC employees may face sanctions imposed by the foreign exchange authority or any other PRC government authorities.

In addition, the State Administration of Taxation has issued a few circulars concerning employee stock options. Under these circulars, our employees working in China who exercise stock options will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee stock options with relevant tax authorities and withhold individual income taxes of those employees who exercise their stock options. If our employees fail to pay and we fail to withhold their income taxes, we may face sanctions imposed by tax authorities or any other PRC government authorities.

Regulations on Data Privacy and Cybersecurity

On June 10, 2021, the Standing Committee of the PRC National People’s Congress issued the Data Security Law to regulate data processing activities and security supervision in the PRC, which came into effect on September 1, 2021. The Data Security Law provides for data security and privacy obligations on entities and individuals carrying out data activities and introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The appropriate level of protection measures is required to be taken for each respective category of data. For example, a processor of important data shall designate the personnel and the management body responsible for data security, carry out risk assessments for its data processing activities and file the risk assessment reports with the competent authorities. In addition, The Data Security Law provides a national security review procedure for those data activities which affect or may affect national security and imposes export restrictions on certain data and information.

On August 20, 2021, the Standing Committee of the PRC National People's Congress promulgated the Personal Information Protection Law, effective on November 1, 2021, which further detailed the general rules and principles on personal data processing and further increase the potential liability of personal data processor. The Personal Information Protection Law integrates the scattered rules with respect to personal information rights and privacy protection. The Personal Information Protection Law provides the circumstances under which a personal information processor could process personal information, including but not limited to, where the consent of the individual concerned is obtained and where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party. It also stipulates certain specific rules with respect to the obligations of a personal information processor, such as to inform the purpose and method of processing to the individuals, and the obligation of the third party who has access to the personal information by way of co-processing or delegation etc. Processors processing personal information exceeding the threshold to be set by the relevant authorities and critical information infrastructure operators are required to store, within the territory of the PRC, the personal information collected and produced within the PRC. Specifically, personal information processors using personal information for automated decision-making shall ensure the transparency of decision-making and the fairness and impartiality of the results and shall not impose unreasonable differential treatment on individuals in terms of pricing and other transaction conditions. The relevant governmental authorities shall organize assessment on mobile apps' personal information protection and publicize the outcome. The mobile apps that are identified as not in compliance with personal information protection requirements under such law may be required to suspend or terminate the services and the operators may also be subject to penalties including confiscation of illegal revenues and fines. Furthermore, the Personal Information Protection Law also provides for the rights of natural persons whose personal information is processed and takes special care of the personal information of minors under 14 and sensitive personal information. We may be required to make adjustments to our business practices to comply with the personal information protection laws and regulations. In addition, critical information infrastructure operators, or personal information processors whose processing of personal information reaches the threshold amount prescribed by the national cyberspace authority, shall store within the territory of the People's Republic of China the personal information collected or generated by them within the territory of the People's Republic of China. Where it is necessary to provide such information to an overseas recipient, a security assessment organized by the national cyberspace authority shall be passed; if a security assessment is not required as provided by law, administrative regulations or the national cyberspace authority, such provision shall prevail. A personal information processor entrusting the processing of personal information to another party shall agree with the entrusted party on the purpose, period, and method of the contracted processing, the type of personal information to be processed, any protection measure to be taken, and the rights and obligations of both parties, etc., and supervise the activities of processing of personal information carried out by the contracted party. As of the date of this annual report, we have not been informed that we are a "critical information infrastructure operator" by any government authority. However, the exact scope of "critical information infrastructure operators" under the current regulatory regime remains unclear, and the PRC government authorities may have wide discretion in the interpretation and enforcement of the applicable laws. Therefore, it is uncertain whether we would be deemed to be a critical information infrastructure operator under PRC laws and regulations. If we are deemed a "critical information infrastructure operator" under PRC laws and regulations, we may be subject to obligations in addition to those with which we are currently obligated to comply.

On July 30, 2021, the State Council promulgated the Regulations on Protection of Critical Information Infrastructure, which became effective on September 1, 2021. Pursuant to the Regulations on Protection of Critical Information Infrastructure, critical information infrastructure shall mean any important network facilities or information systems of the important industry or field such as public communication and information service, energy, transportation, water conservation, finance, public services, e-government affairs and national defense science, which may endanger national security, people's livelihood and public interest in case of damage, function loss or data leakage. In addition, relevant administration departments of each critical industry and sector, or Protection Departments, shall be responsible to formulate eligibility criteria and determine the critical information infrastructure operator in the respective industry or sector. The operators shall be informed about the final determination as to whether they are categorized as critical information infrastructure operators.

On November 14, 2021, the Cyberspace Administration of China, or the CAC, issued the Administrative Regulations of Cyber Data Security (Draft for Comments), or the Draft Cyber Data Security Regulations, which provide that data processors conducting the following activities shall apply for cybersecurity review: (1) merger, reorganization or separation of Internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests affects or may affect national security; (2) listing abroad of data processors processing over one million users' personal information; (3) listing in Hong Kong which affects or may affect national security; (4) other data processing activities that affect or may affect national security. However, there have been no clarifications from the relevant authorities as of the date of this annual report as to the standards for determining whether an activity is one that "affects or may affect national security" under the Draft Cyber Data Security Regulations.

December 28, 2021, the CAC, the NDRC, the Ministry of Industry and Information Technology, the Ministry of Public Security, the Ministry of National Security, the Ministry of Finance, the MOFCOM, the People's Bank of China, the SAMR, the National Radio and Television Administration, the CSRC, the National Administration of State Secrets Protection and the State Cryptography Administration jointly released the Cybersecurity Review Measures, which took effect on February 15, 2022. Pursuant to the Cybersecurity Review Measures, network platform operators with personal information of over one million users shall apply with the Cybersecurity Review Office for a cybersecurity review before going to list abroad. The cybersecurity review will evaluate, among others, the risk of critical information infrastructure, core data, important data, or the risk of a large amount of personal information being influenced and controlled or maliciously used by foreign governments after going public, and cyber information security risk.

On May 23, 2023, the SAMR and the Standardization Administration jointly released the Guideline for the Classification of Cybersecurity Incidents, which defines the classification of cybersecurity incidents and expands the scope of identifying cybersecurity incidents.

On December 8, 2023, the CAC promulgated the Administrative Measures for Cybersecurity Incident Reporting (Draft for Comments), pursuant to which, an operator shall promptly activate its emergency plan for disposal upon occurrence of a cybersecurity incident. According to the Guideline for the Classification of Cybersecurity Incidents, a relatively serious, serious or extremely serious cybersecurity incident shall be reported within one hour.

Network Data Regulations were promulgated by the State Council on September 24, 2024, and became effective as of January 1, 2025. The Network Data Regulations restates and further specifies the legal requirements for personal information, important data, cross-border data transfer, network platform services, and data security. Among others, network data handlers engaging in data processing activities that affect or may affect national security must be subject to network data security review by the relevant cyberspace administration of the PRC. Any failure to comply with such requirements may subject us to, among others, suspension of services, fines, revoking relevant business permits or business licenses and penalties.

On July 7, 2022, the CAC promulgated the Security Assessment Measures which took effect on September 1, 2022. Pursuant to the Security Assessment Measures, a data processor shall apply to competent authorities for security assessment prior to transferring any data abroad if the transfer involves (i) important data; (ii) personal information transferred overseas by a critical information infrastructure operator and a data processor that has processed personal information of more than one million individuals; (iii) personal information transferred overseas by a data processor who has already provided personal information of 100,000 persons or sensitive personal information of 10,000 persons overseas since January 1 of the previous year; or (iv) other circumstances as requested by the CAC.

On March 22, 2024, CAC published the Provisions on Promoting and Regulating Cross-border Data Flows, which took effective on the same date. The provisions provide several exemptions from undergoing data security assessment, obtaining personal information protection certification or entering into standard contract for outbound transfer of personal information for businesses. These exemptions include, among others, the scenario where a data processor, other than a CIIO, has cumulatively transferred overseas personal information, excluding sensitive personal information, of fewer than 100,000 individuals since January 1 of the current year. A data processor intending to implement outbound data transfer under the following circumstances should apply for security assessment to the CAC: (i) a CIIO intending to provide personal information or important data abroad; or (ii) a data processor that is not a CIIO intending to provide important data abroad, or has since January 1 of the current year cumulatively provided personal information (excluding sensitive personal information) of over one million individuals, or sensitive personal information of over 10,000 individuals, abroad. The provisions also explicitly state that data processors are not required to conduct data security assessment for cross-border transfer of important data if the data has not been notified or published as important data by relevant departments or regions. In addition, for any data processors other than the CIIOs who have since January 1 of the current year cumulatively provided personal information (excluding sensitive personal information) of over 100,000 and less than one million individuals, or sensitive personal information of less than 10,000 individuals abroad, should execute a standard contract for outbound transfer of personal information with the recipient abroad or pass the certification for personal information protection.

Furthermore, on March 22, 2024, the CAC promulgated the Guide to Applications for Security Assessment of Outbound Data Transfers (Second Edition), which provides that any of the following circumstances is deemed as the act of outbound data transfers: (i) a data processor transfers abroad the data collected and generated from its operation within the territory of China; (ii) the data collected and generated by the data processor is stored within the territory of China, allowing inquiry, retrieval, download and export by overseas agencies, organizations or individuals; and (iii) other data handling activities such as handling of the personal information of domestic natural persons abroad under the circumstances specified in Paragraph 2 of Article 3 of the Personal Information Protection Law.

On 12 February 2025, the CAC promulgated the Administrative Measures for Personal Information Protection Compliance Audits, or the Audits Administrative Measures, which will become effective on May 1, 2025. The Audits Administrative Measures provided that any personal information handler handling the personal information of more than 10 million people shall carry out the personal information protection compliance audits at least once every two years. For a personal information handler who falls under any of the following circumstances, the cyberspace administration of China and other authorities performing responsibilities of personal information protection (hereinafter collectively referred to as the "protection authorities" in short) may require the personal information handler to entrust a specialized agency with the compliance audit of its personal information handling activities: (i) Where its personal information handling activities involve relatively large risks such as serious impact on personal rights and interests or serious lack of security measures; (ii) Where its personal information handling activities may infringe upon the rights and interests of many people; or (iii) Where a personal information security incident occurs, resulting in the divulgence, tampering with, loss or damage of the personal information of more than one million people or the sensitive personal information of more than 100,000 people. For the same personal information security incident or risk, it is not allowed to repeatedly require the personal information handler concerned to entrust a specialized agency with the personal information protection compliance audits.

Regulations on Overseas Listings

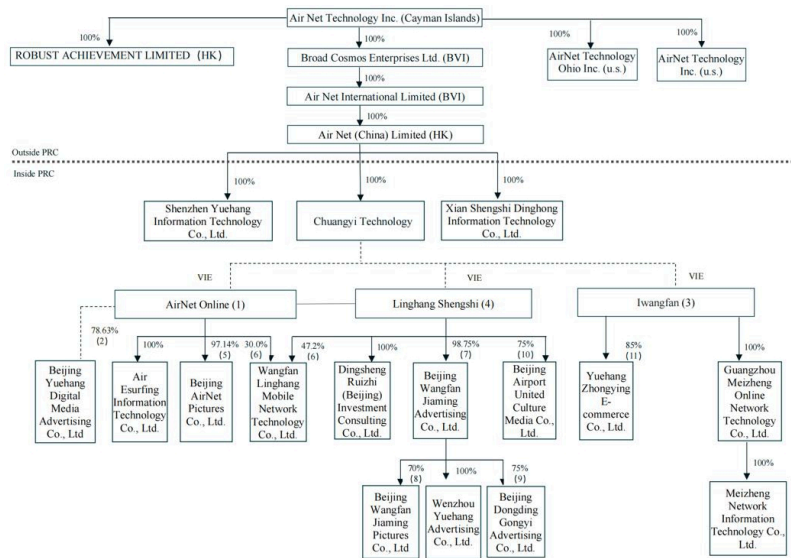
On December 24, 2021, the CSRC published the Administration of Overseas Securities Offering and Listing by Domestic Companies, or the Draft Administrative Provisions, and the Administration Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies, or the Draft Filing Measures. The Draft Administrative Provisions and the Draft Filing Measures lay out requirements for filing and include unified regulation management, strengthening regulatory coordination, and cross-border regulatory cooperation. On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Overseas Listing Trial Measures, which have become effective on March 31, 2023. On the same date, the CSRC circulated Supporting Guidance Rules No. 1 through No. 5, Notes on the Overseas Listing Trial Measures, Notice on Administration Arrangements for the Filing of Overseas Listings by Domestic Enterprises and relevant CSRC Answers to Reporter Questions, or collectively, the Guidance Rules and Notice on CSRC's official website. The Overseas Listing Trial Measures, together with the Guidance Rules and Notice reiterate the basic principles of the Draft Administrative Provisions and the Draft Filing Measures and impose substantially the same requirements for the overseas securities offering and listing both directly and indirectly by domestic enterprises, and clarified and emphasized several aspects, which include but are not limited to: (1) criteria to determine whether an applicant will be required to go through the filing procedures under the Overseas Listing Trial Measures; (2) exemptions from immediate filing requirements for applicants including those that have already been listed in foreign securities markets, including U.S. markets, prior to the effective date of the Overseas Listing Trial Measures, but these applicants shall still be subject to filing procedures if they conduct refinancing or are involved in other circumstances that require filing with the CSRC; (3) a negative list of types of applicants banned from listing or offering overseas, such as applicants whose affiliates have been recently convicted of bribery and corruption; (4) applicants' compliance with web security, data security, and other national security laws and regulations; (5) applicants' filing and reporting obligations, such as obligation to file with the CSRC after it submits an application for initial public offering to overseas regulators, and obligation after offering or listing overseas to file with the CSRC after it completes subsequent offerings and to report to the CSRC material events including change of control or voluntary or forced delisting of the applicant; and (6) the CSRC's authority to fine both applicants and their relevant shareholders for failure to comply with the Overseas Listing Trial Measures, including failure to comply with filing obligations or committing fraud and misrepresentation. Specifically, pursuant to the Overseas Listing Trial Measures, our subsequent securities offerings in the same overseas market where we have previously offered and listed shall be filed with the CSRC within three business days after the offering is completed, if at all. As the Overseas Listing Trial Measures are newly issued, there remain uncertainties regarding its interpretation and implementation. Therefore, we cannot assure you that we will be able to complete the filings for our future offering and fully comply with the relevant new rules on a timely basis, if at all.

Seasonality

Our operating results and operating cash flows historically have been subject to seasonal variations. This pattern may change, however, as a result of new market opportunities or new product introductions.

C. Organizational Structure

The following diagram illustrates our principal subsidiaries, VIEs and VIEs' subsidiaries as of the date of this annual report:



(1) AirNet Online is owned as to 80%, 15% and 5% by three individuals, i.e., Man Guo, Qing Xu and Tao Hong, respectively.

(2) Beijing Yuechang Digital Media Advertising Co., Ltd (“Beijing Yuechang”) is owned as to 78.6311%, 14.7585%, 5.0002% and 1.6103% by Huimin Guo, and three unaffiliated third parties, i.e., Horgos Air Vision United Digital Media Advertising Co., Ltd., Xiaorong Gao, and Guangzhou Longteng Travel Network Science and Technology Inc., Ltd.

In November 2023, AirNet Online entered into an entrusted equity holding agreement with Huimin Guo, pursuant to which AirNet Online entrusted such individual to act as the nominee shareholder of its 78.63% equity interests in Beijing Yuechang. This entrusted equity holding agreement would terminate upon the earlier of either (1) two years after the entrusted equity holding agreement takes effect or (2) the transfer of all entrusted equity by AirNet Online to AirNet Online itself or a third party designated by AirNet Online. Therefore, AirNet Online, as the actual controlling shareholder of Beijing Yuechang, enjoys shareholder rights and investment benefits with respect to its equity interests in Beijing Yuechang.

(3) Iwangfan is owned as to 90% and 10% by Man Guo and Lin Wang, respectively. Tao Hong divested all his equity interests in Iwangfan in December 2021. AirNet Online entered into an entrusted equity holding agreement with Lin Wang, pursuant to which AirNet Online entrusted Lin Wang to act as the nominee shareholder of the foregoing equity interests. This entrusted equity holding agreement would terminate upon the earlier of either (1) two years from the date of the entrusted equity holding agreement or (2) the transfer of all entrusted equity by AirNet Online to AirNet Online itself or a third party designated by AirNet Online.

(4) Linghang Shengshi is owned as to 86.9193%, 12.9954% and 0.0852% by Man Guo, Qing Xu and Xiaoya Zhang, respectively.

(5) The remaining 2.86% shareholding in Beijing AirNet Pictures Co., Ltd. is owned by Yi Zhang, an unaffiliated third party.

(6) The remaining 22.8% shareholding in Wangfan Linghang Mobile Network Technology Co., Ltd. is owned by Beijing Henglong Technology Co., Ltd., an unaffiliated third party.

(7) The remaining 1.25% shareholding in Beijing Wangfan Jiaming Advertising Co., Ltd. is owned as to 1.0345% and 0.2155% by Man Guo and Qing Xu, respectively.

(8) The remaining 30% shareholding in Beijing Wangfan Jiaming Pictures Co., Ltd. is owned by Beijing Henglong Technology Co., Ltd.

(9) The remaining 25% shareholding in Beijing Dongding Gongyi Advertising Co., Ltd. is owned by Jin Li, an unaffiliated third party.

(10) The remaining 25% shareholding in Beijing Airport United Culture Media Co., Ltd. is owned by Beijing Dalu Culture Media Co., Ltd., an unaffiliated third party.

(11) The remaining 15% shareholding in Yuechang Zhongying E-commerce Co., Ltd. is owned by Danque International Network Technology (Beijing) Co., Ltd., an unaffiliated third party.

D. Property, Plants and Equipment

As March 31, 2025, our headquarters were located in Beijing, China. As of the same date, our branch offices leased approximately 358 square meters of office space in two other locations in China.

In addition, we owned approximately 2,109 square meters of office space in China as of March 31, 2025. In September 2014 and April 2015, we entered into the agreements to purchase an office space of approximately 2,109 square meters in Beijing for a total consideration of RMB65 million.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report. This discussion may contain forward-looking statements. See "Forward-looking Information." Our actual results may differ materially from those anticipated in these forward-looking statements because of various factors, including those set forth under "Item 3. Key Information—D. Risk Factors" or in other parts of this annual report.

A. Operating Results

Important Factors Affecting the Results of Operations of Our Air Travel Media Network Business

The operating results of our air travel media network are substantially affected by the following factors and trends.

Demand for Our Advertising Time Slots and Locations

The demand for our advertising time slots and locations for each of the last three fiscal years was directly related to our customers' available advertising budgets and the attractiveness of our network to our customers. Our network's attractiveness is largely affected by the coverage of our network, which in turn depends on the number of intended audience that our network has the ability to reach. The number of intended audience of our air travel media network we can reach is largely affected by the number of air travelers in China in generally and the scale of our network. The demand for air travel is in turn affected by general economic conditions, the affordability of air travel in China and certain special events that may attract air travelers into and within China. Our customers' advertising spending was also particularly sensitive to changes in general economic conditions. The demand for our time slots and locations on airline is related to the amount of our customers' advertising spending budget and the attractiveness of our services as a platform across major airlines for their advertisements. The amount of available advertising budget is largely affected by the general economic conditions in China. The attractiveness of our services as an advertising platform across major airlines depends on whether our service has the ability to reach the advertisers' intended audience, which will in turn be affected by factors including the number and types of travelers who will use our service and whether advertisements on our platform can effectively attract the attention of such travelers.

Number of Our Advertising Time Slots and Locations Available for Sale

The number of time slots available for our digital TV screens on airplanes during a period is calculated by multiplying the time slots per month for a given airline by the number of months during that period when we had operations on such airline and then calculating the sum of all the time slots for each of our network airlines.

Pricing

The average selling price for our advertising time slots is generally calculated by dividing our advertising revenues from these time slots by the number of 30-second equivalent advertising time slots for digital TV screens on airplanes sold during that period. The primary factors that affect the effective price we charge advertisers for time slots and locations on our network and our utilization rate include the attractiveness of our network to advertisers, which depends on the number of displays and locations, the number and scale of airplanes in our network, the level of demand for time slots and locations, and the perceived effectiveness by advertisers of their advertising campaigns placed on our network. We may increase the selling prices of our advertising time slots and locations from time to time depending on the demand for our advertising time slots, spaces and locations.

A significant percentage of the programs played on our digital TV screens on airplanes included non-advertising content such as TV programs or public service announcements. We also generated revenues from non-advertising content obtained from third party content providers by providing to airlines. We believe that the combination of non-advertising content with advertising content makes people more receptive to our programs, which in turn makes the advertising content more effective for our advertisers. We believe such approach allows us to charge a higher price for each advertising time slot. We closely track the program blend and advertiser demand to optimize our ability to generate revenues for each program cycle.

Utilization Rate

The utilization rate of our advertising time slots is the total time slots sold as a percentage of total time slots available during the relevant period. In order to provide meaningful comparisons of the utilization rate of our advertising time slots, we generally normalize our time slots into 30-second units for digital TV screens on airplanes, which we can then compare across network airlines and periods to chart the normalized utilization rate of our network by airlines over time. Our overall utilization rate was primarily affected by the demand for our advertising time slots and locations and our ability to increase the sales of our advertising time slots and locations.

Network Coverage and Concession Fees

The demand for our advertising time slots and locations and the effective price we charged advertisers for time slots and locations on our network depended on the attractiveness and effectiveness of our network as viewed by our advertisers which, in turn, related to the breadth of our network coverage, including significant coverage on major airlines that advertisers wish to reach. As a result, it has been, and will continue to be, important for us to secure and retain concession rights contracts to place our programs on major airlines and to increase the number of programs we place on those airlines. It is also important to our results of operations of our advertising business that we secure and retain these concession rights contracts on commercially advantageous terms.

Concession fees constituted a significant portion of our cost of revenues. Concession fees tend to increase over time, and a significant increase in concession fees will increase our cost while our revenues may not increase proportionately, or at all. Therefore, it will be important to our results of operations that we secure and retain these concession rights contracts on commercially advantageous terms.

Recent Developments

As the computer servers in consideration of the issuance of shares under the investment agreement dated April 6, 2022 had not been delivered and transferred to us and certain conditions to the closing thereunder had not been satisfied, on June 21, 2023, we entered into a termination agreement with Unistar and Northern Shore to terminate such investment agreement. Pursuant to the termination agreement, (1) we repurchased 3,432,345 ordinary shares and 1,016,502 ordinary shares from Unistar and Northern Shore at par, respectively, and (2) the warrant agreement dated April 7, 2022 with each of Unistar Group and Northern Shore entitling them to subscribe from us for up to an aggregate of 2,945,137 ordinary shares were terminated and cancelled in full and rendered null and void.

On March 19, 2024, we entered into an investor repurchase agreement with Unistar and Northern Shore, pursuant to which we repurchased (1) 596,908 ordinary shares issued to Unistar under the investment agreement dated December 30, 2020, and (2) 710,321 ordinary shares issued to Northern Shore under the investment agreement dated February 4, 2021, each at a per share price at par of US\$0.04, for an aggregate consideration of US\$52,289.16. In consideration of the repurchase, we transferred 100% of the equity interest of Blockchain Dynamics Limited, a company incorporated under the Laws of Hong Kong which was previously indirectly wholly owned by us to hold the computer servers and to operate related cryptocurrency mining business. In March 2024, we completed the disposal of Blockchain Dynamics Limited. As such, we terminated the proposed change-in-control transaction. The operating results of Blockchain Dynamics Limited were presented as discontinued operation in the consolidated financial statement for the years ended December 31, 2024, 2023 and 2022, respectively.

On April 15, 2024, we completed a private placement of 3,372,788 ordinary shares with par value of US\$0.04 per share for an aggregate subscription amount of US\$5.7 million with certain investors.

We resumed the cryptocurrencies mining business starting in January 2025. The cryptocurrency mining business had already generated about \$6.5 million mining revenue from January to March 2025 for us.

Revenues

In 2022, 2023 and 2024, we mainly generated revenues for our continuing operations from the sale of advertising time slots and locations on our advertising network.

| | Fiscal Years Ended December 31, | | | | | |
|----------------------------------|---------------------------------|---------------------|---------------|---------------------|------------|---------------------|
| | 2022 | | 2023 | | 2024 | |
| | Amount | % of Total Revenues | Amount | % of Total Revenues | Amount | % of Total Revenues |
| Air travel media network | \$ 2,768 | 99.8% | \$ 928 | 100.0% | 386 | 100.0% |
| Other media | 6 | 0.2% | — | 0.0% | — | 0.0% |
| Total revenues | 2,774 | 100.0% | 928 | 100.0% | 386 | 100.0% |
| Business tax and other sales tax | (101) | (3.6)% | (83) | (8.9)% | (43) | (11.1)% |
| Net revenues | \$ 2,673 | 93.4% | \$ 845 | 91.1% | 343 | 88.9% |

Revenues

Our air travel media network revenues from operations in 2022, 2023 and 2024 mainly consisted of revenues from advertising and programming on digital TV screens on airplanes and other revenues in air travel.

Revenues from our air travel media network accounted for 99.8%, 100.0% and 100.0% of our total revenues for our continuing operations for the years ended December 31, 2022, 2023 and 2024, respectively. As of December 31, 2022, 2023 and 2024, our network consisted of five, two and two airlines, respectively.

Revenues from other media were primarily revenues from our trains Wi-Fi advertising promotion, public account promotion, long-haul buses Wi-Fi advertising. Starting from early 2018, we gradually ceased our operations of Wi-Fi service on long-haul buses, and scaled down operations in providing Wi-Fi services on trains, which was then ceased in 2019.

The most significant factors that directly or indirectly affect our revenues include the following:

- our ability to retain existing advertisers and attract new advertisers;
- our ability to retain existing concession rights to operate digital TV screens on airplanes and to add additional airlines to our network;
- the demand in general for air travel media network;
- the state of the PRC and global economy; and
- unique industry risks associated with our cryptocurrency mining business, which are outside of our control and may have material adverse effects on our business, including, among others: risks associated with the need for significant amounts of low-cost and reliable electricity; our need for consistent, high-speed, and highly secure internet connectivity; intense competition for new miners and the necessary infrastructure to support industrial-scale cryptocurrency mining operations; cybersecurity risks; network hash rate and difficulty; and competition for a fixed supply of cryptocurrency.

Business Tax, Value-added Tax and Other Sales Related Tax

Our PRC subsidiaries are subject to value-added tax at a rate of 6% on revenues from advertising services and paid after deducting input value-added tax, or VAT, on purchases. The net VAT balance between input VAT and output VAT is reflected in the account under input VAT receivable or other taxes payable. Our gross revenue is presented net of the VAT.

Pursuant to the Circular on Adjustment of Governmental Funds by the Ministry of Finance of China on April 22, 2019, which became effective on July 1, 2019, the construction fee for cultural undertakings attributed to the central government has reduced by 50%, and the construction fee for cultural undertakings attributed to regional government has reduced by a percentage within the limits of 50%.

Cost of Revenues

In 2022, 2023 and 2024, our cost of revenues consisted primarily of concession fees and agency fees and advertisement publishing fees. Other costs included equipment depreciation costs, operating costs and non-advertising content costs. The following table sets forth the major components of our cost of revenues, both in amounts and as percentages of net revenues for our continuing operations for the periods indicated.

| | Fiscal Years Ended December 31, | | | | | |
|--|--|-----------------|-------------------|-----------------|-----------------|----------------|
| | 2022 | | 2023 | | 2024 | |
| | Amount | % | Amount | % | Amount | % |
| | (in thousands of U.S. Dollars, except percentages) | | | | | |
| Net revenues | \$ 2,673 | 100.0% | \$ 845 | 100.0% | \$ 343 | 100.0% |
| Cost of revenues | | | | | | |
| Concession fees | (804) | (25.8)% | (596) | (43.3)% | (113) | (36.9)% |
| Agency fees and advertisement publishing fees | (179) | (5.7)% | (51) | (3.7)% | - | -% |
| Non-deductible input VAT that generated in prior years | (27) | (0.9)% | (5) | (0.4)% | (7) | (2.0)% |
| Others | (2,104) | (67.6)% | (724) | (52.6)% | (186) | (60.8)% |
| Total cost of revenues | \$ (3,114) | (116.5)% | \$ (1,376) | (162.8)% | \$ (306) | (89.2)% |

Concession Fees

We incurred concession fees to airlines for placing our programs on their digital TV screens. This type of fee constituted a significant portion of our cost of revenues. Most of the concession fees paid to airlines were fixed under the relevant concession rights contracts with escalation clauses, pursuant to which the required fixed fee increased over each year during the relevant contract period, and payments for such fee were generally due three or six months in advance. We recognized concession fees of \$0.8 million, \$0.6 million and \$0.1 million in 2022, 2023 and 2024, respectively.

Agency Fees and Advertisement Publishing Fees

We engaged third-party advertising agencies to help source advertisers from time to time or to help advertise publishing. These agencies assisted us in identifying and introducing potential advertisers to us or helped us to publish advertisement. We paid fees to such agencies if they generated advertising revenues or published advertisement for us. Fees that we paid to these third-party agencies were calculated based on a pre-set percentage of revenues generated from the advertisers by the third-party agencies and were paid when payments were received from the advertisers. We recorded these agency fees and advertisement publishing fees as cost of revenues ratably over the period in which the related advertisements were displayed.

Non-deductible input VAT that generated in prior years

We recognized the certified and estimated input VAT as asset. We wrote off the estimated input VAT and recognized a cost of non-deductible input VAT that was generated in prior years of \$27,000, \$132,000 and \$7,000 for 2022, 2023 and 2024, respectively. In 2018, we ceased operation in gas station media network and on long-haul bus Wi-Fi, and planned to dispose the assets related to these businesses. The input VAT was expected to be used to deduct the output VAT of assets disposal. However, in 2019, only a small part of the related assets were discarded instead of disposal, and for the remaining, we estimated that these assets would not be disposed in the future, and no such output VAT would be generated. Apart from that, the entities with relevant business were not expected to generate enough revenue of which the output VAT could cover the balance of input VAT. As a result, we wrote off \$11.0 million of the input VAT that was estimated to be used from the sale of assets or generation of revenue in 2019 in the year ended December 31, 2019. From 2020 to 2023, the economy was adversely affected by COVID-19 and we determined that the possibility of receiving invoices to offset the remaining estimated input VAT was remote. Therefore, we wrote off the remaining balance of \$27,000, \$132,000 and \$7,000 as cost in the year ended December 31, 2022, 2023 and 2024, respectively. In addition, \$2.4 million was written off in 2024 as these are not supported by VAT invoices and are not allowed to be claimed against future output VAT payables.

Others

Other cost of revenues includes the following:

- *Equipment Depreciation.* Generally, we capitalized the cost of our airline related equipment, digital TV screens, light boxes and recognized depreciation costs on a straight-line basis over the term of their useful lives, which we estimate to be five years. The primary factors affecting our depreciation costs were the number of digital TV screens, as well as the remaining useful life of the equipment.
- *Equipment Maintenance Cost.* Our maintenance cost consisted of salaries for our network maintenance staff, travel expenses in relation to on-site visits and monitoring and costs for materials and maintenance in connection with the upkeep of our media network. The primary factor affecting our equipment maintenance cost was the size of our network maintenance staff.
- *Non-advertising Content Cost.* The programs on the majority of our digital TV screens combine advertising content with non-advertising content, such as comedy clips, movie and TV series. Our in-flight programs typically range from approximately 45 to 120 minutes per flight, approximately 40 to 45 minutes of which consist of non-advertising content. The majority of the non-advertising content broadcast on our network was provided by third-party content providers such as various local television stations and television production companies. We pay a fixed price for some content.

Operating Expenses

In 2022, 2023 and 2024, our operating expenses consisted of general and administrative expenses, selling and marketing expenses and research and development expenses. The following table sets forth the three components of our operating expenses, and as a percentage of net revenues for our continuing operations for the periods indicated.

| | Fiscal Years Ended December 31, | | | | | |
|-------------------------------------|--|-----------------|-------------------|-----------------|-------------------|-------------------|
| | 2022 | | 2023 | | 2024 | |
| | Amount | % | Amount | % | Amount | % |
| | (in thousands of U.S. Dollars, except percentages) | | | | | |
| Net revenues | \$ 2,673 | 100.0% | \$ 845 | 100.0% | \$ 343 | 100.0% |
| Operating expenses | | | | | | |
| General and administrative expenses | (5,483) | (205.1)% | (2,731) | (323.2)% | (6,558) | (1,912.0)% |
| Selling and marketing expenses | (1,411) | (52.8)% | (559) | (66.2)% | (259) | (75.5)% |
| Research and development expenses | (35) | (1.3)% | (35) | (4.1)% | - | -% |
| Total operating expenses | \$ (6,929) | (259.2)% | \$ (3,325) | (393.5)% | \$ (6,817) | (1,987.5)% |

General and Administrative Expenses

Our general and administrative expenses consisted primarily of office and utility expenses, salaries and benefits for general management, finance and administrative personnel, allowance for credit losses, depreciation of office equipment, public relations related expenses and other administration related expenses.

Selling and Marketing Expenses

Our selling and marketing expenses consisted primarily of salaries and benefits for our sales and marketing personnel, office and utility expenses related to our selling and marketing activities, travel expenses incurred by our sales personnel, expenses for the promotion, advertisement, and other sales and marketing related expenses.

Research and Development Expenses

Our research and development expenses consisted primarily of salaries and benefits for our research and development personnel, office and utility expenses related to our research and development activities, travel expenses incurred by our research and development personnel and other research and development related expenses.

Taxation

Cayman Islands

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

Payments of dividends and capital in respect of our ordinary shares and ADSs will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our ordinary shares or ADSs, nor will gains derived from the disposal of our ordinary shares or ADSs be subject to Cayman Islands income or corporation tax.

No stamp duty is payable in respect of the issue of the shares or on an instrument of transfer in respect of a share.

British Virgin Islands

We and all dividends, interest, rents, royalties, compensation and other amounts paid by us to persons who are not resident in the BVI and any capital gains realized with respect to any shares, debt obligations, or other securities of us by persons who are not resident in the BVI are exempt from all provisions of the Income Tax Ordinance in the BVI.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the BVI with respect to any shares, debt obligation or other securities of us.

All instruments relating to transfers of property to or by us and all instruments relating to transactions in respect of the shares, debt obligations or other securities of us and all instruments relating to other transactions relating to our business are exempt from payment of stamp duty in the BVI. This assumes that we do not hold an interest in real estate in the BVI.

There are currently no withholding taxes or exchange control regulations in the BVI applicable to us or our members.

Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, from the year of assessment 2018/2019 onwards, the subsidiaries in Hong Kong are subject to profits tax at the rate of 8.25% on assessable profits up to HK\$2.0 million; and 16.5% on any part of assessable profits over HK\$2.0 million. Under the Hong Kong tax laws, we are exempted from the Hong Kong income tax on our foreign-derived income. In addition, payments of dividends from our Hong Kong subsidiary to us are not subject to any Hong Kong withholding tax. No provision for Hong Kong profits tax was made as we had no estimated assessable profit that was subject to Hong Kong profits tax during 2018, while a small profit was accrued during 2022 and a small loss was accrued during 2023 and 2024.

Singapore

In Singapore, startups (where any of the first 3 years falls in or after 2020) are allowed to claim a 75% tax exemption on the first S\$100,000 of qualifying expenses for the first three years falls in 2020 onwards, 50% tax exemption on the next S\$100,000 of normal chargeable income for which they are to be taxed. Any further income earned is taxed at the usual corporate tax rate of 17%. No provision for Singapore corporate tax was made as we had no estimated assessable profit that was subject to Singapore corporate tax in 2022, 2023 and 2024.

PRC

Effective as of January 1, 2008 and revised on December 29, 2018, the EIT Law applies a uniform EIT rate of 25% to all domestic enterprises and foreign-invested enterprises and defines new tax incentives for qualified entities. Under the EIT Law, entities that qualify as HNTE are entitled to the preferential income tax rate of 15%. A company's status as a HNTE is valid for three years, after which the company must re-apply for such qualification in order to continue to enjoy the preferential income tax rate.

Chuangyi Technology is subject to EIT at a rate of 25% from 2018 afterwards.

Xi'an Shengshi is subject to EIT at a rate of 25% from 2017 afterwards.

Shenzhen Yuehang is subject to EIT at a rate of 25% from 2013 afterwards.

Linghang qualified for the HNTE at the end of 2017 and entitled to an EIT rate of 15% until December 26, 2020, and is entitled to an EIT rate of 25% afterwards.

Air Esurfing qualified for the HNTE in 2018 and entitled to an EIT rate of 15% until September 10, 2021, and is entitled to an EIT rate of 25% afterwards.

Furthermore, under the EIT Law, a "resident enterprise," which includes an enterprise established outside of China with "de facto management bodies" located in China, is subject to PRC income tax. The SAT issued the Notice Regarding the Determination of Chinese-Controlled Overseas Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, i.e. SAT Circular 82, on April 22, 2009. SAT Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled overseas-incorporated enterprise is located in China.

In addition, the SAT issued a bulletin on July 27, 2011 to provide more guidance on the implementation of SAT Circular 82 with an effective date of September 1, 2011. The bulletin made clarification in the areas of resident status determination, post-determination administration, as well as competent tax authorities. It also specifies that when provided with a copy of the Chinese tax resident determination certificate from a resident Chinese controlled offshore incorporated enterprise, the payer should not withhold 10% income tax when paying the Chinese-sourced dividends, interest, royalties, etc. to the Chinese controlled offshore incorporated enterprise. Although both SAT Circular 82 and the bulletin only apply to offshore enterprises controlled by PRC enterprises, not to those that, like our company, are controlled by PRC individuals, the determination criteria set forth in SAT Circular 82 and administration clarification made in the bulletin may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax residency status of offshore enterprises and the administration measures should be implemented, regardless of whether they are controlled by PRC enterprises or PRC individuals.

We do not believe we and our subsidiaries established outside of the PRC are PRC resident enterprises. However, if the PRC tax authorities subsequently determine that we and our subsidiaries established outside of China should be deemed as a resident enterprise, we and our subsidiaries established outside of China will be subject to PRC income tax at a rate of 25%. In addition, under the EIT law, dividends generated after January 1, 2008 and payable by a foreign-invested enterprise in China to its foreign investors who are non-resident enterprises are subject to 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. The BVI, where Broad Cosmos and Air Net International, our wholly owned subsidiaries, are incorporated, do not have such a tax treaty with China. Air Net (China) Limited, the 100% shareholder of Chuangyi Technology, Shenzhen Yuehang and Xi'an Shengshi, is incorporated in Hong Kong. According to the Mainland and Hong Kong Special Administrative Region Arrangement on Avoiding Double Taxation or Evasion of Taxation on Income agreed between China and Hong Kong in August 2006, dividends paid by a foreign-invested enterprise in China to its direct holding company in Hong Kong will be subject to withholding tax at a rate of 5% (if the foreign investor owns directly at least 25% of the shares of the foreign-invested enterprise). However, if the Hong Kong company is not considered to be the beneficial owner of dividends paid to it by its PRC subsidiaries under a tax notice promulgated on October 27, 2009 and the bulletin No.30 of 2012, such dividends would be subject to withholding tax at a rate of 10%. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—Dividends payable to us by our wholly-owned operating subsidiaries may be subject to PRC withholding taxes, or we may be subject to PRC taxation on our worldwide income, and dividends distributed to our investors may be subject to more PRC withholding taxes under the PRC tax law."

Our Results of Operations

The following table sets forth a summary of our consolidated results of operations for the periods indicated. This information should be read together with our consolidated financial statements, including the related notes that appear elsewhere in this annual report. We do not believe our historical consolidated results of operations are indicative of our results of operations you may expect for any future period.

| | Years Ended December 31, | | |
|--|--|------------------------|---------------------------|
| | 2022 | 2023 | 2024 |
| | (in thousands of U.S. Dollars, except share, per share and per ADS data) | | |
| Consolidated Statements of Operations Data: | | | |
| Revenues: | | | |
| Air Travel Media Network | 2,768 | 928 | 386 |
| Other Media | 6 | — | — |
| Total revenues | 2,774 | 928 | 386 |
| Business tax and other sales tax | (101) | (83) | (43) |
| Net revenues | 2,673 | 845 | 343 |
| Cost of revenues | (3,114) | (1,376) | (306) |
| Gross (loss) income | (441) | (531) | 37 |
| Operating expenses: | | | |
| Selling and marketing | (1,411) | (559) | (259) |
| General and administrative | (5,483) | (2,731) | (6,558) |
| Research and development | (35) | (35) | — |
| Total operating expenses | (6,929) | (3,325) | (6,817) |
| Loss from continuing operation | (7,370) | (3,856) | (6,780) |
| Interest expense, net | (835) | (320) | (84) |
| (Loss) gain from and impairment on long-term investments | (2,670) | 114 | (3,749) |
| Other income, net | 4,909 | 4,186 | 15 |
| (Loss) income from continuing operations before income taxes | (5,966) | 124 | (10,598) |
| Less: income tax expenses | 17 | 1 | — |
| Net (loss) income from continuing operation | (5,983) | 123 | (10,598) |
| Net loss from discontinued operations, net of income taxes | (6,328) | (317) | (1,603) |
| Loss from disposal of discontinued operations, net of income taxes | — | — | (1,447) |
| Net loss | (12,311) | (194) | (13,648) |
| Less: Net loss attributable to noncontrolling interests | 1,024 | 380 | 3 |
| Net loss attributable to AirNet Technology Inc.'s shareholders | <u><u>\$ (13,335)</u></u> | <u><u>\$ (574)</u></u> | <u><u>\$ (13,651)</u></u> |

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Net Revenues. Our net revenues for continuing operations decreased by 59.4% from \$0.9 million in 2023 to \$0.4 million in 2024. The decrease was primarily due to the business slowdown of our air travel media network. Revenues from air travel media network decreased by 58.4% from \$0.9 million in 2023 to \$0.4 million in 2024. Among our revenues from air travel media network, revenues from digital TV screens on airplanes were \$0.4 million and \$0.3 million in 2023 and 2024, respectively. The decrease in revenues from digital TV screens on airplanes mainly resulted from a decrease in customer contract signing due to the downward economic environment.

Cost of Revenues. Our cost of revenues decreased by 77.8% from \$1.4 million in 2023 to \$0.3 million in 2024. Our cost of revenues as a percentage of our net revenues increased from 162.8% in 2023 to 89.2% in 2024. Such decrease was mainly due to the severe decrease of our revenue and there is no need to invest more costs.

Concession fees decreased by 81.1% from \$0.6 million in 2023 to \$0.1 million in 2024, and concession fees as a percentage of net revenues decreased from 43.3% in 2023 to 36.9% in 2024. The specific industries such as aviation advertising have been hit hard after the COVID-19 pandemic, and the airline industry has been slower to recover, which may also reduce their advertising budgets, further affecting our business and revenue.

Agency fees and advertisement publishing fees were nil for the ended December 31, 2024, representing a 100% decrease from the \$51,000 incurred during the same period in 2023, primarily due to the downward macroeconomic environment, which leads to a serious loss of customers, and a large number of contracts have not been renewed after expiration.

Operating Expenses. Our operating expenses increased by 105.0% from \$3.3 million in 2023 to \$6.8 million in 2024.

- *Selling and Marketing Expenses.* Our selling and marketing expenses decreased by 53.7% from \$0.6 million in 2023 to \$0.3 million in 2024. The decrease in our selling and marketing expenses in 2024 was primarily due to decreased employees which saved salary expenses of \$0.2 million.
- *General and Administrative Expenses.* Our general and administrative expenses increased by 140.1% from \$2.7 million in 2023 to \$6.6 million in 2024. The increase in our general and administrative expenses in 2024 was primarily due to an increase of \$0.5 million share-based compensation expenses paid to a service provider, write-off of non-deductible input VAT of \$2.4 million, and an increase of listing fees of \$0.8 million.
- *Research and Development Expenses.* Our research and development expenses were nil in 2024, a decrease of \$35,000 as compared with 2023.

Loss from continuing operations. We recorded a loss from continuing operations of \$6.8 million in 2024, as compared to a loss from continuing operations of \$3.9 million in 2023, as a cumulative result of the above factors.

(Loss) gain from and impairment on long-term investments. We recorded a loss of \$3.7 million investment income from long-term investments in 2024 compared with a gain of \$0.1 million investment income from long term investment in 2023. We disposed our long-term investment in Unicom Ainet for \$27.4 million and recognized a disposal gain of \$23.8 million in 2024. We also fully impaired our long-term investment in AM Advertising and recognized an impairment loss of \$27.5 million in 2024.

Other income, net. Other income, net decreased from \$4.2 million in 2023 to \$15,000 in 2024, primarily due to less exchange gain/loss in 2024.

Income tax expenses (benefits). We incurred nil income tax expenses in 2024 as we had no taxable income of the year.

Net loss from continuing operations. As a cumulative result of the above factors, we recorded a net loss from continuing operation of \$10.6 million in 2024, as compared to a net income from continuing operation of \$0.1 million in 2023.

Net loss from discontinued operations, net of income taxes. We resolved to dispose the Blockchain Dynamics Limited business in March 2024 and the One World and Global Travel business in August 2024, and as a result, related results of operations were reclassified as discontinued operations. Net loss from discontinued operations, net of income taxes was \$1.6 million in 2024, as compared to \$0.3 million in 2023.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Net Revenues. Our net revenues for continuing operations decreased by 66.5% from \$2.7 million in 2022 to \$0.9 million in 2023. The decrease was primarily due to the business slowdown of our air travel media network. Revenues from air travel media network decreased by 66.5% from \$2.7 million in 2022 to \$0.9 million in 2023. Among our revenues from air travel media network, revenues from digital TV screens on airplanes were \$1.8 million and \$0.5 million in 2022 and 2023, respectively. The decrease in revenues from digital TV screens on airplanes was mainly resulted from the business slowdown caused by the continuous negative impact of COVID-19 pandemic.

Cost of Revenues. Our cost of revenues decreased by 55.8% from \$3.1 million in 2022 to \$1.4 million in 2023. Our cost of revenues as a percentage of our net revenues increased from 116.5% in 2022 to 162.8% in 2023. Such increase was mainly due to the severe decrease of our revenue, which could not offset the necessary cost for inputs.

Concession fees decreased by 25.9% from \$0.8 million in 2022 to \$0.6 million in 2023, and concession fees as a percentage of net revenues increased from 25.8% in 2022 to 43.3% in 2023, primarily due to the business slowdown of air travel media network caused by the continuous negative impact of COVID-19 pandemic and severe decrease of revenue from air travel media network.

Agency fees and advertisement publishing fees decreased by 71.5% from \$0.2 million in 2022 to \$51,000 in 2023, primarily due to the expenditures cut down for operation that corresponds to the decrease of our revenue.

Operating Expenses. Our operating expenses decreased by 52.0% from \$6.9 million in 2022 to \$3.3 million in 2023.

- *Selling and Marketing Expenses.* Our selling and marketing expenses decreased by 60.4% from \$1.4 million in 2022 to \$0.6 million in 2023. The decrease in our selling and marketing expenses in 2023 was primarily due to a decrease of staff expenses of \$0.6 million and a decrease of service fee of \$0.1 million.
- *General and Administrative Expenses.* Our general and administrative expenses decreased by 50.2% from \$5.5 million in 2022 to \$2.7 million in 2023. The decrease in our general and administrative expenses in 2023 was primarily due to a decrease of staff expenses of \$0.8 million, a decrease of depreciation of \$0.3 million, and a decrease of professional service fee of \$1.6 million.
- *Research and Development Expenses.* Our research and development expenses was \$35,000 in 2023, which kept stable compared with 2022.

Loss from continuing operations. We recorded a loss from continuing operations of \$3.9 million in 2023, as compared to a loss from continuing operations of \$7.4 million in 2022, as a cumulative result of the above factors.

(Loss) gain from and impairment on long-term investments. We recorded a gain of \$0.1 million investment income from long term investment in 2023 compared with a loss of \$2.7 million in 2022. The gain in 2023 resulted from the dissolution of Beijing Eastern Media Corporation Ltd. We received \$1.2 million in cash and recognized \$0.1 million of investment income.

Other income, net. Other income, net decreased from \$4.9 million in 2022 to \$4.2 million in 2023, primarily due to the effect of exchange gain (loss).

Income tax expenses (benefits). We incurred income tax expenses of \$1,000 in 2023, compared with income tax expenses of \$17,000 in 2022.

Net loss from continuing operations. As a cumulative result of the above factors, we recorded a net income from continuing operation of \$0.1 million in 2023, as compared to a net loss from continuing operation of \$6.0 million in 2022.

Net loss from discontinued operations, net of income taxes. We resolved to dispose of the cryptocurrency mining business in March 2024, and as a result, related results of operations were reclassified as discontinued operations. Net loss from discontinued operations, net of income taxes was \$0.3 million in 2023, as compared to \$6.3 million in 2022.

Share-based Compensation

In 2012, we adopted the 2012 Option Plan, which provides for 6,000,000 ordinary shares options to be granted to employees and directors. Share options under this plan may vest over a service period, performance condition or market condition, as specified in each award. Share options expire five years from the grant date. The plan is matured in 2022 and has been extended to 2025.

The fair value of each option granted was estimated on the date of grant/modification using the Black-Scholes option pricing model.

We recorded share-based compensation of \$60,000, \$5,000 and \$0.5 million for 2022, 2023 and 2024, respectively.

Inflation

Historically inflation has not had a significant effect on our business. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2022, 2023 and 2024 was increase of 1.8%, 2.9% and 0.3%, respectively.

We can provide no assurance that we will not be affected in the future by potentially higher rates of inflation in China. For example, certain operating costs and expenses, such as employee compensation and office operating expenses, may increase as a result of higher inflation. Additionally, because a substantial portion of our assets consists of cash and cash equivalent, high inflation could significantly reduce the value and purchasing power of these assets. We are not able to hedge our exposure to higher inflation in China.

Recently Issued Accounting Pronouncements

See Item. 17 of Part III, “Financial Statements—Note 2—Summary of significant accounting policies-Recent issued accounting standard.”

B. Liquidity and Capital Resources

To date, we have financed our operations primarily through internally generated cash, the sale of preferred shares in private placements and the proceeds we received from our initial public offering.

We incurred loss from continuing operations of \$7.4 million, \$3.8 million and \$6.8 million for the years ended December 31, 2022, 2023 and 2024, respectively. As of December 31, 2024, we had an accumulated deficit of \$332.5 million and a working capital deficiency of \$52.6 million. These conditions raise substantial doubt about our ability to continue as a going concern.

We intend to meet the cash requirements for the next 12 months from the date of this annual report through business restructuring plan and private placement. In February 2024, we entered into share transfer agreement with a third party to sell the 33.67% equity interest we held in Unicom AirNet (Beijing) Network Co., Ltd for a consideration of RMB197 million. On April 15, 2024, we completed a private placement of US\$5.7 million with certain investors. As a result, our management prepared the consolidated financial statements assuming our company will continue as a going concern. As described above, we have a significant working capital deficiency, have incurred significant losses and have generated negative cash flows from operations. We need to raise additional funds to meet our obligations and sustain our operations. These conditions raise substantial doubt about our ability to continue as a going concern. Management’s plans in regard to these matters are also described above. However, there is no assurance that the measures above can be achieved as planned. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We generally deposit our excess cash in interest-bearing bank accounts. Although we consolidate the results of the VIEs in our consolidated financial statements, we can only receive cash payments from them pursuant to our contractual arrangements with them and their shareholders. See “Item 4. Information on the Company—C. Organizational Structure.” Our principal uses of cash primarily include contractual concession fees and other investments and, to a lesser extent, salaries and benefits for our employees and other operating expenses. We expect that these will remain our principal uses of cash in the foreseeable future. We may also use additional cash to fund strategic acquisitions.

Cash Flow

The following table sets forth our cash flows with respect to operating activities, investing activities and financing activities for the years ended December 31, 2022, 2023 and 2024:

| | Years Ended December 31, | | |
|---|--------------------------------|---------|----------|
| | 2022 | 2023 | 2024 |
| | (in thousands of U.S. Dollars) | | |
| Net cash provided by (used in) operating activities | 614 | (1,817) | 22,721 |
| Net cash used in investing activities | — | — | (29,223) |
| Net cash provided by (used in) financing activities | 1,212 | (1,222) | 6,155 |
| Effect of exchange rate changes | (695) | 509 | 290 |
| Net increase (decrease) in cash, cash equivalents and restricted cash | 1,131 | (2,530) | (57) |
| Cash and cash equivalents at the beginning of the year | 1,569 | 2,700 | 170 |
| Cash, cash equivalents and restricted cash at the end of the year | 2,700 | 170 | 113 |
| Less: cash and cash equivalents of discontinued operations at end of period | 198 | 20 | — |
| Cash and cash equivalents of continuing operations, at end of period | 2,502 | 150 | 113 |

Operating Activities

Net cash provided by operating activities was \$22.7 million for the year ended December 31, 2024. Net cash provided by operating activities was primarily attributable to (1) net cash provided by discontinued operating activities of \$30.5 million, (2) non-cash adjustment for net loss from long-term investments of \$3.7 million, and (3) non-cash adjustment for the write-off of non-deductible input VAT of \$2.4 million. Net cash provided by operating activities was mainly offset by (1) a net loss from continuing operations of \$10.6 million; and (2) an increase of other current assets of \$3.1 million.

Net cash used in operating activities was \$1.8 million for the year ended December 31, 2023. Net cash used in operating activities was primarily attributable to (1) a net income from continuing operations of \$0.1 million adjusted by non-cash adjustments mainly including depreciation and amortization of \$0.9 million; (2) a decrease of accounts payable of \$4.2 million; (3) a decrease of deferred revenue of \$0.5 million, which was offset by (i) a decrease of accounts receivable of \$1.3 million and (ii) a decrease of other current assets of \$1.1 million.

Net cash provided by operating activities was \$0.6 million for the year ended December 31, 2022. Net cash provided by operating activities was primarily attributable to (1) a net loss from continuing operations of \$6.0 million adjusted by non-cash adjustments mainly including loss from and impairment on long-term investments of \$2.7 million and depreciation and amortization of \$0.8 million; (2) an increase of deferred revenue of \$4.3 million; (3) a decrease of other current assets of \$2.4 million, (4) a decrease of accounts receivable of \$0.7 million, which was offset by a decrease in accounts payable of \$2.6 million.

Investing Activities

Net cash used in investing activities was \$29.2 million for the year ended December 31, 2024, mainly consisting of (1) purchases of miners of \$24.3 million, and (2) net cash used in discontinued investing activities of \$32.3 million. Net cash used in investing activities was offset by the cash received from disposal of long-term investment of \$27.4 million.

Net cash provided by investing activities was nil for the years ended December 31, 2022 and 2023.

Financing Activities

Net cash provided by financing activities amounted to \$6.2 million for the year ended December 31, 2024, mainly consisting of proceeds from issuance of ordinary shares through private offerings of \$5.7 million.

Net cash used in financing activities amounted to \$1.2 million for the year ended December 31, 2023, mainly consisting of (1) cash repaid for short-term bank loans of \$12.8 million, which was offset by cash received from loans from related parties of \$11.6 million.

Net cash provided by financing activities amounted to \$1.2 million for the year ended December 31, 2022, mainly consisting of (1) cash received from short-term bank loans of \$10.8 million, (2) cash received of short-term loans from third parties of \$2.4 million and (3) cash received from short-term loans from related parties of \$1.1 million, which was offset by (i) cash repaid for short-term bank loans of \$11.9 million, (ii) loans provided to related parties of \$0.6 million and (iii) cash repaid of short-term loan to a third party of \$0.5 million.

Capital Expenditures

Our capital expenditures were made primarily to purchase equipment for our network, our development in technology of computer servers for cryptocurrency mining.

Our capital expenditures were nil in 2022 and 2023, and \$24.3 million in 2024 for our continuing operations. In 2024, we made purchases of miners for our cryptocurrency mining business for \$24.3 million.

Contractual Obligations

Our long-term operating lease agreements expires in 2023 and were not renewed in 2024. In addition, the contract terms of our concession rights contracts are usually three to five years. Most of these concession rights expired in 2022 and are renewable upon negotiation. We had no contractual obligations or commercial commitments as of December 31, 2024.

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, 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.

Intra-Company Transfers

Transfers of cash between our PRC operating subsidiaries and our non-PRC entities are regulated by certain PRC laws. For a description of these laws and the effect that they may have on our ability to meet cash obligations, please refer to "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—Dividends payable to us by our wholly-owned operating subsidiaries may be subject to PRC withholding taxes, or we may be subject to PRC taxation on our worldwide income, and dividends distributed to our investors may be subject to more PRC withholding taxes under PRC tax law," "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—We may rely principally on dividends and other distributions on equity paid by our wholly-owned operating subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our operating subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business," "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Restrictions on currency exchange may limit our ability to receive and use our revenues or financing effectively," "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—PRC regulations relating to the establishment of offshore special purpose companies by PRC residents and registration requirements for employee stock ownership plans or share option plans may subject our PRC resident beneficial owners or the plan participants to personal liability, limit our ability to inject capital into our PRC subsidiaries, limit our subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us," "Item 4. Information on the Company—B. Business Overview—Regulation—Regulations on Dividend Distribution," and "Item 4. Information on the Company—B. Business Overview—Regulation—SAFE Regulations on Offshore Investment by PRC Residents and Employee Stock Options." None of these regulations have had a material effect on our ability to meet our cash obligations.

Holding Company Structure

AirNet Technology Inc. is a holding company with no material operations of our own. We conduct our operations through our subsidiaries and consolidated affiliated entities in China. As a result, our ability to pay dividends depends upon dividends paid by our subsidiaries and cash payments from the consolidated affiliated entities in China. If our existing PRC subsidiaries or the consolidated affiliated entities or any newly formed ones incur any debt on their own behalf in the future, the instruments governing their debts may restrict their ability to pay dividends or make cash payments to us.

In addition, our subsidiaries in China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with the Accounting Standards for Business Enterprise as promulgated by the Ministry of Finance, or PRC GAAP. Under PRC law, each of our PRC subsidiaries and the consolidated affiliated entities is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory surplus reserve until such reserve reaches 50% of its registered capital. In addition, our subsidiaries in China may allocate a portion of its after-tax profits based on PRC GAAP to enterprise expansion funds as well as staff bonus and welfare funds at its discretion, and the consolidated affiliated entities may allocate a portion of its after-tax profits based on PRC GAAP to a discretionary surplus fund at its discretion. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the statutory reserve funds are not distributable as cash dividends.

Furthermore, to the extent our cash or assets in the business are held in mainland China or Hong Kong or by a mainland China or Hong Kong entity, the funds or assets may not be available to fund operations or for other use outside of mainland China or Hong Kong due to the imposition of regulatory requirements, restrictions and limitations on the ability of AirNet Technology Inc., its subsidiaries and the consolidated affiliated entities to transfer cash or assets. The PRC government imposes regulations on the convertibility of the Renminbi into foreign currencies. Remittance of dividends by our PRC subsidiaries out of China is also subject to certain procedures with the banks designated by SAFE. These restrictions are benchmarked against the paid-up capital and the statutory reserve funds of our PRC subsidiaries. While there are currently no such restrictions on foreign exchange and our ability to transfer cash or assets between AirNet Technology Inc. and our Hong Kong subsidiaries, if any such PRC laws and regulations, including existing laws and regulations and those enacted or promulgated in the future, were to become applicable to our Hong Kong subsidiaries in the future, and to the extent our cash or assets are held in Hong Kong or by a Hong Kong entity, such funds or assets may not be available due to the imposition of restrictions and limitations on our ability to transfer funds or assets by the PRC government. For details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—We may rely principally on dividends and other distributions on equity paid by our wholly-owned operating subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our operating subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business” and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Restrictions on currency exchange may limit our ability to receive and use our revenues or financing effectively.”

As an offshore holding company, AirNet Technology Inc. is permitted under PRC laws and regulations to provide funding from the proceeds of our offshore fundraising activities to our PRC subsidiary only through loans or capital contributions, and to the consolidated affiliated entities only through loans, in each case subject to the satisfaction of the applicable government registration and approval requirements. As a result, there is uncertainty with respect to our ability to provide prompt financial support to our PRC subsidiaries and the consolidated affiliated entities in China when needed.

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

We have been developing certain technologies for air travel media services purposes. However, our financial commitment to development of these technologies has been limited. We incurred research and development expense of \$35,000, \$35,000 and nil for 2022, 2023 and 2024, respectively. While we are interested in and may experiment with new technologies from time to time, we do not intend to materially increase our research and development spending in the foreseeable future.

D. Trend Information

Other than as disclosed in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

E. Critical Accounting Estimates

We prepare our consolidated financial statements in accordance with U.S. GAAP. The preparation of financial statements in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. We continually evaluate these judgments and estimates based on our own experience, knowledge and assessment of current business and other conditions, and our expectations regarding the future based on available information and assumptions that we believe to be reasonable. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application.

When reading our consolidated financial statements, you should consider our selection of critical accounting policies, the judgment and other uncertainties affecting the application of such policies and the sensitivity of reported results to changes in conditions and assumptions. Our critical accounting policies and practices include the following: (i) revenue recognition; and (ii) income taxes. See Note 2 Summary of Significant Accounting Policies to our consolidated financial statements for the disclosure of these accounting policies. We believe the following accounting estimates involve the most significant judgments used in the preparation of our financial statements.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

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

| <u>NAME</u> | <u>AGE</u> | <u>POSITION</u> |
|---------------|------------|---|
| Man Guo | 61 | Chairman of the Board and Interim Chief Financial Officer |
| Dan Shao | 46 | Chief Executive Officer |
| Qing Xu | 64 | Executive President |
| Songzuo Xiang | 60 | Independent Director |
| Chunhua Tian | 48 | Independent Director |
| Hao Huang | 41 | Independent Director |
| Baozhen Guo | 51 | Director |

Man Guo is our founder and has served as the chairman of our board of directors since our inception. Mr. Guo has also served as our interim chief financial officer since March 2021. In addition, Mr. Guo served as our chief executive officer from inception to September 2022 and our interim chief financial officer previously from December 2018 to February 2019. He was the general manager of Beijing Sunshine Media Co., Ltd. from 1997 to 2004. From 1991 to 1996, Mr. Guo served as the deputy general manager of Beijing Trade & Technology Development Company. Prior to that, he worked in China Civil Aviation Development Service Company from 1988 to 1990. Mr. Guo received his bachelor's degree in applied mathematics from People's Liberation Army Information Engineering University in China in 1983 and an Executive MBA degree from Peking University in China in 2011.

Dan Shao has served as our chief executive officer since September 2022 and our chief executive officer since February 2024. From September 2022 to February 2024, Ms. Shao served as our director. Ms. Shao has also served as a managing director of Air Media International (S) Pte Ltd, a company wholly owned by Ms. Shao, and as a managing director of Air Joy Media Private Limited, a subsidiary of AirNet, since December 2013 and November 2019, respectively. In addition, she has served as an executive director of Multiway International Consultancy Pte Ltd. since November 2020 and as a business development director at Elmwood Group Pte Ltd since August 2021. Ms. Shao worked at Shandong Hongzhi Advertising Co. Ltd. from December 2004 to December 2006, and at Sun Television Cybernetworks Enterprise Ltd. from January 2003 to November 2004. Ms. Shao graduated with a bachelor's degree from the University of International Business and Economic in July 2003 and received a master's degree from National University of Singapore in June 2019.

Qing Xu has served as our executive president since June 2010. Mr. Xu served as our director from inception to February 2024. From October 2005 to our inception, Mr. Xu served as a director of certain of our pre-existing affiliated entities. From 2003 to 2005, Mr. Xu served as a vice president of Zhongyuan Guoxin Investment Guarantee Co., Ltd. Prior to that, he served as a department director of China Haohua Group Co., Ltd. from 1997 to 2003 and as a department manager of Beijing Trade & Technology Development Company from 1991 to 1997. Mr. Xu was a secretary at the PRC State Council Secretary Bureau from 1984 to 1991. Mr. Xu received his associate's degree in business and economics management from Beijing Normal University in 1996.

Songzuo Xiang has served as our independent director since November 2008. He currently serves on the board of China Digital TV Co. Ltd., an NYSE-listed company providing conditional access systems to China's digital television market. From March 2009 to October 2009 and from July 2000 to July 2009, Dr. Xiang served as chief executive officer and director, respectively, of Ku6 Media Co., Ltd., a Nasdaq-listed company. He previously served as the Deputy Director of the Fund Planning Department at the People's Bank of China Shenzhen Branch and was an investment manager at Shenzhen Resources & Property Development Group. He was a visiting scholar at Columbia University from May 1999 to July 2000 and at Cambridge University from October 1998 to May 1999. Dr. Xiang received his bachelor's degree in engineering in Huazhong University of Science and Technology in 1986, his master's degree in international affairs from Columbia University in 1999, his master's degree in management science in 1993 and his Ph.D. degree in economics in 1993 from Renmin University in China.

Chunhua Tian has served as the General Manager of Daimuji Immigration Consulting (Chongqing) Co., Ltd. since November 2018. Previously, he was the Deputy General Manager of Chongqing Licheng Construction Machinery Equipment Leasing Co., Ltd. and Chongqing Jinjiazi Mechanical and Electrical Equipment Co., Ltd. from March 2014 to October 2018. Earlier in his career, he was the Founder and General Manager of Lianyungang Dongchuang Concrete Co., Ltd. from May 2006 to November 2012. He holds a bachelor's degree in Business Administration from Zhengzhou University of Aeronautics and Astronautics.

Hao Huang has served as a Project Manager at Black Little Victoria Investment Ltd in Cyprus since September 2015, where he is responsible for project planning, initiation, and team management. Previously, he was a Director at Beijing Golden Sunshine Consulting Co., Ltd from October 2012 to September 2015. He holds a Master's degree from Northumbria University and a Bachelor's degree from Wuhan University of Science and Technology.

Baozhen Guo has served as a director of the board of DMG Real Estate Development Group Ltd. since October 2014. From July 2011 to October 2014, Ms. Guo served as a director of the board of BSCD Real Estate Developers Ltd. Ms. Guo served as the chairwoman of the board of Jiangsu Dongchuang Concrete Co., Ltd. from August 2005 to June 2011. Ms. Guo holds a Master's degree in June 2015 from European university cyprus.

Except that Ms. Dan Shao is the spouse of Mr. Man Guo, no other family relationship exists between any of our directors and executive officers as of the date of this annual report. There are no arrangements or understandings with major shareholders, customers, suppliers or others pursuant to which any person referred to above was selected as a director or member of senior management.

Employment Agreements

We have entered into employment agreements with Mr. Man Guo. Our employment agreements with Mr. Guo has an unfixd duration as required by the PRC Employment Law. Mr. Guo may terminate the respective agreement with a one-month prior notice while we will only be able to terminate such agreement in limited circumstances, such as for cause. We have also entered into employment agreements with our other executive officers. Each of the contract terms was a period of two or three years. We may terminate the employment for cause, at any time, without notice or remuneration, for certain acts of the employee, including but not limited to a conviction or plea of guilty to certain crimes, negligence or dishonesty to our detriment and failure to perform the agreed-to duties after a reasonable opportunity to cure the failure. Furthermore, either we or an executive officer may terminate the employment at any time without cause upon advance written notice to the other party. These agreements do not provide for any special termination benefits, nor do we have other arrangements with these executive officers for special termination benefits.

Each executive officer has agreed to hold, both during and after the employment agreement expires or is earlier terminated, in strict confidence and not to use, except as required in the performance of his duties in connection with the employment, any confidential information, trade secrets and know-how of our company or the confidential information of any third party, including the VIEs and our subsidiaries, received by us. In addition, each executive officer has agreed to be bound by non-competition restrictions set forth in his or her employment agreement. Specifically, each executive officer has agreed not to, for a period ranging from one to two years following the termination or expiration of the employment agreement, (1) carry on or be engaged or interested, directly or indirectly, as shareholder, director, employee, partner, agent or otherwise carry on any business in direct competition with our business; (2) solicit or entice away from us, or attempt to solicit or entice away from us, any person or entity who has been our customer, client or our representative or agent or in the habit of dealing with us within two years prior to such executive officer's termination of employment; (3) solicit or entice away from us, or attempt to solicit or entice away from us, any person or entity who has been our officer, manager, consultant or employee within two years prior to such executive officer's termination of employment; or (4) use the words used by us in our name or in the name of any of our products or services, in such a way as to be capable of or likely to be confused with our name or the name of our products or services.

B. Compensation

In 2024, the aggregate cash compensation to our executive officers was approximately \$0.24 million and the aggregate cash compensation to our non-executive directors was approximately \$ 0.08 million.

Our PRC subsidiaries and the VIEs are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, housing fund, unemployment and other statutory benefits. Other than the above-mentioned pension insurance mandated by applicable PRC law, we have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. No executive officer is entitled to any severance benefits upon termination of his or her employment with our company except as required under applicable PRC law.

Share Options

In July 2007, we adopted the 2007 Option Plan to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants, and promote the success of our business. In December 2009, we amended the 2007 Option Plan by increasing the maximum aggregate number of shares issuable under the plan from 300,000 to 425,000. In March 2011, our board of directors authorized the issuance of 50,000 ordinary shares under the 2011 Option Plan. In 2012, our board of directors adopted the 2012 Option Plan, under which we are authorized to grant restricted shares or options and other awards for a total issuance of up to 150,000 ordinary shares. As of April 15, 2024, options to purchase 384,968 of our ordinary shares were outstanding. The majority of these options will vest on a straight-line basis over a three-year period, with one-twelfth of the options vesting each quarter from the date of grant.

The following table summarizes, as of April 15, 2024, the outstanding options and restricted share units granted to our executive officers and directors under our 2007 Option Plan, as amended, 2011 Option Plan and 2012 Option Plan.

| Name | Ordinary Shares Underlying Options | Exercise Price (\$/Share) | Date of Grant | Expiration Date |
|--------------|---|---------------------------------|-------------------|-------------------|
| Man Guo | * | 0.24 | February 15, 2019 | December 31, 2025 |
| Qing Xu | * | 0.24 | February 15, 2019 | December 31, 2025 |
| Total | 60,000 | | | |

* Less than 1% of our total outstanding shares on an as-converted basis.

The following paragraphs summarize the terms of our 2007 Option Plan, as amended, 2011 Option Plan and 2012 Option Plan:

Plan Administration. Our board of directors, or a committee designated by our board or directors, will administer the plans. The committee or the full board of directors, as appropriate, will determine the provisions and terms and conditions of each option grant.

Award Agreements. Options and stock purchase rights granted under our plans are evidenced by a stock option agreement or a stock purchase right agreement, as applicable, that sets forth the terms, conditions and limitations for each grant. In addition, the stock option agreement and the stock purchase right agreement also provide that securities granted are subject to a 180-day lock-up period following the effective date of a registration statement filed by us under the Securities Act, if so requested by us or any representative of the underwriters in connection with any registration of the offering of any of our securities.

Eligibility. We may grant awards to our employees, directors and consultants or any of our related entities, which include our subsidiaries or any entities in which we hold a substantial ownership interest.

Acceleration of Options upon Corporate Transactions. The outstanding options will terminate and accelerate upon occurrence of a change-of-control corporate transaction where the successor entity does not assume our outstanding options under the plans. In such event, each outstanding option will become fully vested and immediately exercisable, and the transfer restrictions on the awards will be released and the repurchase or forfeiture rights will terminate immediately before the date of the change-of-control transaction provided that the grantee's continuous service with us shall not be terminated before that date.

Exercise Price and Terms of the Options. The exercise price per share subject to an option may be amended or adjusted in the absolute discretion of the compensation committee, the determination of which shall be final binding and conclusive. To the extent not prohibited by applicable laws or exchange rules, a re-pricing of options mentioned in the preceding sentence shall be effective without the approval of our shareholders or the approval of the optionees. Notwithstanding the foregoing, the exercise price per share subject to an option may not be increased without the approval of the affected optionees. If we grant an option to an individual who, at the date of grant, possesses more than ten percent of the total combined voting power of all classes of our shares, the exercise price cannot be less than 110% of the fair market value of our ordinary shares on the date of that grant. The compensation committee shall determine the time or times at which an option may be exercised in whole or in part, including exercise prior to vesting, and shall determine any conditions, if any, that must be satisfied before all or part of an option may be exercised. The term of each option grant shall be stated in the stock option agreement, provided that the term shall not exceed 10 years from the date of the grant.

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

Transfer Restrictions. Options to purchase our ordinary shares may not be transferred in any manner by the optionee other than by will or the laws of succession and may be exercised during the lifetime of the optionee only by the optionee.

Termination of the Plan. Unless terminated earlier, the 2007 Option Plan expires on and no further awards may be granted under it after July 2017, our 2011 Option Plan expires on and no further awards may be granted under it after March 2021, and our 2012 Option Plan expires on and no further awards may be granted under it after November 2022. The 2012 Option Plan has been extended to 2025. Our board of directors has the authority to amend or terminate the plan subject to shareholder approval to the extent necessary to comply with applicable law. However, no such action may impair the rights of any optionee unless agreed by the optionee.

C. Board Practices

Our board of directors currently consists of five directors. A director is not required to hold any shares in our company by way of qualification. A director may vote with respect to any contract, proposed contract or arrangement notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of our directors at which any such contract or proposed contract or arrangement is considered. Our directors may exercise all the powers of our company to borrow money and mortgage or change its undertaking, property and uncalled capital or any part thereof, and to issue debentures, debenture stock or other securities whenever money is borrowed or as security for any debt, liability or obligation of our company or of any third party. The remuneration to be paid to the directors is determined by the board of directors. There is no age limit requirement for directors.

Board Committees

We have established three committees under the board of directors: an audit committee, a compensation committee, and a compliance committee. We currently do not plan to establish a nominating committee. The independent directors of our company will select and recommend to the board for nomination by the board such candidates as the independent directors, in the exercise of their judgment, have found to be well qualified and willing and available to serve as our directors prior to each annual meeting of our shareholders at which our directors are to be elected or reelected. In addition, our board of directors has resolved that director nominations be approved by a majority of the board as well as a majority of the independent directors of the board. Over half of our board of directors are independent directors. We have adopted a charter for each of the board committees. Each committee's members and responsibilities are described below.

Audit Committee. Our audit committee consists of Songzuo Xiang, Chunhua Tian, and Hao Huang. Mr. Xiang is the chairperson. Our board of directors has determined that all members of our audit committee satisfy the "independence" requirements of Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the rules and regulations of the Nasdaq Stock Market LLC. We have determined that Mr. Xiang qualifies as an "audit committee financial expert." The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- selecting the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- reviewing and approving all proposed related-party transactions on an ongoing basis;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of material control deficiencies;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- other matters specifically delegated to our audit committee by our board of directors from time to time;
- meeting separately and periodically with management and the independent auditors; and
- reporting regularly to the full board of directors.

Compensation Committee. Our compensation committee consists of Songzuo Xiang, Chunhua Tian, and Hao Huang. Chunhua Tian is the chairperson. Our board of directors has determined that all members of our compensation committee satisfy the "independence" requirements of the rules and regulations of the Nasdaq Stock Market LLC. Our compensation committee assists the board 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. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

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

Compliance Committee. Our compliance committee consists of Mr. Songzuo Xiang, Mr. Shirong Tong and Ms. Tong Lin. Ms. Lin is the chairperson. Our compliance committee assists our board in overseeing our compliance with the laws and regulations applicable to our business, and compliance with our code of business conduct and ethics and related policies by our employees, officers, directors and other agents and associates. The compliance committee is responsible for, among other things:

- establishing and revising project and purchase control policies;
- establishing and revising administration and business supervision policies;
- accepting, investigating, and settling any comments, complaints, and reports from employees;

- investigating and settling any matters delegated from our board of directors; and
- monitoring the status of implementation of company policies.

Duties of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty to act honestly, and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also owe to our company a duty to act with skills and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to our company, our directors must ensure compliance with our second amended and restated memorandum and articles of association, as amended and restated from time to time, and the rights vested thereunder in the holders of the shares. Our directors owe their fiduciary duties to our company and not to our company's individual shareholders, and it is our company which has the right to seek damages if a duty owed by our directors is breached. In limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached.

Terms of Directors and Officers

All directors hold office until the expiration of their terms and until their successors have been elected and qualified. A director may be removed from office before the expiry of his term by a special resolution passed by the shareholders. The directors shall be subject to retirement by rotation. Any director shall serve a term of office which shall expire on the 31st day of July which is not less than one year nor more than two years after the date of his appointment. Upon the expiry of each director's term of office, he shall automatically retire and cease to be a director, but shall be eligible for re-election by the board of directors. Any director who is so re-elected shall serve an additional term which shall expire on the 31st day of July of the year which is two years after such re-election. There shall be no limit on the number of times which a director may be re-elected or the number of additional terms which any such director may serve. Every director is subject to retirement in accordance with our articles of association at least once every two years. Our articles of association also provide that the office of a director shall be vacated in a limited number of circumstances, namely if the director: (1) becomes bankrupt or makes any arrangement or composition with his creditors; (2) is found to be or becomes of unsound mind; (3) resigns his office by notice in writing to our company; (4) without special leave of absence from the board of directors, is absent from meetings of the board of directors for six consecutive months and the board of directors resolves that his office be vacated; or (5) if he or she shall be removed from office pursuant to the articles of association of our company or the Companies Act (As Revised) of the Cayman Islands and other applicable laws and regulations of the Cayman Islands. Officers are elected by and serve at the discretion of our board of directors.

In addition, our service agreements with our directors do not provide benefits upon termination of their services.

D. Employees

We had 39, 30 and 20 employees as of December 31, 2022, 2023 and 2024, respectively. All of our employees as of December 31, 2024 were located in Beijing. The following table sets forth the number of our employees by functions as of the same dates, respectively:

| | As of December 31, | | | | | |
|---|---------------------|--------------|---------------------|--------------|---------------------|--------------|
| | 2022 | | 2023 | | 2024 | |
| | Number of Employees | % of Total | Number of Employees | % of Total | Number of Employees | % of Total |
| Sales and Marketing Department | 3 | 7.7 | 2 | 6.7 | 2 | 11.8 |
| Quality Control and Technology Department | 1 | 2.6 | 1 | 3.3 | 1 | 5.9 |
| Programming Department | 2 | 5.1 | 2 | 6.7 | 2 | 11.8 |
| Resources Development Department | - | - | - | - | - | - |
| General Administrative and Accounting | 33 | 84.6 | 25 | 83.3 | 12 | 70.6 |
| Total | 39 | 100.0 | 30 | 100.0 | 17 | 100.0 |

Generally, we enter into standard employment contracts with our officers, managers and other employees. According to these contracts, all of our employees are prohibited from engaging in any other employment during the period of their employment with us. The employment contracts with officers and managers are subject to renewal every three years and the employment contracts with other employees are subject to renewal every year.

In addition, we enter into standard confidentiality agreements with all of our employees including officers and managers that prohibit any employee from disclosing confidential information obtained during their employment with us. Furthermore, the confidentiality agreements include a covenant that prohibits all employees from engaging in any activities that compete with our business up to two years after their employment with us terminates.

Our employees are not covered by any collective bargaining agreement. We consider our relations with our employees to be generally good.

E. Share Ownership

The following table sets forth information with respect to the beneficial ownership of our ordinary shares as of April 15, 2025, by:

- each of our directors and executive officers; and
- each principal shareholder, or person known to us to own beneficially more than 5.0% of our ordinary shares.

The calculations in the shareholder table below are based on 29,888,248 ordinary shares outstanding as of April 15, 2025, excluding (1) 1,307,229 treasury shares. Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days after April 15, 2025, the most recent practicable date, including through the exercise of any option, or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

| | Shares Beneficially Owned | |
|--|---------------------------|------|
| | Number | % |
| Directors and Executive Officers: | | |
| Man Guo(1) | 7,171,327 | 54.7 |
| Baozhen Guo | - | - |
| Dan Shao(2) | 514,605 | 3.9 |
| Qing Xu | * | * |
| Songzuo Xiang | * | * |
| Chunhua Tian | - | - |
| Hao Huang | - | - |
| All directors and executive officers** | 7,778,432 | 59.3 |
| Principal Shareholders: | | |
| Man Guo(1) | 7,171,327 | 54.7 |
| Dan Shao(2) | 514,605 | 3.9 |

* Aggregate beneficial ownership of our company by such director or officer is less than 1% of our total outstanding ordinary shares.

** The business address of our directors and executive officers is Suite 301 No. 26 Dongzhimenwai Street, Chaoyang District, Beijing 100027, The People's Republic of China.

(1) Includes (i) 6,970,081 ordinary shares held by Wealthy Environment Limited, a BVI company wholly owned by Mr. Man Guo, (ii) 121,246 ordinary shares represented by ADSs held by Wealthy Environment Limited, (iii) 50,000 ordinary shares represented by ADSs held by Mr. Man Guo, and (iv) 30,000 ordinary shares issuable upon exercise of options held by Mr. Guo that are exercisable within 60 days after April 15, 2025. Mr. Guo is the spouse of Ms. Shao. Mr. Guo disclaims beneficial ownership of the Shares held by Ms. Shao or Global Earning Pacific Limited. The registered address of Wealthy Environment Limited is P.O. Box 173, Kingston Chambers, Road Town Tortola, BVI.

(2) Includes (i) 500,000 ordinary shares held by Global Earning Pacific Limited, a BVI company wholly owned by Ms. Dan Shao, and (ii) 14,605 ordinary shares represented by ADSs that Ms. Dan Shao purchased in one or more open-market transactions. Ms. Shao is the spouse of Mr. Guo. Ms. Shao disclaims beneficial ownership of the Shares held by Mr. Guo or Wealthy Environment Limited. The registered address of Global Earning Pacific Limited is OMC Chambers, Wickham Cay 1, Road Town Tortola, BVI.

Other than as otherwise disclosed in this annual report, we are not directly or indirectly owned or controlled by another corporation, by any foreign government or by any other natural or legal person severally or jointly. None of our major shareholders have different voting rights from other shareholders. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

As of April 15, 2025, 31,195,477 of our ordinary shares were issued and outstanding, of which 1,307,229 ordinary shares were treasury shares. To our knowledge, we had only one record shareholder in the United States, JPMorgan Chase Bank, N.A., which is the depository of our ADS program and held approximately 22.86% of our total outstanding ordinary shares as of April 15, 2025. The number of beneficial owners of our ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States.

For the options granted to our directors, officers and employees, please refer to “-B. Compensation-Share Options.”

F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation

Not applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

Please refer to “Item 6. Directors, Senior Management and Employees-E. Share Ownership.”

B. Related Party Transactions

Contractual Arrangements

The VIEs, Beijing Yuehang, and Linghang Shengshi, together with their respective subsidiaries, directly operate our air travel media network, enter into related concession rights contracts and sell advertising time slots and advertising locations to our advertisers. If we re-run our Wi-Fi business, the VIE, AirNet Online, along with its subsidiaries, would enter into concession rights contracts in relation to our Wi-Fi business and would directly operate this business and enter into related business contracts. We have been and expect to continue to be dependent on the VIEs to operate our advertising business and programming business. Chuangyi Technology has entered into contractual arrangements with the VIEs, pursuant to which Chuangyi Technology provides exclusive technology support and service and technology development services in exchange for payments from them. In addition, Chuangyi Technology has entered into agreements with the VIEs and each of their existing shareholders (except Lin Wang), which provide Chuangyi Technology with the substantial ability to control the VIEs. These agreements are summarized in the following paragraphs.

- **Technology support and service agreements:** Chuangyi Technology provides exclusive technology support and consulting services to the VIEs and in return, the VIEs are required to pay Chuangyi Technology service fees. Linghang Shengshi pays to Chuangyi Technology annual service fees in the amount that guarantee that Linghang Shengshi can achieve, after deducting such service fees payable to Chuangyi Technology, a net cost plus rate of no less than 0.5%. It is at Chuangyi Technology’s sole discretion that the rate and amount of service fees ultimately charged the VIEs under these agreements are determined. The “net cost-plus rate” refers to the operating profit as a percentage of total costs and expenses of a certain entity. The technology support and service fees for each given year payable by AirNet Online to Chuangyi Technology under AirNet Online’s technology support and service agreement shall be determined by AirNet Online and Chuangyi Technology at the first month of such year taking into account several factors. Those factors include the credential of the team of Chuangyi Technology that provides services to AirNet Online, the number of service hours, the nature and value of the services provided by Chuangyi Technology, the extent to which Chuangyi Technology provides patent or other license to AirNet Online in its provision of technology support and service and the correlation between AirNet Online’s results of operations and the technology support and service provided by Chuangyi Technology. In the event Chuangyi Technology finds it necessary to make subsequent adjustment to the amount of fees, AirNet Online shall negotiate in good faith with Chuangyi Technology to determine the new fee. The technology support and service agreements are effective for ten years and such term is automatically renewed upon their expiration unless either party to an agreement informs the other party of its intention not to extend at least twenty days prior to the expiration of these agreements.

- **Technology development agreements:** The VIEs exclusively engage Chuangyi Technology to provide technology development services. Chuangyi Technology owns the intellectual property rights developed in the performance of these agreements. Linghang Shengshi pays to Chuangyi Technology annual service fees in the amount that guarantee that the VIEs can achieve, after deducting such service fees payable to Chuangyi Technology, a net cost-plus rate of no less than 0.5%, which final rate should be determined by Chuangyi Technology. It is at Chuangyi Technology's sole discretion the rate and amount of fees ultimately charged to the VIEs under these agreements are determined. The "net cost-plus rate" refers to the operating profit as a percentage of total costs and expenses of a certain entity. The technology development fees for each given year payable by AirNet Online/Iwangfan to Chuangyi Technology under AirNet Online/Iwangfan's technology development agreement shall be determined by AirNet Online/Iwangfan and Chuangyi Technology at the first month of such year taking into account several factors. Those factors include the credential of the team of Chuangyi Technology that provides services to AirNet Online/Iwangfan, the number of service hours, the nature and value of the services provided by Chuangyi Technology, the extent to which Chuangyi Technology provides patent or other license to AirNet Online/Iwangfan in its provision of technology development service and the correlation between AirNet Online/Iwangfan's results of operations and the technology development service provided by Chuangyi Technology. In the event Chuangyi Technology finds it necessary to make subsequent adjustment to the amount of fees, AirNet Online/Iwangfan shall negotiate in good faith with Chuangyi Technology to determine the new fee. The technology development agreements are effective for ten years and such term is automatically renewed upon their expiration unless either party informs the other party of its intention not to extend at least twenty days prior to the expiration of these agreements.
- **Exclusive technology consultation and service agreement:** AirNet Online exclusively engages Chuangyi Technology to provide consultation services in relation to management, training, marketing and promotion. AirNet Online agrees to pay to Chuangyi Technology the amount of annual service fees as determined by Chuangyi Technology. In the event Chuangyi Technology finds it necessary to make subsequent adjustment to the amount of fees, AirNet Online shall negotiate in good faith with Chuangyi Technology to determine the new fees. The exclusive technology consultation and service agreement remains effective for ten years and such term may be reviewed by Chuangyi Technology's written confirmation prior to the expiration of the agreement term.
- **Call option agreements:** Under the call option agreements between Chuangyi Technology and the existing shareholders (except Lin Wang) of Linghang Shengshi and Iwangfan, such shareholders of those VIEs irrevocably granted Chuangyi Technology or its designated third party an exclusive option to purchase from such shareholders of the VIEs, to the extent permitted under PRC law, all the equity interests in the VIEs, as the case may be, for the minimum amount of consideration permitted by the applicable law without any other conditions. Under the call option agreements between Chuangyi Technology and the existing shareholders of AirNet Online, such shareholders of AirNet Online irrevocably granted Chuangyi Technology or its designated third party an exclusive option to purchase from such shareholders of AirNet Online, to the extent permitted under PRC law, all the equity interests in AirNet Online, as the case may be. To the extent the applicable PRC law does not require the valuation of the subject equity interests and does not otherwise restrict the purchase price for such equity interests, such purchase price shall equal the amount of actual payment made by the respective shareholders of AirNet Online with respect to the equity interests whether in the form of share capital injection or secondary purchase price. If and where the applicable PRC law requires the valuation of the subject equity interests or otherwise has restrictions on the purchase price for such equity interests, such purchase price shall equal the minimum amount of consideration permitted by the applicable law. In addition, under these agreements (except for the call option agreements between Chuangyi Technology and the existing shareholders of AirNet Online), Chuangyi Technology has undertaken to act as guarantor of VIEs in all operations-related contracts, agreements and transactions and commit to provide loans to support the business development needs of VIEs or if the VIEs suffer operating difficulties, provided that the relevant VIE's shareholders satisfy the terms and conditions in the call option agreements. Under PRC laws, to provide an effective guarantee, a guarantor needs to execute a specific written agreement with the beneficiary of the guarantee. As Chuangyi Technology has not entered into any written guarantee agreements with any third party beneficiaries to guarantee the VIEs' performance obligations to these third parties, none of these third parties can demand performance from Chuangyi Technology as a guarantor of the VIEs' performance obligations. The absence of a written guarantee agreement, however, does not affect our conclusion that we are the primary beneficiary of the VIEs and in turn should consolidate the financials of the VIEs. The term of each call option agreement is ten years and such terms can be renewed upon expiration at Chuangyi Technology's sole discretion. In January 2016, existing shareholders of AirNet Online and Linghang Shengshi entered into a supplement agreement to provide that, without respect to the changes in equity interest percentages of those shareholders in the respective VIEs, the relevant provisions of the respective call option agreements shall continue to apply.

- **Equity pledge agreements:** Under the equity pledge agreements between Chuangyi Technology and the existing shareholders of the VIEs other than AirNet Online, such shareholders of those VIEs (except Lin Wang) pledged all of their equity interests, including the right to receive declared dividends, in those VIEs to Chuangyi Technology to guarantee those VIEs' performance of their obligations under the technology support and service agreement and the technology development agreement. Under the equity pledge agreements between Chuangyi Technology and the existing shareholders of AirNet Online, such shareholders of AirNet Online pledged all of their equity interests, including the right to receive declared dividends, in AirNet Online to Chuangyi Technology to guarantee the performance by AirNet Online of its obligations under its call option agreement and its exclusive technology consultation and service agreement. If the VIEs fail to perform their obligations set forth in the applicable agreements, Chuangyi Technology shall be entitled to exercise all the remedies and powers set forth in the provisions of the applicable equity pledge agreements. Those agreements remain effective for as long as the technology support and service agreements and technology development agreement are effective, or, in the case of AirNet Online, until two years after the term of the obligations under the call option agreement and exclusive technology consultation and service agreement. Pursuant to the PRC Property Rights Law, an equity pledge is not perfected as a security property right unless it is registered with the competent local administration for industry and commerce. We have not yet registered the share pledges by those shareholders of AirNet Online, Linghang Shengshi and Iwangfan. In January 2016, existing shareholders of AirNet Online, Linghang Shengshi and Iwangfan entered into a supplement agreement to provide that, without respect to the changes in equity interest percentages of those shareholders in the respective VIEs, the relevant provisions of the respective equity pledge agreements shall continue to apply.
- **Authorization letters:** Each existing shareholder of the VIEs (except Lin Wang) has executed an authorization letter to authorize persons appointed by Chuangyi Technology to exercise certain of its rights, including voting rights, the rights to enter into legal documents and the rights to transfer any or all of its equity interest in the VIEs. The authorization letters by such shareholders of the VIEs will remain effective during the operating periods of the respective VIEs and for so long as the respective parties remain those shareholders of the VIEs unless terminated earlier by Chuangyi Technology or unless the call option agreement with respect to VIEs is terminated prior to its expiration.

Through the above contractual arrangements, Chuangyi Technology has obtained the voting interest in the VIEs of all their existing shareholders (except Lin Wang), has the right to receive substantially all dividends declared and paid by the VIEs and may receive substantially all of the net income of the VIEs through the technical support and service fees as determined by Chuangyi Technology at its sole discretion. Accordingly, we have consolidated the VIEs because we believe, through the contractual arrangements, (1) Chuangyi Technology could direct the activities of the VIEs that most significantly affect its economic performance and (2) Chuangyi Technology could receive substantially all of the benefits that could be potentially significant to the VIEs. Other than the contractual arrangements described above, because the management and certain employees of Chuangyi Technology also serve in the VIEs as management or employees, certain operating costs paid by Chuangyi Technology, such as payroll costs and office rental, were re-charged to the VIEs.

Chuangyi Technology also entered into loan agreements with each existing shareholder of AirNet Online, pursuant to which Chuangyi Technology agrees to make loans in an aggregate amount of RMB50 million to such shareholders of AirNet Online solely for the incorporation and capitalization of AirNet Online. The loan is interest free and the term of the loan is ten years and shall be automatically renewed on an annual basis unless Chuangyi Technology objects. Chuangyi Technology can require such shareholders to repay all or a portion of the loan before the maturity date with a 15 days prior written notice. Under such circumstances, Chuangyi Technology is entitled to, or designate a third party to, buy all or a portion of such shareholders' equity interests in AirNet Online on a pro rata basis based on the amount of the repaid principal of the loan. As of the date of this annual report, no loan had been made and the capital of AirNet Online subscribed by those shareholders was not injected.

Amounts due from related parties

As of December 31, 2023 and 2024, we had \$0.2 million due from Mr. Xu Qing, representing an interest free advance to it on a short-term basis for operation purpose.

Amounts due to related parties

As of December 31, 2023, we had short-term loan of \$0.2 million and long-term loan of \$0.7 million due to Mr. Man Guo, who is our chairman of board of director and interim chief financial officer, and short-term loan of \$2.1 million and long-term loan of \$8.1 million due to Mrs. Dan Shao, the spouse of Mr. Man Guo and our chief executive officer. The loans are for our operation purpose.

As of December 31, 2024, we did not have any balance due to related parties.

Share Options

See “Item 6. Directors, Senior Management and Employees-B. Compensation-Share Options.”

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

Financial Statements

We have appended consolidated financial statements filed as part of this annual report. See “Item 18. Financial Statements.”

Legal Proceedings

We may become subject to legal proceedings, investigations and claims incidental to the conduct of our business from time to time.

A majority of the digital frames and digital TV screens in our network include programs that consist of both advertising content and non-advertising content. On December 6, 2007, the State Administration of Radio, Film or Television, or the SARFT, a governmental authority in the PRC, issued the Circular regarding Strengthening the Management of Public Audio-Video in Automobiles, Buildings and Other Public Areas, or the SARFT Circular. According to the SARFT Circular, displaying audio-video programs such as television news, films and television shows, sports, technology and entertainment through public audio-video systems located in automobiles, buildings, airports, bus or train stations, shops, banks and hospitals and other outdoor public systems must be approved by the SARFT. We intend to obtain the requisite approval of the SARFT for our non-advertising content, but we cannot assure that we will obtain such approval in compliance with this new SARFT Circular, or at all. In January 2014, we entered into a strategic alliance with China Radio International Oriental Network (Beijing) Co., Ltd, or CRION, which manages the internet TV business of China International Broadcasting Network, to operate the CIBN-AirNet channel for broadcast network TV programs to air travelers in China. According to the terms of the cooperation arrangement with CRION, during the cooperation period from March 28, 2014 to March 27, 2024, CRION shall obtain and, from time to time, be responsible for obtaining any approval, license and consent regarding the regulation of broadcasting and television from relevant authorities.

There is no assurance that CRION will be able to obtain or maintain the requisite approval or we will be able to renew the contract with CRION when they expire. If the requisite approval is not obtained, we will be required to eliminate non-advertising content from the programs included in our digital frames and digital TV screens and advertisers may find our network less attractive and be unwilling to purchase advertising time slots on our network. As of December 31, 2024, we did not record a provision for this matter as management believes the possibility of adverse outcome of the matter is remote and any liability it may incur would not have a material adverse effect on its consolidated financial statements. However, it is not possible for us to predict the ultimate outcome and the possible range of the potential impact of failure to obtain such disclosed registrations and approvals primarily due to the lack of relevant data and information in the market in this industry in the past.

Linghang Shengshi had served a legal letter, dated June 29, 2016, or the Legal Letter, on Longde Wenchuang to challenge the proposed transfers by Longde Wenchuang of their equity interests in AM Advertising to Shanghai Golden Bridge InfoTech Co., Ltd. (stock code: 603918), a PRC company with its shares listed on the Shanghai Stock Exchange, or Golden Bridge. As of the date of the Legal Letter, Linghang Shengshi held 24.84% of the equity interests in AM Advertising. Longde Wenchuang and Culture Center held 28.57% and 46.43%, respectively, of the equity interests in AM Advertising. On June 14, 2016, Longde Wenchuang entered into an equity interest transfer agreement with Golden Bridge to transfer 75% equity interests in AM Advertising to Golden Bridge in consideration for shares in Golden Bridge, or the Transfer. Neither of Longde Wenchuang sought consent from Linghang Shengshi with respect to the Transfer in accordance with the provisions of the Company Law of the People's Republic of China, or the Company Law. In the Legal Letter, Linghang Shengshi challenges the validity of the Transfer on the ground that it violated the statutory right of first refusal of Linghang Shengshi under the Company Law. Subsequent to our legal letter, Golden Bridge ceased acquisition of 75% equity interest of AM Advertising from Longde Wenchuang and Culture Center. Longde Wenchuang and Culture Center further dismissed our representative from Co-CEO position of AM Advertising.

On September 2, 2016, we received notice from the CIETAC that we, Chuangyi Technology, Linghang Shengshi and Mr. Man Guo, collectively, the Respondents, were named as respondents by the Culture Center in an arbitration proceeding submitted by the Culture Center to the CIETAC in connection with the sale by us of 75% equity interests in AM Advertising to Culture Center and Longde Wenchuang in June 2015. Culture Center seeks specific performance by the Respondents of certain obligations under the transaction documents, which include, among other things, (1) the pledge by Linghang Shengshi and Mr. Guo of their respective equity interests in AM Advertising to Culture Center as security for their obligations under the transaction documents, (2) the use of best efforts by the Respondents to cooperate with the Culture Center and Longde Wenchuang to procure the listing of AM Advertising in China and (3) the performance by us and Mr. Guo of their respective non-compete obligations to refrain from holding, operating, or otherwise participating in any business that is the same or substantially the same as that of AM Advertising. We believe the arbitration request is without merit and intends to defend the actions vigorously. In response to the notice, we filed a notice against Culture Center to CIETAC for their breach of contract.

As a result of the above disputes, we are no longer able to exercise significant influence in operating and strategic decision of AM Advertising and cannot access to AM Advertising's financial information. Accordingly, we accounted our investment in AM Advertising as equity investments without readily determinable fair values as of December 31, 2022, 2023 and 2024. AM Advertising and its subsidiaries are no longer related parties to us. As of December 31, 2016, we treated the provision for earnout commitment of \$23.5 million as contingent liability and did not record any additional provision for this matter as management believes the possibility of adverse outcome of the matter is remote and any liability it may incur would not have a material adverse effect on its consolidated financial statements.

On March 28, 2018, August 23, 2018 and November 2018, a MoU and its supplemental agreements respectively, with, among others, Longde Wenchuang and Beijing Cultural Center Construction and Development Fund (Limited Partnership), under which, among other things, Linghang Shengshi and Mr. Guo agreed to pay or make available to AM Advertising on or prior to May 30, 2018 and further extended to September 30, 2018 and December 31, 2018 an aggregate of RMB304.5 million which was to be discounted by the following amounts (1) the RMB152.0 million profits attributable to Linghang Shengshi, Mr. Guo and Mr. Xu for the first nine months of 2015, based on a third-party pro forma audit report on AM Advertising; (2) the loan of RMB88.0 million in principal balance and RMB7.8 million in interests; and (3) the payment of RMB56.7 million in cash after the sale of the 20.32% equity interests in AM Advertising, which consisted of 20.18% equity interests hold by us and 0.14% equity interests hold by Mr. Guo and Mr. Xu on behalf of our company, and following the completion of the foregoing arrangements, our obligations with respect to the profit target for 2015, the earnout provision for the first nine months of 2015 and the loans between AM Advertising and Linghang Shengshi shall be deemed completed. According to the aforesaid MoU, after Linghang Shengshi, Mr. Guo and Mr. Xu transfer all the equity interest of AM Advertising, they will cease to be shareholders of AM Advertising and will not be able to continuously assume the obligations in connection with the profit commitment and earn out provision as a matter of fact.

The sale of the 20.32% equity interests in AM Advertising (therein 20.18% was held by us) has been completed as of December 31, 2018, while the cash payment of RMB56.7 million to Longde Wenchuang and Beijing Cultural Center Construction and Development Fund (Limited Partnership) has not been paid yet by us as of December 31, 2019. Upon the effectiveness of MoU, we have written off the contingency of provision for earnout provision, and have recorded an actual payable of earnout provision in the amount of RMB152.6 million as of December 31, 2018. On June 27, 2019, Linghang Shengshi received a letter of notification from AM Advertising requiring for the immediate payment for the net settlement of RMB56.7 million, or the Letter, and Linghang Shengshi responded to the Letter on June 28, 2019 by urging AM Advertising to cooperate with income tax deduction. As of December 31, 2020, Longde Wenchuang and Culture Center have not issued a written notice requesting the cancellation of the MoU, and according to an independent third-party attorney's legal opinion, the MoU was still effective and the aforementioned actual payable of earnout provision remained. In January 2021, we were informed that two of Linghang Shengshi's bank accounts amounted to RMB1 in aggregate was frozen by the court as Culture Center applied to the court regardless of the arbitration process in the CIETAC in connection with the sale of 75% equity interests in AM Advertising. We believed the application is non-excused as it conflicted with the arbitration proceeding already submitted by the Culture Center to the CIETAC and defended the actions by applying to the court to unfreeze Linghang Shengshi's bank accounts. In March 2021, we discovered that the equity interest of AirNet Online held by Mr. Guo and Mr. Xu was frozen by the court, which was applied to the court by AM Advertising to urge all parties to settle the Transfer, or the Case. In January 2022, the court ruled that Linghang Shengshi, Mr. Guo and Mr. Xu should pay the Debts to AM Advertising within 10 days of the effective date of the judgment. The court further ruled that Chuangyi Technology and AirNet is jointly and severally liable for the Debts to the AM Advertising. Linghang Shengshi, Mr. Guo, Mr. Xu and Chuangyi Technology thereafter entered an appeal to the court. The results of the appeal remains the same and a trial counsel has been engaged for the retrial.

For risks and uncertainties relating to the pending cases against us, please see "Item 3. Key Information- D. Risk Factors-Risks Related to Our Business-We were named as a defendant or respondent in legal proceedings that could have a material adverse impact on our business, financial condition, results of operation, cash flows and reputation."

We are not currently a party to, nor are we aware of, any other legal proceeding, investigation or claim which, in the opinion of our management, is likely to have a material adverse effect on our business, financial condition or results of operations.

Dividend Policy

We do not have any present plan to declare or pay any dividends on our ordinary shares or ADSs in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Our board of directors has discretion in deciding whether to distribute dividends. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. In either case, the distribution of dividends is subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts due in the ordinary course of business. Even if our board of directors decides to pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors.

If we pay any dividends, we will pay our ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

B. Significant Changes

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

ITEM 9. THE OFFER AND LISTING**A. Offer and Listing Details**

See “-C. Markets.”

B. Plan of Distribution

Not applicable.

C. Markets

Our ADSs, each representing one of our ordinary shares, were listed on the Nasdaq Global Market on November 7, 2007 and were subsequently transferred to the Nasdaq Global Select Market. Our ADSs were transferred to the Nasdaq Capital Market in November 2018. On April 11, 2019, we changed our ADS share ratio from one ADS representing two ordinary shares to one ADS representing 10 ordinary shares. Our trading symbol on the Nasdaq Capital Market has been changed from “AMCN” to “ANTE” effective on June 13, 2019.

Effective on December 9, 2022, we consolidated every forty of the authorized (whether issued or unissued) shares of each class of par value of US\$0.001 each in the capital of our company into one share of the same class of par value of US\$0.04 each. Upon the Share Consolidation, the ratio of our American Depositary Receipts representing ordinary shares of our company was amended from one ADS representing 10 ordinary shares to one ADS representing one ordinary share.

On June 27, 2024, our ADSs, each representing one of our ordinary shares, par value US\$0.04 per share, were listed on the Nasdaq Capital Market to the offer and sale from time to time by selling shareholders.

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 incorporate by reference into this annual report the description of our second amended and restated memorandum and articles of association which was filed as Exhibit 99.2 to our [Form 6-K](#) (File No. 001-33765) with the SEC on May 28, 2019.

C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described above, in “Item 4. Information on the Company” or elsewhere in this annual report on Form 20-F.

D. Exchange Controls

There are no material exchange controls restrictions on payment of dividends, interest or other payments to the holders of our ordinary shares or on the conduct of our operations in the Cayman Islands, where we were incorporated. Cayman Islands law and our second amended and restated memorandum and articles of association do not impose any material limitations on the right of nonresidents or foreign owners to hold or vote our ordinary shares.

See “Item 4. Information on the Company-B. Business Overview-Regulation-Regulations on Foreign Exchange” for a description of PRC regulations on foreign exchange.

E. Taxation

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. No Cayman Islands stamp duty will be payable unless an instrument is executed in, or after execution, brought to or produced before a court in the Cayman Islands.

The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands. Payments of dividends and capital in respect of the ordinary shares and ADSs will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of the ordinary shares, nor will gains derived from the disposal of the ordinary shares be subject to Cayman Islands income or corporation tax.

PRC Taxation

Under the EIT Law and its implementation rules, foreign corporate shareholders and corporate ADSs holders may be subject to a 10% income tax upon the dividends payable by us or on any gains they realize from the transfer of our shares or ADSs, if we are classified as a PRC resident enterprise and such income is regarded as income from “sources within the PRC.” Given the fact that whether we would be regarded as “resident enterprise” is not clear, it is uncertain whether foreign corporate shareholders and corporate ADSs holders may be subject to a 10% income tax upon the dividends payable by us or on any gains they realize from the transfer of our shares or ADSs. If we are required under the PRC tax law to withhold PRC income tax on our dividends payable to our non-PRC corporate shareholders and ADS holders or if any gains of the transfer of their shares or ADSs are subject to PRC tax, such holders’ investment in our ADSs or ordinary shares may be materially and adversely affected.

U.S. Federal Income Taxation

General

The following is a summary of material U.S. federal income tax considerations generally applicable to the ownership and disposition of our ADSs or ordinary shares by a U.S. Holder (as defined below) that holds our ADSs or ordinary shares as “capital assets” (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended, or the Code, but it does not purport to be a complete analysis of all potential tax consequences and considerations. This summary is based upon existing U.S. federal income tax law as of the date hereof, which is subject to differing interpretations or change, possibly with retroactive effect. This summary does not discuss all aspects of U.S. federal income taxation that may be important to particular holders in light of their individual circumstances, including holders subject to special tax rules (for example, banks or other financial institutions, insurance companies, regulated investment companies, real estate investment trusts, cooperatives, pension plans, broker-dealers, partnerships and their partners, and tax-exempt organizations (including private foundations)), holders who are not U.S. Holders (as defined below), holders who own (directly, indirectly or constructively) 10% or more of our stock (by vote or value), holders who acquire their ADSs or ordinary shares pursuant to any employee share option or otherwise as compensation, holders that hold their ADSs or ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes, holders required to accelerate the recognition of any item of gross income with respect to our ADSs or ordinary shares as a result of such income being recognized on an applicable financial statement, traders in securities that have elected the mark-to-market method of accounting for their securities or holders that have a functional currency other than the United States dollar, U.S. expatriates, all of whom may be subject to tax rules that differ significantly from those summarized below. No ruling has been sought from the Internal Revenue Service, or the IRS, with respect to any U.S. federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. In addition, this summary does not discuss any alternative minimum tax, state, local, non-U.S. tax or non-income tax (such as the U.S. federal gift and estate tax) considerations or the Medicare tax. Each U.S. Holder is urged to consult with its tax advisor regarding the U.S. federal, state, local, and non-U.S. income and other tax considerations relating to the ownership and disposition of our ADSs or ordinary shares.

For purposes of this summary, a “U.S. Holder” is a beneficial owner of our ADSs or ordinary shares that is, for U.S. federal income tax purposes, (1) an individual who is a citizen or resident of the United States, (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in, or organized under the laws of, the United States or any state thereof or the District of Columbia, (3) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source, or (4) a trust (A) the administration of which is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise elected to be treated as a United States person.

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

The discussion below assumes the deposit agreement and any related agreement will be complied with in accordance with their terms.

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

Passive Foreign Investment Company Considerations

In general, we will be classified as a passive foreign investment company, or a PFIC, for any taxable year if either (1) 75 percent or more of our gross income for such year is passive income or (2) 50 percent or more of the average quarterly value of our assets (as generally determined on the basis of fair market value) produce or are held for the production of passive income. For this purpose, cash and assets readily convertible into cash are generally classified as passive and goodwill and other unbooked intangibles associated with active business activities may generally be classified as non-passive. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, 25 percent or more (by value) of the stock. Although the law in this regard is unclear, we treat the VIEs (and their subsidiaries) as being owned by us for U.S. federal income tax purposes, not only because we exercise effective control over the operations of such entities but also because we are entitled to substantially all of the economic benefits associated with such entities, and, as a result, we consolidate such entity’s operating results in our consolidated financial statements. For purposes of the income test, “gross income” generally consists of sales revenues less the cost of goods sold, together with income from investments and from other sources, and “passive income” generally includes, among other things, dividends, interest, rents, royalties, gains from the disposition of passive assets and foreign currency gains, other than with respect to any foreign currency transaction directly related to the business needs of a non-U.S. corporation. However, under applicable IRS guidance (which is not binding precedent), it is unclear how companies, like us, with negative gross revenue, are treated or if our foreign currency gains would be treated as non-passive income for PFIC purposes. Assuming that our foreign currency gains are treated as non-passive income and that we are permitted to use gross loss to offset our passive income, and based on the composition and characterization of our income and assets, we believe it is reasonable to take a position that we were not a PFIC for the taxable year ended December 31, 2024. However, the application of the PFIC rules is subject to uncertainty in several respects, and we cannot assure you that the IRS will not challenge our determination in this regard or that we will not be classified as a PFIC for the current taxable year or future taxable years. The value of the assets of our Parent for purposes of the PFIC determination will generally be determined by reference to the market price of the ADSs, which has and could continue to fluctuate significantly. Accordingly, we may become classified as a PFIC for our current taxable year ending December 31, 2025 and future taxable years if the market price of our ADSs does not increase or continues to decline and/or we do not invest a substantial amount of the cash and other passive assets we hold in assets that produce or are held for the production of non-passive income. In addition, if we do not generate material active income for PFIC purposes, we may become classified as a PFIC for the current and future taxable years. The IRS may challenge the classification of our income or our assets in this regard. Further, for the period that we are treated as a “controlled foreign corporation” (see “Item 3. Key Information-D. Risk Factors-Risks Related to the Market for Our ADSs-If a U.S. Holder is treated as owning at least 10% of our ordinary shares, such U.S. Holder may be subject to adverse U.S. federal income tax consequences.”), the value of the assets owned by our subsidiaries and the VIEs will be determined by reference to the adjusted tax basis of such assets for U.S. federal income tax purposes, which could increase the likelihood that we are a PFIC in such periods. Further, the disposal of Blockchain Dynamics Limited in March 2024 may cause us to remain a PFIC for the current taxable year. See “Item 4. Information on The Company-A. History and Development of the Company” for further information. Because there are uncertainties in the application of the relevant rules and PFIC status is a fact-intensive determination made on an annual basis, no assurance can be given that we were not classified as a PFIC for our taxable year ended December 31, 2024, or that we will not be classified as a PFIC for the current taxable year or future taxable years.

If we were to be classified as a PFIC in any taxable year, a U.S. Holder who held our ADSs or ordinary shares during such year may incur significantly increased U.S. income tax on gain recognized on the sale or other disposition of the ADSs or ordinary shares and on the receipt of distributions on the ADSs or ordinary shares to the extent such gain or distribution is treated as an “excess distribution” under the U.S. federal income tax rules as discussed below under “- Passive Foreign Investment Company Rules.” Furthermore, a U.S. Holder will generally be treated as holding an equity interest in a PFIC in the first taxable year of the U.S. Holder’s holding period in which we become a PFIC and subsequent taxable years even if, we, in fact, cease to be a PFIC in subsequent taxable years.

Passive Foreign Investment Company Rules

As described above, we believe that we have not been a PFIC in certain prior years, including the taxable year ended December 31, 2024. Furthermore, we may be classified as a PFIC for our current taxable year ending December 31, 2025 and future taxable years. If we are classified as a PFIC for any taxable year during which a U.S. Holder holds ADSs or ordinary shares, and unless a mark-to-market election (as described below) is made, a U.S. Holder will generally be subject to special tax rules that have a penalizing effect, regardless of whether we remain a PFIC, on (1) any excess distribution that we make (which generally means any distribution received in a taxable year that is greater than 125 percent of the average annual distributions received in the three preceding taxable years, if shorter, or such U.S. Holder’s holding period for the ADSs or ordinary shares), and (2) any gain realized on the sale or other disposition, including, under certain circumstances, a pledge, of our ADSs or ordinary shares. Under the PFIC rules:

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

If we are a PFIC for any taxable year during which a U.S. Holder holds ADSs or ordinary shares and any of our non-U.S. subsidiaries is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the ADSs or ordinary shares of the lower-tier PFIC and would be subject to the rules described above on certain distributions by a lower-tier PFIC and a disposition of ADSs or ordinary shares of a lower-tier PFIC even though such U.S. Holder would not receive the proceeds of those distributions or dispositions.

If we are a PFIC for any taxable year during which a U.S. Holder holds the ADSs or ordinary shares, we will continue to be treated as a PFIC with respect to such U.S. Holder for all succeeding years during which the U.S. Holder holds the ADSs or ordinary shares, unless we were to cease to be a PFIC and the U.S. Holder makes a “deemed sale” election with respect to the ADSs or ordinary shares. If such election is made, the U.S. Holder will be deemed to have sold the ADSs or ordinary shares it holds at their fair market value and any gain from such deemed sale would be subject to the rules described in the preceding two paragraphs. After the deemed sale election, so long as we do not become a PFIC in a subsequent fiscal year, the ADSs or ordinary shares with respect to which such election was made will not be treated as shares in a PFIC and, as a result, the U.S. Holder will not be subject to the rules described above with respect to any “excess distribution” the U.S. Holder receives from us or any gain from an actual sale or other disposition of the ADSs or ordinary shares. Each U.S. Holder is urged to consult its tax advisors as to the possibility and consequences of making a deemed sale election if we are and then cease to be a PFIC and such an election becomes available to the U.S. Holder.

As an alternative to the foregoing rules, a holder of “marketable stock” in a PFIC may make a mark-to-market election with respect to such stock. Marketable stock is stock that is regularly traded on a qualified exchange or other market as defined in applicable U.S. Treasury Regulations. Our ADSs (but not our ordinary shares) are listed on the Nasdaq Capital Market, which is a qualified exchange or other market for these purposes. We anticipate that the ADSs will be considered regularly traded for so long as they continue to be listed, but no assurance may be given in this regard. If a U.S. Holder makes this election, such holder will generally (1) include in gross income for each taxable year the excess, if any, of the fair market value of the ADSs at the end of the taxable year over the adjusted tax basis of the ADSs and (2) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of the ADSs at the end of the taxable year, but only to the extent of the amount previously included in income as a result of the mark-to-market election. The adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a mark-to-market election is made in respect of a corporation classified as a PFIC and such corporation ceases to be classified as a PFIC, a U.S. Holder will generally not be required to take into account the gain or loss described above during any period that such corporation is not classified as a PFIC. If a mark-to-market election is made, any gain recognized upon the sale or other disposition of ADSs will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary to the extent of the net amount previously included in income as a result of the mark-to-market election. In the case of a U.S. Holder who has held ADSs during any taxable year in which we are classified as PFIC and continues to hold such ADSs (or any portion thereof), and who is considering making a mark-to-market election, special tax rules may apply relating to purging the PFIC taint of such ADSs. If a U.S. Holder makes a mark-to-market election, the tax rules that apply to distributions by corporations which are not PFICs would apply to distributions, except that the reduced tax rate applicable to qualified dividend income (as discussed below in “-Dividends”) would not apply.

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

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

If a U.S. Holder owns our ADSs or ordinary shares during any taxable year that we are a PFIC, the holder must generally file an annual IRS Form 8621. In addition, the reduced tax rate applicable to qualified dividend income (as discussed below in “-Dividends”) would not apply to dividends that we pay on the ADSs or ordinary shares if we are classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year. Each U.S. Holder is urged to consult its tax advisor concerning the U.S. federal income tax consequences of holding and disposing ADSs or ordinary shares if we are a PFIC, including the possibility of making a mark-to-market election and the “deemed sale” election.

Dividends

Subject to the PFIC rules discussed above, any cash distributions (including the amount of any taxes withheld) paid on our ADSs or ordinary shares out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of ordinary shares, or by the depository, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, any distribution paid will generally be reported as a “dividend” for U.S. federal income tax purposes. A non-corporate recipient of dividend income generally will be subject to tax on dividend income from a “qualified foreign corporation” at a reduced U.S. federal tax rate rather than the marginal tax rates generally applicable to ordinary income provided that certain holding period requirements are met.

A non-U.S. corporation (other than a corporation that is classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) generally will be considered to be a qualified foreign corporation with respect to any dividend it pays on stock (or ADSs in respect of such stock) which is readily tradable on an established securities market in the United States or, in the event that the company is deemed to be a PRC resident under the EIT Law, the company is eligible for the benefits of the Agreement Between the Government of the United States of America and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Tax Evasion with Respect to Taxes on Income, or the United States-PRC treaty.

The ADSs are currently tradable on the Nasdaq Capital Market, which is an established securities market in the United States, and thus we anticipate they will be considered readily tradable on an established securities market in the United States for purposes of the foregoing rule, however, no assurance may be given in this regard. In the event we are deemed to be a PRC resident enterprise under the EIT Law (see “-PRC Taxation”), we may be eligible for the benefits of the United States-PRC income tax treaty. Nevertheless, as mentioned above, we believe that we have not been a PFIC in certain prior years, including the taxable year ended December 31, 2024, and we may be classified as a PFIC for our current taxable year ending December 31, 2025 or future taxable years, in which case, we would not be considered a qualified foreign corporation for such taxable years even if we were considered readily tradable on an established securities market or eligible for the benefits of the United States-PRC income tax treaty. Each U.S. Holder is advised to consult its tax advisor regarding the rate of tax that will apply to such holder with respect to, dividend distributions, if any, received from us.

Dividends received on the ADSs or ordinary shares are not expected to be eligible for the dividends received deduction allowed to corporations.

Dividends paid on our ADSs or ordinary shares generally will be treated as income from foreign sources for U.S. foreign tax credit purposes and generally will constitute passive category income. A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any foreign withholding taxes imposed on dividends received on our ADSs or ordinary shares. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld, may instead claim a deduction, for U.S. federal income tax purposes, in respect of such withholdings, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex. Each U.S. Holder is advised to consult its tax advisor regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition of ADSs or Ordinary Shares

Subject to the PFIC rules discussed above, a U.S. Holder generally will recognize capital gain or loss upon the sale or other disposition of ADSs or ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the holder's adjusted tax basis in such ADSs or ordinary shares. Any capital gain or loss will be long-term if the ADSs or ordinary shares have been held for more than one year and will generally be U.S. source gain or loss for U.S. foreign tax credit purposes. However, in the event that we are treated as a PRC resident enterprise under the EIT Law, and gain from the disposition of the ADSs or ordinary shares is subject to tax in the PRC (see “-PRC Taxation”), such gain may be treated as PRC-source gain for U.S. foreign tax credit purposes. The deductibility of a capital loss is subject to limitations. Each U.S. Holder is advised to consult with its tax advisor regarding the tax consequences if a foreign withholding tax is imposed on a disposition of our ADSs or ordinary shares, including the availability of the foreign tax credit under their particular circumstances.

Information Reporting and Backup Withholding

Certain U.S. Holders are required to report information to the IRS relating to an interest in “specified foreign financial assets” (as defined in the Code), including shares issued by a non-U.S. corporation, for any year in which the aggregate value of all specified foreign financial assets exceeds \$50,000 (or a higher dollar amount prescribed by the IRS), subject to certain exceptions (including an exception for shares held in custodial accounts maintained with a U.S. financial institution). These rules also impose penalties if a U.S. Holder is required to submit such information to the IRS and fails to do so.

In addition, U.S. Holders may be subject to information reporting to the IRS and backup withholding with respect to dividends on, and proceeds from the sale or other disposition of, the ADSs or ordinary shares. Information reporting will apply to payments of dividends on, and proceeds from the sale or other disposition of, the ADSs or ordinary shares made by a paying agent within the United States to a U.S. Holder, unless the U.S. Holder is exempt from information reporting and properly certifies its exemption. A paying agent within the United States will be required to withhold at the applicable statutory rate, currently 24%, in respect of any payments of dividends on, and the proceeds from the disposition of, the ADSs or ordinary shares made within the United States to a U.S. Holder if the U.S. Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with applicable backup withholding requirements, unless the U.S. Holder is exempt from backup withholding and properly certifies its exemption. U.S. Holders who are required to establish their exempt status generally must provide a properly completed IRS Form W-9.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability. A U.S. Holder generally may obtain a refund of any amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS in a timely manner and furnishing any required information. Each U.S. Holder is advised to consult with its tax advisor regarding the application of the U.S. information reporting rules to their particular circumstances.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Expert

Not applicable.

H. Documents on Display

We have previously filed with the SEC our registration statement on Form F-1 (File Number 333-146825), as amended, and a prospectus under the Securities Act with respect to our ordinary shares represented by our ADSs, and a related registration statement on Form F-6 (File Number 333-146908) with respect to our ADSs, as amended. We have also filed with the SEC registration statements on Form S-8 (File Numbers 333-148352, 333-164219, 333-183448 and 333-187442) with respect to our ADSs, as amended. We have filed with the SEC an automatic shelf registration statement on Form F-3 (File Number 333-161067), as amended, and a prospectus under the Securities Act with respect to our ordinary shares represented by our ADSs. We have filed with the SEC a shelf registration statement on Form F-3 (File Number 333-279318), as amended, and a prospectus under the Securities Act with respect to our ordinary shares, ordinary shares represented by ADSs, preferred shares, debt securities, warrants, units, and up to 4,572,788 ordinary shares offered by selling shareholders. In addition, we have filed with the SEC a registration statement on Form F-3 (File Number 333-286235) with respect to 15,555,600 ordinary shares offered by the selling shareholders.

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F within four months after the end of each fiscal year. Copies of reports and other information, when so filed, may be inspected without charge and may be obtained at prescribed rates at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C., 20549. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the Commission at 1-800-SEC-0330. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

We will furnish JPMorgan Chase Bank, N.A., the depository of our ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depository will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depository from us.

In accordance with Nasdaq Stock Market Rule 5250(d), we will post this annual report on Form 20-F on our website at <http://www.ir.airnetgroup.cn>. In addition, we will provide hardcopies of our annual report free of charge to shareholders and ADS holders upon request.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

We are not required to provide an annual report to security holders in response to the requirements of Form 6-K.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our exposure to interest rate risk primarily relates to the interest income generated by excess cash, which is mostly held in interest-bearing bank deposits. We have not used derivative financial instruments in our investment portfolio. Interest-earning 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 market interest rates. However, our future interest income may fall short of expectations due to changes in market interest rates.

Foreign Exchange Risk

Our financial statements are expressed in U.S. dollars, which is our reporting and functional currency. However, substantially all of the revenues and expenses of the consolidated affiliated entities are denominated in RMB. Substantially all of our sales contracts are denominated in RMB and substantially all of our costs and expenses are denominated in RMB. We have not had any material foreign exchange gains or losses. Although in general, our exposure to foreign exchange risks should be limited, the value of your investment in our ADSs will be affected by the foreign exchange rate between U.S. dollars and RMB because the value of the business of our operating subsidiaries and VIEs is effectively denominated in RMB, while the ADSs are traded in U.S. dollars.

The conversion of RMB into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The PRC government allowed the RMB to appreciate by more than 20% against the U.S. dollar between July 2005 and July 2008. Between July 2008 and June 2010, this appreciation halted and the exchange rate between RMB and the U.S. dollar remained within a narrow band. As a consequence, the RMB fluctuated significantly during that period against other freely traded currencies, in tandem with the U.S. dollar. Since June 2010, the PRC government has allowed the RMB to appreciate slowly against the U.S. dollar again. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future. We have not used any forward contracts or currency borrowings to hedge our exposure to foreign currency exchange risk.

To the extent that we need to convert our U.S. dollar-denominated assets into RMB for our operations, appreciation of the RMB against the U.S. dollar would have an adverse effect on RMB amount we receive from the conversion. Conversely, if we decide to convert our RMB-denominated cash amounts into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against RMB would have a negative effect on the U.S. dollar amount available to us.

Inflation

Inflationary factors such as increases in the cost of our product and overhead costs may adversely affect our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of gross margin and selling, general and administrative expenses as a percentage of net revenues if the selling prices of our products do not increase with these increased costs.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Fees and Charges Our ADS Holders May Have to Pay

JPMorgan Chase Bank, N.A., the depository of our ADS program, collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depository collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depository may collect its annual fee for depository services by deductions from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depository may generally refuse to provide fee-attracting services until its fees for those services are paid.

Persons depositing or withdrawing shares must pay:

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

\$0.05 (or less) per ADS

A fee equivalent to the fee that would be payable if securities distributed had been shares and the shares had been deposited for issuance of ADSs \$0.05 (or less) per ADSs per calendar year (if the depositary has not collected any cash distribution fee during that year)

Expenses of the depositary

Registration or transfer fees

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

Any charges incurred by the depositary 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 registered ADS holders

Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to registered ADS holders Depositary services

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

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

As necessary

As necessary

Fees and Other Payments Made by the Depositary to Us

The depositary has agreed to reimburse us annually for our expenses incurred in connection with investor relationship programs and any other program related to our ADS facility and the travel expense of our key personnel in connection with such programs. The depositary has also agreed to provide additional payments to us based on the applicable performance indicators relating to our ADS facility. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not necessarily tied to the amount of fees the depositary collects from investors. We recognize the reimbursable amounts in other income on our consolidated statements of operations on a straight-line basis over the contract term with the depositary. For the year ended December 31, 2024, we received nil from the depositary as reimbursement for our expenses incurred.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

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

Material Modifications to the Rights of Security Holders

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

Use of Proceeds

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with U.S. GAAP. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of a company’s assets, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that a company’s receipts and expenditures are being made only in accordance with authorizations of a company’s management and directors and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of a company’s assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules promulgated by the SEC, our management, including our chief executive officer and interim chief financial officer, assessed the effectiveness of internal control over financial reporting as of December 31, 2024 using the criteria set forth in the report “Internal Control-Integrated Framework (2013)” published by the Committee of Sponsoring Organizations of the Treadway Commission (known as COSO).

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis.

We identified deficiencies related to corporate governance, management’s application of disclosure requirements for SEC reporting and documentation of our financial statement reporting process. Such deficiencies are common for companies of our size.

The material weaknesses as of December 31, 2024 were related to the weak operating effectiveness and lack of monitoring of controls over financial reporting due to inadequate resources or resources with insufficient experience or training in our financial reporting team, internal control team, administration team and human resource team.

Because of the material weaknesses described above, our management has concluded that we had not maintained effective internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control-Integrated Framework (2013) issued by COSO.

Attestation Report of the Registered Public Accounting Firm

This annual report does not include an attestation report of our company’s registered public accounting firm as we are a non-accelerated filer as defined in Rule 12b-2 of the Exchange Act.

Changes in Internal Control over Financial Reporting

In preparing our consolidated financial statements, we identified a material weaknesses in our internal control over financial reporting as of December 31, 2024. As defined in standards established by the PCAOB, a “material weakness” is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses identified were related to the weak operating effectiveness and lack of monitoring of controls over financial reporting due to inadequate resources or resources with insufficient experience or training in our financial reporting team, internal control team, administration team and human resource team.

To remediate our identified material weaknesses, significant deficiency and other control deficiencies in connection with preparation of our consolidated financial statements, we plan to adopt several measures to improve our internal control over financial reporting. For example, during the reporting period, we keep providing regular training seminars to its employees of different capacities, including financial reporting team, administration team and human resource team, to introduce and reinforce the updated controls and procedures; obtained support from an external consultant firm with experienced staff holding the AICPA license with a solid understanding of U.S. GAAP to assist us in the preparation of the financial statements for the year ended December 31, 2024; and assigned our chief counsel and the legal department to oversee the internal control over financial reporting in addition to their usual capacities. With his extensive experience in risk management and a direct access to our board of directors, the chief counsel is capable to provide independent opinions to the performance of internal control over financial reporting.

Other than as described above, no changes in our internal controls over financial reporting occurred during the period covered by this annual report that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Mr. Songzuo Xiang, the chairperson and a member of our audit committee, is an audit committee financial expert. Mr. Songzuo Xiang is an independent director as defined by the rules and regulations of the Nasdaq Stock Market LLC and under Rule 10A-3 under the Exchange Act.

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of ethics that applies to our directors, officers, employees and agents, including certain provisions that specifically apply to our chief executive officer, interim chief financial officer, chief operating officer, chief technology officer, presidents, vice presidents and any other persons who perform similar functions for us. We have filed our code of business conduct and ethics as an exhibit to our registration statement on Form F-1 (No. 333-146825), as amended, initially filed on October 19, 2007.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Assenture PAC, our current principal external auditors, and Audit Alliance LLP, our previous principal external auditors for the periods indicated. We did not pay any other fees to our auditors during the periods indicated below.

| | Fiscal Year Ended December 31, | |
|---------------------------------|-----------------------------------|------------|
| | 2023 | 2024 |
| Audit Fees – Audit Alliance LLP | \$ 350,000 | \$ 70,000 |
| Audit Fees – Assenture PAC | \$ - | \$ 280,000 |

“Audit Fees” consisted of the aggregate fees billed for professional services rendered for the audit of our annual financial statements or quarterly review services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by our external auditors, other than those for de minimus services which are approved by the audit committee prior to the completion of the audit.

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

The Nasdaq Stock Market rules require each issuer to hold an annual meeting of shareholders no later than one year after the end of the issuer's fiscal year end. They also require each issuer to seek shareholder approval for any establishment of or material amendment to the issuer's equity compensation plans, including any amendment effecting a repricing of outstanding options or increasing the amount of shares authorized under such plans. However, the rules permit foreign private issuers like us to follow "home country practice" in certain corporate governance matters.

Maples and Calder (Hong Kong) LLP, our Cayman Islands counsel, has provided a letter to the Nasdaq Stock Market certifying that under Cayman Islands law, we are not required to hold annual shareholder meetings. We held annual meetings in 2013. No annual general meeting was held since 2014. We may hold additional annual shareholder meetings in the future if there are significant issues that require shareholder approval.

Maples and Calder (Hong Kong) LLP has also provided letters to the Nasdaq Stock Market certifying that under Cayman Islands law, we are not required to seek shareholder approval for the establishment of or any material amendments to our equity compensation plans. In 2008, we followed home country practice with respect to our 2007 Option Plan by amending it to permit re-pricings of options without seeking shareholder approval. In 2011 and 2012, we followed home country practice with respect to our 2011 Option Plan and 2012 Option Plan, respectively, by establishing them without seeking shareholder approval.

We have relied on and intend to continue to rely on the above home country practices under Cayman Islands law. Other than the above, we have followed and intend to continue to follow the applicable corporate governance standards under the rules and regulations of the Nasdaq Stock Market.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES

We have adopted an insider trading policy to promote compliance with applicable securities laws and regulations, including those that prohibit insider trading. This policy applies to all officers, directors, employees and other related individuals of our company. The insider trading policy establishes guidelines and procedures for the following.

1. *No Trading.* No director, officer or employee of, or consultant or contractor to, our company, and no member of the immediate family or household of any such person, shall engage in any transaction involving a purchase or sale of our company's securities, including any offer to purchase or offer to sell, during any period commencing with the date that he or she possesses material nonpublic information concerning our company, and ending at the beginning of the trading day following the second date of public disclosure of that information, or at such time as such nonpublic information is no longer material.

2. *No Tipping.* No Insider shall disclose material nonpublic information to any other person (including family members) where such information may be used by such person to his or her profit by trading in the securities of companies to which such information relates, nor shall such insider or related person make recommendations or express opinions on the basis of material nonpublic information as to trading in our company's securities.

3. *Confidentiality.* Nonpublic information relating to our company is the property of our company and the unauthorized disclosure of such information is forbidden. In the event any officer, director or employee of our company receives any inquiry from outside, such as a stock analyst, for information (particularly financial results and/or projections) that may be material nonpublic information, the inquiry should be referred to our company's general counsel, who is responsible for coordinating and overseeing the release of such information to the investing public, analysts and others in compliance with applicable laws and regulations.

We are committed to maintaining the highest standards of ethical conduct and have implemented these insider trading policies and procedures to ensure compliance with applicable securities laws and to protect the interests of our shareholders.

ITEM 16K. CYBERSECURITY

Cybersecurity Risk Management and Strategy

To maintain a consistently high level of service experience for our customers, preserve the confidentiality, integrity, and availability of our information systems, safeguard our assets, data, intellectual property and network infrastructure, while meeting regulatory requirements, it is crucial to effectively manage cybersecurity risks. To achieve this, we have implemented a comprehensive cybersecurity risk management framework, which is integrated in our overall enterprise risk management system and processes and is internally managed.

Our dedicated cybersecurity staff is tasked with assessing, identifying and managing risks related to cybersecurity threats and, under the leadership of our head of cybersecurity, is responsible for:

- risk assessments designed to help identify material cybersecurity risks to our critical systems, information, products, services, and our broader enterprise IT environment;
- development of risk-based action plans to manage identified vulnerabilities and implementation of new protocols and infrastructure improvements;
- cybersecurity incident investigations;
- monitoring threats to sensitive data and unauthorized access to our systems;
- secure access control measures applied to critical IT systems, equipment and devices, designed to prevent unauthorized users, processes, and devices from accessing IT systems and data;
- developing and executing protocols to ensure that information regarding cybersecurity incidents is promptly shared with our board of directors, as appropriate, to allow for risk and materiality assessments and to consider disclosure and notice requirements; and
- developing and implementing training on cybersecurity, information security and threat awareness.

There were no cybersecurity incidents during the year ended December 31, 2024, that resulted in an interruption to our operations, known losses of any critical data or otherwise had a material impact on our strategy, financial condition or results of operations. However, the scope and impact of any future incident cannot be predicted. See "Item 3. Key Information-D. Risk Factors" for more information on how material cybersecurity attacks may impact our business.

Governance

Our board of directors acknowledges the significance of robust cybersecurity management programs and actively participates in overseeing and reviewing our cybersecurity risk profile and exposures.

Our board of directors receives reports on cybersecurity risks, including recent legislative developments and evolving standards on cybersecurity, key issues, priorities and challenges in our cybersecurity management, and relevant data or metrics. Our board of directors also receives prompt and timely information regarding any significant cybersecurity incidents, as well as ongoing updates regarding any such incidents. Furthermore, in the event of any significant updates or adjustments to our cybersecurity related policies, our chief executive officer will present them to our board of directors for their review and approval.

Our chief executive officer leads the overall assessment, identification and management of risks related to cybersecurity threats. Our chief executive officer works collaboratively with us and receives regular briefings on cybersecurity matters, such as report on cybersecurity incidents and responses and remedial measures. Our chief executive officer has many years of relevant experience in risk management, cybersecurity and information technology.

Our chief executive officer and dedicated staff are responsible for the daily management of our cybersecurity efforts. This includes updates and refinement of cybersecurity policies, execution and management of cybersecurity measures, and the preparation of regular reports on cybersecurity execution. Their primary focus is to consistently update our cybersecurity programs and mitigation strategies, ensuring they align with industry best practices and procedures.

PART III

ITEM 17. FINANCIAL STATEMENTS

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

ITEM 18. FINANCIAL STATEMENTS

The full text of our audited consolidated financial statements begins on page F-2 of this annual report.

ITEM 19. EXHIBITS

EXHIBIT INDEX

| Exhibit Number | Description |
|---------------------------|--|
| 1.1 | <u>Second Amended and Restated Memorandum and Articles of Association approved by the extraordinary general meeting of shareholders on May 27, 2019 (incorporated by reference to Exhibit 99.2 to Form 6-K (File No. 001-33765) filed on May 28, 2019)</u> |
| 2.1 | <u>Registrant's Specimen Certificate for Ordinary Shares (incorporated by reference to Exhibit 4.2 to Registration Statement on Form F-1 (File No. 333-146825), as amended, initially filed on October 19, 2007)</u> |
| 2.2 | <u>Form of Amended and Restated Deposit Agreement among the Company, the depositary and holder of the American Depositary Receipts (incorporated by reference to Exhibit 99(a)(2) to Post-effective Amendment No. 2 to the Registration Statement on Form F-6 (File No. 333-146908), filed with the SEC on November 21, 2022)</u> |
| 2.3 | <u>Amended and Restated Shareholders' Agreement originally dated as of June 7, 2007, as amended and restated on September 27, 2007, among the Company and Shareholders (incorporated by reference to Exhibit 4.4 to Registration Statement on Form F-1 (File No. 333-146825), as amended, initially filed on October 19, 2007)</u> |
| 2.4 | <u>Description of securities (incorporated by reference to Exhibit 2.4 to Annual Report on Form 20-F filed on April 28, 2023)</u> |
| 2.5 | <u>Rights Agreement dated August 13, 2020 between AirNet Technology Inc. and American Stock Transfer & Trust Company, LLC, as Rights Agent (incorporated by reference to Exhibit 4.1 to Form 6-K (File No. 001-33765) filed on August 13, 2020)</u> |
| 2.6 | <u>Forms of Rights Certificate and of Election to Exercise, included in Exhibit A to the Rights Agreement (incorporated by reference to Exhibit 4.1 to Form 6-K (File No. 001-33765) filed on August 13, 2020)</u> |
| 4.1 | <u>Amended and Restated 2007 Share Incentive Plan (incorporated by reference to Exhibit 99.2 to Form 6-K filed on December 10, 2009)</u> |
| 4.2 | <u>2011 Share Incentive Plan (incorporated by reference to Exhibit 4.49 to Annual Report on Form 20-F filed on April 30, 2012)</u> |
| 4.3 | <u>2012 Share Incentive Plan, (incorporated by reference to Exhibit 4.3 to Registration Statement on Form S-8 (File No. 333-187442) filed on March 22, 2013)</u> |

| Exhibit Number | Description |
|----------------|--|
| 4.4 | Form of Employment Agreement between the Company and an Executive Officer of the Registrant (incorporated by reference to Exhibit 10.3 to Registration Statement on Form F-1 (File No. 333-146825), as amended, initially filed on October 19, 2007) |
| 4.5 | Form of Employment Agreement between the Company and an Executive Officer of the Registrant (incorporated by reference to Exhibit 10.3 to Registration Statement on Form F-1 (File No. 333-146825), as amended, initially filed on October 19, 2007) |
| 4.6 | Investment Framework Agreement dated October 18, 2005, as amended on September 27, 2007, among Man Guo, Qing Xu and CDH China Management Company Limited (incorporated by reference to Exhibit 10.4 to Registration Statement on Form F-1 (File No. 333-146825), as amended, initially filed on October 19, 2007) |
| 4.7 | English Translation of Business Cooperation Agreement dated June 14, 2007 between Beijing Shengshi Lianhe Advertising Co., Ltd. (currently known as Beijing Linghang Shengshi Advertising Co., Ltd.) and AirTV United Media & Culture Co., Ltd. (incorporated by reference to Exhibit 10.9 to Registration Statement on Form F-1 (File No. 333-146825), as amended, initially filed on October 19, 2007) |
| 4.8 | English Translation of Amended Power of Attorneys dated November 28, 2008 from the shareholders of Beijing Shengshi Lianhe Advertising Co., Ltd. (currently known as Beijing Linghang Shengshi Advertising Co., Ltd.) (incorporated by reference to Exhibit 4.11 to Annual Report on Form 20-F filed on April 28, 2009) |
| 4.9 | English Translation of Amended and Restated Technology Development Agreement dated June 14, 2007 between AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.) and Beijing Shengshi Lianhe Advertising Co., Ltd. (currently known as Beijing Linghang Shengshi Advertising Co., Ltd.) (incorporated by reference to Exhibit 10.12 to Registration Statement on Form F-1 (File No. 333-146825), as amended, initially filed on October 19, 2007) |
| 4.10 | English Translation of Supplementary Agreement dated November 30, 2007 to the Amended and Restated Technology Development Agreement dated June 14, 2007 between AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.) and Beijing Shengshi Lianhe Advertising Co., Ltd. (currently known as Beijing Linghang Shengshi Advertising Co., Ltd.) (incorporated by reference to Exhibit 10.1 to Annual Report on Form 20-F filed on April 30, 2008) |
| 4.11 | English Translation of Amended and Restated Technology Support and Service Agreement dated June 14, 2007 between AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.) and Beijing Shengshi Lianhe Advertising Co., Ltd. (currently known as Beijing Linghang Shengshi Advertising Co., Ltd.) (incorporated by reference to Exhibit 10.13 to Registration Statement on Form F-1 (File No. 333-146825), as amended, initially filed on October 19, 2007) |
| 4.12 | English Translation of Supplementary Agreement dated November 30, 2007 to the Amended and Restated Technology Support and Service Agreement dated June 14, 2007 between AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.) and Beijing Shengshi Lianhe Advertising Co., Ltd. (currently known as Beijing Linghang Shengshi Advertising Co., Ltd.) (incorporated by reference to Exhibit 10.2 to Annual Report on Form 20-F filed on April 30, 2008) |

| Exhibit Number | Description |
|----------------|--|
| 4.13 | English Translation of Amended and Restated Equity Pledge Agreement dated June 14, 2007 among AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.), Beijing Shengshi Lianhe Advertising Co., Ltd. (currently known as Beijing Linghang Shengshi Advertising Co., Ltd.) and the shareholders of Beijing Shengshi Lianhe Advertising Co., Ltd. (incorporated by reference to Exhibit 10.14 to Registration Statement on Form F-1 (File No. 333-146825), as amended, initially filed on October 19, 2007) |
| 4.14 | English Translation of Supplementary Agreement dated November 28, 2008 to the Amended and Restated Equity Pledge Agreement dated June 14, 2007 among AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.), Beijing Shengshi Lianhe Advertising Co., Ltd. (currently known as Beijing Linghang Shengshi Advertising Co., Ltd.) and the shareholders of Beijing Shengshi Lianhe Advertising Co., Ltd. (incorporated by reference to Exhibit 4.17 to Annual Report on Form 20-F filed on April 28, 2009) |
| 4.15 | English Translation of Amended and Restated Call Option Agreement dated June 14, 2007 among AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.), Beijing Shengshi Lianhe Advertising Co., Ltd. (currently known as Beijing Linghang Shengshi Advertising Co., Ltd.) and the shareholders of Beijing Shengshi Lianhe Advertising Co., Ltd. (incorporated by reference to Exhibit 10.15 to Registration Statement on Form F-1 (File No. 333-146825), as amended, initially filed on October 19, 2007) |
| 4.16 | English Translation of Supplementary Agreement dated November 28, 2008 to the Amended and Restated Call Option Agreement dated June 14, 2007 among AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.), Beijing Shengshi Lianhe Advertising Co., Ltd. (currently known as Beijing Linghang Shengshi Advertising Co., Ltd.) and the shareholders of Beijing Shengshi Lianhe Advertising Co., Ltd. (incorporated by reference to Exhibit 4.19 to Annual Report on Form 20-F filed on April 28, 2009) |
| 4.17 | English Translation of Amended Power of Attorneys dated November 28, 2008 from the shareholders of Beijing AirMedia UC Advertising Co., Ltd. (currently known as Beijing Wangfan Jiaming Advertising Co., Ltd.) (incorporated by reference to Exhibit 4.32 to Annual Report on Form 20-F filed on April 28, 2009) |
| 4.18 | English Translation of Technology Development Agreement dated June 14, 2007 between AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.) and Beijing AirMedia UC Advertising Co., Ltd. (currently known as Beijing Wangfan Jiaming Advertising Co., Ltd.) (incorporated by reference to Exhibit 10.22 to Registration Statement on Form F-1 (File No. 333-146825), as amended, initially filed on October 19, 2007) |
| 4.19 | English Translation of Supplementary Agreement dated November 30, 2007 to the Amended and Restated Technology Development Agreement dated June 14, 2007 between AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.) and Beijing AirMedia UC Advertising Co., Ltd. (currently known as Beijing Wangfan Jiaming Advertising Co., Ltd.) (incorporated by reference to Exhibit 10.5 to Annual Report on Form 20-F filed on April 30, 2008) |
| 4.20 | English Translation of Technology Support and Service Agreement dated June 14, 2007 between AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.) and Beijing AirMedia UC Advertising Co., Ltd. (currently known as Beijing Wangfan Jiaming Advertising Co., Ltd.) (incorporated by reference to Exhibit 10.23 to Registration Statement on Form F-1 (File No. 333-146825), as amended, initially filed on October 19, 2007) |

| Exhibit Number | Description |
|----------------|--|
| 4.21 | English Translation of Supplementary Agreement dated November 30, 2007 to the Amended and Restated Technology Support and Service Agreement dated June 14, 2007 between AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.) and Beijing AirMedia UC Advertising Co., Ltd. (currently known as Beijing Wangfan Jiaming Advertising Co., Ltd.) (incorporated by reference to Exhibit 10.6 to Annual Report on Form 20-F filed on April 30, 2008). |
| 4.22 | English Translation of Equity Pledge Agreement dated June 14, 2007 among AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.), Beijing AirMedia UC Advertising Co., Ltd. and the shareholders of Beijing AirMedia UC Advertising Co., Ltd. (currently known as Beijing Wangfan Jiaming Advertising Co., Ltd.) (incorporated by reference to Exhibit 10.24 to Registration Statement on Form F-1 (File No. 333-146825), as amended, initially filed on October 19, 2007). |
| 4.23 | English Translation of Supplementary Agreement dated November 28, 2008 to the Equity Pledge Agreement dated June 14, 2007 among AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.), Beijing AirMedia UC Advertising Co., Ltd. and the shareholders of Beijing AirMedia UC Advertising Co., Ltd. (currently known as Beijing Wangfan Jiaming Advertising Co., Ltd.) (incorporated by reference to Exhibit 4.38 to Annual Report on Form 20-F filed on April 28, 2009). |
| 4.24 | English Translation of Call Option Agreement dated June 14, 2007 among AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.), Beijing AirMedia UC Advertising Co., Ltd. and the shareholders of Beijing AirMedia UC Advertising Co., Ltd. (currently known as Beijing Wangfan Jiaming Advertising Co., Ltd.) (incorporated by reference to Exhibit 10.25 to Registration Statement on Form F-1 (File No. 333-146825), as amended, initially filed on October 19, 2007). |
| 4.25 | English Translation of Supplementary Agreement dated November 28, 2008 to the Call Option Agreement dated June 14, 2007 among AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.), Beijing AirMedia UC Advertising Co., Ltd. and the shareholders of Beijing AirMedia UC Advertising Co., Ltd. (currently known as Beijing Wangfan Jiaming Advertising Co., Ltd.) (incorporated by reference to Exhibit 4.40 to Annual Report on Form 20-F filed on April 28, 2009). |
| 4.26 | English Translation of Supplementary Agreement No. 2 to Call Option Agreement dated May 27, 2010 among AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.), Beijing AirMedia UC Advertising Co., Ltd. and the shareholders of Beijing AirMedia UC Advertising Co., Ltd. (currently known as Beijing Wangfan Jiaming Advertising Co., Ltd.) (incorporated by reference to Exhibit 4.45 to Annual Report on Form 20-F filed on May 28, 2010). |
| 4.27 | English Translation of Supplementary Agreement dated October 31, 2008 among AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.) and the shareholders of Beijing AirMedia UC Advertising Co., Ltd. (currently known as Beijing Wangfan Jiaming Advertising Co., Ltd.), supplementing the original Loan Agreement dated January 1, 2007 (incorporated by reference to Exhibit 4.41 to Annual Report on Form 20-F filed on April 28, 2009). |
| 4.28 | English Translation of Supplementary Agreement No. 2 to the Equity Pledge Agreement dated May 27, 2010 among AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.), Beijing AirMedia UC Advertising Co., Ltd. and the shareholders of Beijing AirMedia UC Advertising Co., Ltd. (currently known as Beijing Wangfan Jiaming Advertising Co., Ltd.) (incorporated by reference to Exhibit 4.46 to Annual Report on Form 20-F filed on May 28, 2010). |

| Exhibit Number | Description |
|----------------|--|
| 4.29 | English Translation of Power of Attorneys dated April 1, 2008 from the shareholders of Beijing Yuehang Digital Media Advertising Co., Ltd. (incorporated by reference to Exhibit 4.42 to Annual Report on Form 20-F filed on April 28, 2009) |
| 4.30 | English Translation of Technology Development Agreement dated April 1, 2008 between AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.) and Beijing Yuehang Digital Media Advertising Co., Ltd. (incorporated by reference to Exhibit 4.43 to Annual Report on Form 20-F filed on April 28, 2009) |
| 4.31 | English Translation of Technology Support and Service Agreement dated April 1, 2008 between AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.) and Beijing Yuehang Digital Media Advertising Co., Ltd. (incorporated by reference to Exhibit 4.44 to Annual Report on Form 20-F filed on April 28, 2009) |
| 4.32 | English Translation of Supplementary Agreement dated June 25, 2008 to the Technology Support and Service Agreement dated April 1, 2008 between AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.) and Beijing Yuehang Digital Media Advertising Co., Ltd. (incorporated by reference to Exhibit 4.45 to Annual Report on Form 20-F filed on April 28, 2009) |
| 4.33 | English Translation of Equity Pledge Agreement dated April 1, 2008 among AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.), Beijing Yuehang Digital Media Advertising Co., Ltd. and the shareholders of Beijing Yuehang Digital Media Advertising Co., Ltd. (incorporated by reference to Exhibit 4.46 to Annual Report on Form 20-F filed on April 28, 2009) |
| 4.34 | English Translation of Call Option Agreement dated April 1, 2008 among AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.), Beijing Yuehang Digital Media Advertising Co., Ltd. and the shareholders of Beijing Yuehang Digital Media Advertising Co., Ltd. (incorporated by reference to Exhibit 4.47 to Annual Report on Form 20-F filed on April 28, 2009) |
| 4.35 | English summary of Investment Agreement, dated May 12, 2013, by and among Elec-Tech International Co., Ltd., Beijing AirMedia UC Advertising Co., Ltd. (currently known as Beijing Wangfan Jiaming Advertising Co., Ltd.) and Beijing Zhongshi Aoyou Advertising Co., Ltd. (incorporated by reference to Exhibit 4.50 to Annual Report on Form 20-F filed on April 25, 2014) |
| 4.36 | English summary of Cooperation Agreement for the Establishment of Advertising Company, dated May 2013, by and between Beijing Shengshi Lianhe Advertising Co., Ltd. (currently known as Beijing Linhang Shengshi Advertising Co., Ltd.), and Guangzhou Daozheng Advertising Co., Ltd. (incorporated by reference to Exhibit 4.51 to Annual Report on Form 20-F filed on April 25, 2014) |
| 4.37 | English summary of Equity Swap Agreement, dated September 29, 2013, by and between Beijing N-S Digital TV Co., Ltd. and AirMedia Group Inc. (incorporated by reference to Exhibit 4.52 to Annual Report on Form 20-F filed on April 25, 2014) |
| 4.38 | Agreement and Plan of Merger, dated as of September 29, 2015, by and among the Registrant, AirMedia Holdings Ltd. and AirMedia Merger Company Limited (incorporated herein by reference to Exhibit 99.2 of our current report on Form 6-K filed with the Commission on September 30, 2015) |

| Exhibit Number | Description |
|----------------|--|
| 4.39 | English translation of Equity Interest Transfer Agreement in respect of AirMedia Group Inc., dated June 15, 2015, by and among AirMedia Group Inc. (currently known as AirNet Technology Inc.), AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.), Beijing Lingshang Shengshi Advertising Co., Ltd., Man Guo and Beijing Longde Wenchuang Investment Fund Management Company, (incorporated by reference to Exhibit 4.39 to Annual Report on Form 20-F filed on May 16, 2016) |
| 4.40 | English translation of Supplement Agreement of Equity Transfer, dated November 30, 2015, by and among AirMedia Group Inc. (currently known as AirNet Technology Inc.), AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.), Beijing Lingshang Shengshi Advertising Co., Ltd., Man Guo and Beijing Longde Wenchuang Investment Fund Management Company, (incorporated by reference to Exhibit 4.40 to Annual Report on Form 20-F filed on May 16, 2016) |
| 4.41 | English translation of Exclusive Technology Consulting and Service Agreement, dated June 5, 2015, by and between AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.) and AirMedia Online Network Technology Co., Ltd. (currently known as Yuehang Sunshine Network Technology Group Co., Ltd.) (incorporated by reference to Exhibit 4.41 to Annual Report on Form 20-F filed on May 16, 2016) |
| 4.42 | English translation of Technology Development Agreement, dated June 5, 2015, by and between AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.) and AirMedia Online Network Technology Co., Ltd. (currently known as Yuehang Sunshine Network Technology Group Co., Ltd.) (incorporated by reference to Exhibit 4.42 to Annual Report on Form 20-F filed on May 16, 2016) |
| 4.43 | English translation of Technology Support and Service Agreement, dated June 5, 2015, by and between AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.) and AirMedia Online Network Technology Co., Ltd. (currently known as Yuehang Sunshine Network Technology Group Co., Ltd.) (incorporated by reference to Exhibit 4.43 to Annual Report on Form 20-F filed on May 16, 2016) |
| 4.44 | English translation of Loan Agreements, dated June 5, 2015, by and between AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.) and the shareholder of AirMedia Online Network Technology Co., Ltd. (currently known as Yuehang Sunshine Network Technology Group Co., Ltd.) (incorporated by reference to Exhibit 4.44 to Annual Report on Form 20-F filed on May 16, 2016) |
| 4.45 | English translation of Exclusive Call Option Agreement, dated June 5, 2015, by and between AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.), AirMedia Online Network Technology Co., Ltd. (currently known as Yuehang Sunshine Network Technology Group Co., Ltd.) and the shareholders of AirMedia Online Network Technology Co., Ltd. (currently known as Yuehang Sunshine Network Technology Group Co., Ltd.) (incorporated by reference to Exhibit 4.45 to Annual Report on Form 20-F filed on May 16, 2016) |
| 4.46 | English translation of Power of Attorney, dated June 5, 2015, by the shareholders of AirMedia Online Network Technology Co., Ltd. (currently known as Yuehang Sunshine Network Technology Group Co., Ltd.) (incorporated by reference to Exhibit 4.46 to Annual Report on Form 20-F filed on May 16, 2016) |
| 4.47 | English translation of Equity Pledge Agreements, dated June 5, 2015, by and among AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.), AirMedia Online Network Technology Co., Ltd. (currently known as Yuehang Sunshine Network Technology Group Co., Ltd.) and the shareholders of AirMedia Online Network Technology Co., Ltd. (currently known as Yuehang Sunshine Network Technology Group Co., Ltd.) (incorporated by reference to Exhibit 4.47 to Annual Report on Form 20-F filed on May 16, 2016) |

| Exhibit Number | Description |
|----------------|--|
| 4.48 | English translation of Supplement Agreement in respect of the Related Agreement Arrangement of Beijing Linghang Shengshi Advertising Co., Ltd., dated January 21, 2016, by and among AirMedia Technology (Beijing) Co., Ltd., Man Guo and Qing Xu (incorporated by reference to Exhibit 4.48 to Annual Report on Form 20-F filed on May 16, 2016) |
| 4.49 | English translation of Supplement Agreement in respect of the Related Agreement Arrangement of Beijing Wangfan Jiaming Advertising Co., Ltd., dated January 21, 2016, by and among AirMedia Technology (Beijing) Co., Ltd., Man Guo and Qing Xu (incorporated by reference to Exhibit 4.49 to Annual Report on Form 20-F filed on May 16, 2016) |
| 4.50 | English translation of Supplement Agreement in respect of the Related Agreement Arrangement of AirMedia Online Network Technology Co., Ltd. (currently known as Yuehang Sunshine Network Technology Group Co., Ltd.), dated March 15, 2016, by and among AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.), Man Guo, Qing Xu and Tao Hong (incorporated by reference to Exhibit 4.50 to Annual Report on Form 20-F filed on May 16, 2016) |
| 4.51 | English translation of Capital Contribution Agreement for the Establishment of Unicom AirNet (Beijing) Network Co. Ltd. by and among AirMedia Online Network Technology Co., Ltd. (currently known as Yuehang Sunshine Network Technology Group Co., Ltd.), Unicom Boardband Online Co., Ltd. and Chengdu Haite Kairong Aeronautical Technology Co., Ltd. (incorporated by reference to Exhibit 4.51 to Annual Report on Form 20-F filed on June 28, 2017) |
| 4.52 | English translation of Memorandum on Subsequent Performance of AirMedia Group Inc. Equity Transfer Agreement and Supplementary Agreement, dated March 28, 2018, by and among AirMedia Group Inc. (currently known as AirNet Technology Inc.), AirMedia Technology (Beijing) Co., Ltd. (currently known as Yuehang Chuangyi Technology (Beijing) Co., Ltd.), Beijing Linghang Shengshi Advertising Co., Ltd., Mr. Man Guo, Mr. Qing Xu, Beijing Longde Wenchuang Investment Fund Management Co., Ltd., Beijing Cultural Center Construction and Development Fund (Limited Partnership) and AirMedia Group Inc. (incorporated by reference to Exhibit 99.1 to Form 6-K (File No. 001-33765) filed on March 29, 2018) |
| 4.53 | English translation of Supplementary Agreement for the Memorandum Regarding Continued Implementation of the Agreement on Equity Transfer of AirMedia Group Inc. and its Supplementary Agreement, dated August 23, 2018, by and among AirMedia Group Inc. (currently known as AirNet Technology Inc.), Hangmei United Media Technology (Beijing) Co., Ltd., Beijing Hangmei Shengshi Advertising Co., Ltd., Mr. Man Guo, Mr. Qing Xu, Beijing Longde Wenchuang Investment Fund Management Co., Ltd., Beijing Cultural Center Development Fund (Limited Partnership) and AirMedia Group Inc. (incorporated by reference to Exhibit 4.53 to Annual Report on Form 20-F filed on October 17, 2018) |
| 4.54 | English translation of equity transfer agreement in respect of AirMedia Group Inc. (currently known as AirNet Technology Inc.), dated November 5, 2018, by and among Beijing Linghang Shengshi Advertising Co., Ltd., Guo Man, Xu Qing, and Jiangsu Hongzhou Investment Co., Ltd. (incorporated by reference to Exhibit 99.2 to Form 6-K (File No. 001-33765) filed on November 7, 2018) |
| 4.55 | English translation of Supplementary Agreement for the Memorandum Regarding Continued Implementation of the Agreement on Equity Transfer of AirMedia Group Inc. and its Supplementary Agreement, dated November 2018, by and among AirMedia Group Inc. (currently known as AirNet Technology Inc.), Hangmei United Media Technology (Beijing) Co., Ltd., Beijing Hangmei Shengshi Advertising Co., Ltd., Mr. Man Guo, Mr. Qing Xu, Beijing Longde Wenchuang Investment Fund Management Co., Ltd., Beijing Cultural Center Development Fund (Limited Partnership) and AirMedia Group Inc. (incorporated by reference to Exhibit 4.55 to Annual Report on Form 20-F filed on April 30, 2019) |

| Exhibit Number | Description |
|-----------------------|---|
| 4.56 | English translation of Supplementary Agreement to Equity Transfer Agreement in respect of AirMedia Group Inc. (currently known as AirNet Technology Inc.), dated October 30, 2019, by and among Beijing Linghang Shengshi Advertising Co., Ltd., Guo Man Xu Qing, and Jiangsu Hongzhou Investment Co., Ltd. (incorporated by reference to Exhibit 99.2 to Form 6-K (File No. 001-33765) filed on November 8, 2019). |
| 4.57 | Investment Agreement by and among AirNet Technology Inc., Mr. Man Guo and Unistar Group Holdings Limited dated December 30, 2020 (incorporated by reference to Exhibit 99.2 to Current Report on Form 6-K furnished on January 4, 2021). |
| 4.58 | Investment Agreement by and among AirNet Technology Inc., Mr. Man Guo and Northern Shore Group Limited dated February 4, 2021 (incorporated by reference to Exhibit 99.2 to Current Report on Form 6-K furnished on February 5, 2021). |
| 4.59 | Investment Agreement dated April 6, 2022 by and among AirNet Technology Inc., Mr. Man Guo, Mrs. Dan Shao and Unistar Group Holdings Ltd. (incorporated by reference to Exhibit 99.2 to Current Report on Form 6-K furnished on April 6, 2022). |
| 4.60 | Warrant Agreement dated April 6, 2022 by and among AirNet Technology Inc. and Unistar Group Holdings Ltd. (incorporated by reference to Exhibit 99.3 to Current Report on Form 6-K furnished on April 6, 2022). |
| 4.61 | Warrant Agreement dated April 6, 2022 by and among AirNet Technology Inc. and Northern Shore Group Limited (incorporated by reference to Exhibit 99.4 to Current Report on Form 6-K furnished on April 6, 2022). |
| 4.62 | Termination Agreement dated June 21, 2023 by and among AirNet Technology Inc., Mr. Herman Man Guo, Mrs. Dan Shao, Unistar Group Holdings Ltd. and Northern Shore Group Limited (incorporated by reference to Exhibit 99.2 to Current Report on Form 6-K furnished on June 26, 2023). |
| 4.63 | English translation of Equity Transfer Agreement dated February 2, 2024 by and between Yuechang Sunshine Network Technology Group Co., Ltd. and Hainan Oriental Meitong Technology Partnership (incorporated by reference to Exhibit 4.63 to Annual Report on Form 20-F filed on April 26, 2024). |
| 4.64 | Share Subscription Agreement dated February 8, 2024 by and between AirNet Technology Inc. and Wealthy Environment Limited (incorporated by reference to Exhibit 4.64 to Annual Report on Form 20-F filed on April 26, 2024). |
| 4.65 | Investor Repurchase Agreement dated March 19, 2024 by and among AirNet Technology Inc., Unistar Group Holdings Ltd. and Northern Shore Group Limited (incorporated by reference to Exhibit 4.65 to Annual Report on Form 20-F filed on April 26, 2024). |
| 4.66 | Form of Share subscription Agreement dated April 15, 2024 by and among AirNet Technology Inc. and certain investors (incorporated by reference to Exhibit 4.66 to Annual Report on Form 20-F filed on April 26, 2024). |
| 4.67 | Form of Securities Purchase Agreement (incorporated by reference to Exhibit 99.1 to Current Report on Form 6-K furnished on February 19, 2025). |
| 4.68 | Form of the Director Offer Letter (incorporated by reference to Exhibit 99.1 to Current Report on Form 6-K furnished on March 4, 2025). |
| 4.69 | Hosting Services Agreement dated December 20, 2024 by and between AirNet Technology Inc. and BTC KZ (incorporated by reference to Exhibit 99.1 to Current Report on Form 6-K furnished on March 21, 2025). |
| 8.1* | List of the Registrant's subsidiaries |
| 11.1 | Code of Business Conduct and Ethics of the Registrant (incorporated by reference to Exhibit 99.1 to Registration Statement on Form F-1 (File No. 333-146825), as amended, initially filed on October 19, 2007). |
| 11.2 | Insider Trading Policy (incorporated by reference to Exhibit 11.2 to Annual Report on Form 20-F filed on April 28, 2023). |

| Exhibit Number | Description |
|-----------------------|---|
| 12.1* | Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 12.2* | Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 13.1** | Certifications by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 13.2** | Certifications by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 15.1* | Consent of Audit Alliance LLP |
| 15.2* | Consent of Assenture PAC |
| 15.3* | Consent of Beijing DOCVIT Law Firm |
| 15.4* | Consent of Maples and Calder (Hong Kong) LLP |
| 97.1 | Policy Relating to Recovery of Erroneously Awarded Compensation (incorporated by reference to Exhibit 97.1 to Annual Report on Form 20-F filed on April 26, 2024) |
| 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 |
| 104 | Cover Page Interactive Data File - The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document |

* Filed herewith

** Furnished with this annual report on Form 20-F

SIGNATURE

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 annual report on its behalf.

Date: May 2, 2025

AIRNET TECHNOLOGY INC.

By: /s/ Dan Shao
Name: Dan Shao
Title: Chief Executive Officer

AIRNET TECHNOLOGY INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of AirNet Technology Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of AirNet Technology Inc. and its subsidiaries (collectively, the Company) as of December 31, 2023, and the related consolidated statements of income and comprehensive income, shareholders' equity, and cash flows, for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph – Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2(b) to the consolidated financial statements, the Company has a history of operating losses and negative operating cash flows and has negative working capital of approximately US\$56 million as of December 31, 2023. These conditions indicate that a material uncertainty exists that raise substantial doubt on the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note2(b) to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with 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 financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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

Critical Audit Matter

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

Going concern

Description of the Matter

As described in Note 2(b) to consolidated financial statements, the Company has a history of operating losses and negative operating cash flows and has negative working capital of approximately US\$56 million as of December 31, 2023. These conditions indicate that a material uncertainty exists that raise substantial doubt on the Company's ability to continue as a going concern. The Group plans to strengthen the air travel media network business to drive its revenues and bring in cash from operation, as well as to explore new business models to diversify its revenue stream. Historically, the Group has relied principally on both operational sources of cash and non-operational sources of equity and debt financing to fund its operations and business development. The Group's ability to continue as a going concern depends on management's ability to successfully execute its business plan which includes increasing the utilization rate of existed staffs and potential financing from public market or private placement. In addition, the shareholders of the Company will provide financing support to the Company if needed within next twelve months to ensure sufficient working capital for the Company's operation and development. However, there is no assurance that the measures above can be achieved as planned.

This significant unusual situation is a critical audit matter as it relates to a material disclosure of going concern and involved complex estimation by management and auditor subjective.

/s/ Audit Alliance LLP

Audit Alliance LLP
Singapore
April 26, 2024
PCAOB ID Number 3487

We have served as the Company's auditor since 2021.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the board of directors and shareholders of
AirNet Technology Inc. and subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of AirNet Technology Inc. and its subsidiaries (collectively, the Company) as of December 31, 2024, and the related consolidated statements of income and comprehensive income, shareholders' equity, and cash flows, for the year ended December 31, 2024, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2024, and the consolidated results of its operations and its cash flows for the year ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph – Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2(b) to the consolidated financial statements, the Company has a history of operating losses and negative operating cash flows and has negative working capital of approximately US\$52.6 million as of December 31, 2024. These conditions indicate that a material uncertainty exists that raise substantial doubt on the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2(b) to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

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

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

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

Critical Audit Matter

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

Going concern

Description of the Matter

As described in Note 2(b) to consolidated financial statements, the Company has a history of operating losses and negative operating cash flows and has negative working capital of approximately US\$52.6 million as of December 31, 2024. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Historically, the Company has relied principally on both operational sources of cash and non-operational sources of equity and debt financing to fund its operations and business development. The Company's ability to continue as a going concern depends on management's ability to successfully execute its business plan which includes increasing the utilization rate of existing staffs and potential financing from public market or private placement. However, there is no assurance that the measures above can be achieved as planned.

This significant unusual situation is a critical audit matter as it relates to a material disclosure of going concern and involved complex estimation by management and auditor subjective.

How we Addressed the Matter in Our Audit

Our principal audit procedures included, among others:

- Obtaining an understanding, and evaluating management's assessment on whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time;
- Assessing the management's plans and obtaining sufficient appropriate audit evidence to determine whether or not substantial doubt can be alleviated or still exists;
- Reviewing the relevant disclosures to the consolidated financial statements.

Disposal of One World, Global Travel and its Subsidiaries

Description of the Matter

On August 31, 2024, the Group resolved to dispose One World, Global Travel and its subsidiaries. The entities were disposed to Mr. Jiang Hao for exchange of US\$1. The discontinued operations had a major effect on the Company's operations and financial results, which triggers discontinued operations accounting in accordance with FASB ASC 205-20-45. The results of operations related to the discontinued operations for the year ended December 31, 2024 were reported as income (loss) from discontinued operations.

This significant unusual situation is a critical audit matter as it relates to a material disclosure of Discontinued operation and involved complex estimation by management and auditor subjective.

How we Addressed the Matter in Our Audit

Our principal audit procedures included, among others:

- Obtaining an understanding, and evaluating transaction on whether it is fair and reasonable;
- Reviewing supporting document to proof transfer of ownership;
- Reviewing the relevant disclosures to the consolidated financial statements.

/s/ Assentsure PAC

Singapore
May 2, 2025
PCAOB ID Number 6783

We have served as the Company's auditor since 2025.

AirNet Technology Inc. and Subsidiaries
Consolidated Balance Sheets
(Stated in U.S. dollars in thousands, except share and per share data)

| | <u>December 31,</u> <u>2023</u> | <u>December 31,</u> <u>2024</u> |
|---|------------------------------------|------------------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 150 | \$ 113 |
| Accounts receivable, net | 19 | - |
| Other current assets, net | 24,989 | 25,638 |
| Amount due from related parties | 191 | 204 |
| Current assets of discontinued operations | 4,566 | - |
| Total current assets | <u>29,915</u> | <u>25,955</u> |
| OTHER ASSETS | | |
| Property and equipment, net | 10,239 | 34,265 |
| Long-term investments, net | 32,018 | - |
| Right-of-use assets | 2 | - |
| Total non-current assets | <u>42,259</u> | <u>34,265</u> |
| Total assets | <u>72,174</u> | <u>60,220</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable | 11,601 | 11,442 |
| Accrued expenses and other current payables | 10,553 | 10,432 |
| Deferred revenue | 7,292 | 7,269 |
| Consideration received from buyer | 28,169 | 27,400 |
| Payable for earnout commitment | 21,487 | 20,900 |
| Amounts due to related parties | 2,266 | - |
| Taxes payable | 1,495 | 1,152 |
| Lease liabilities, current | 6 | - |
| Current liabilities of discontinued operations | 1,550 | - |
| Total current liabilities | <u>84,419</u> | <u>78,595</u> |
| OTHER LIABILITIES | | |
| Amounts due to related parties, non-current | 8,842 | 3,631 |
| Total non-current liabilities | <u>8,842</u> | <u>3,631</u> |
| Total liabilities | <u>93,261</u> | <u>82,226</u> |
| COMMITMENTS AND CONTINGENCIES | | |
| SHAREHOLDERS' EQUITY | | |
| Ordinary shares (\$0.04 par value; 900,000,000 shares authorized; 4,525,643 and 15,639,877 shares issued as of December 31, 2023 and 2024, respectively; 4,474,836 and 14,332,648 shares outstanding as of December 31, 2023 and 2024, respectively)* | 181 | 575 |
| Additional paid-in capital | 298,750 | 311,740 |
| Treasury shares (24,818 and 1,307,229 shares as of December 31, 2023 and 2024) | (1,148) | (1,517) |
| Deferred share compensation | - | (814) |
| Accumulated deficits | (318,813) | (332,464) |
| Accumulated other comprehensive income | 32,879 | 33,407 |
| Total AirNet Technology Inc. shareholders' equity | <u>11,849</u> | <u>10,927</u> |
| NON-CONTROLLING INTERESTS | | |
| Total deficits | <u>(21,087)</u> | <u>(22,006)</u> |
| Total liabilities and shareholders' equity | <u>\$ 72,174</u> | <u>\$ 60,220</u> |

* The shares and per share information are presented on a retroactive basis to reflect the consolidation of ordinary shares and change of authorized share capital (Note 11).

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

AirNet Technology Inc. and Subsidiaries
Consolidated Statements of Operations and Comprehensive Income (Loss)
(Stated in U.S. Dollars in thousands, except for share and per share data)

| | For the Years Ended December 31, | | |
|---|---|------------------|--------------------|
| | 2022 | 2023 | 2024 |
| Revenues | \$ 2,774 | \$ 928 | \$ 386 |
| Business tax and surcharges | (101) | (83) | (43) |
| Net revenues | <u>2,673</u> | <u>845</u> | <u>343</u> |
| Cost of revenues | <u>3,114</u> | <u>1,376</u> | <u>306</u> |
| Gross (loss) profit | <u>(441)</u> | <u>(531)</u> | <u>37</u> |
| Operating expenses: | | | |
| Selling expenses | 1,411 | 559 | 259 |
| General and administrative expenses | 5,483 | 2,731 | 6,558 |
| Research and development | 35 | 35 | - |
| Total operating expenses | <u>6,929</u> | <u>3,325</u> | <u>6,817</u> |
| Loss from continuing operations | <u>(7,370)</u> | <u>(3,856)</u> | <u>(6,780)</u> |
| Other income (expenses): | | | |
| Interest expenses, net | (835) | (320) | (84) |
| (Loss) gains from long-term investments | (2,670) | 114 | (3,749) |
| Other income, net | 4,909 | 4,186 | 15 |
| Total other income (expenses), net | <u>1,404</u> | <u>3,980</u> | <u>(3,818)</u> |
| (Loss) income from continuing operation before income taxes | (5,966) | 124 | (10,598) |
| Income tax expense | <u>17</u> | <u>1</u> | <u>-</u> |
| Net (loss) income from continuing operation | (5,983) | 123 | (10,598) |
| Discontinued operations: | | | |
| Net loss from discontinued operations, net of income taxes | (6,328) | (317) | (1,603) |
| Loss from disposal of discontinued operations, net of income taxes | - | - | (1,447) |
| Net loss from discontinued operations | <u>(6,328)</u> | <u>(317)</u> | <u>(3,050)</u> |
| Net loss | (12,311) | (194) | (13,648) |
| Less: Net income attributable to non-controlling interests | <u>1,024</u> | <u>380</u> | <u>3</u> |
| Net loss attributable to AirNet Technology Inc. | <u>\$ (13,335)</u> | <u>\$ (574)</u> | <u>\$ (13,651)</u> |
| Net loss | \$ (12,311) | \$ (194) | \$ (13,648) |
| Foreign currency translation adjustment | <u>359</u> | <u>(72)</u> | <u>528</u> |
| Total comprehensive loss | (11,952) | (266) | (13,120) |
| Less: Total comprehensive income (loss) attributable to non-controlling interests | <u>1,024</u> | <u>(527)</u> | <u>3</u> |
| Total comprehensive (loss) income attributable to AirNet Technology Inc. | <u>\$ (12,976)</u> | <u>\$ 261</u> | <u>\$ (13,123)</u> |
| Weighted average number of ordinary shares outstanding - basic and diluted* | <u>7,803,348</u> | <u>6,571,281</u> | <u>11,199,744</u> |
| Loss per ordinary share - basic and diluted* | <u>\$ (1.71)</u> | <u>\$ (0.09)</u> | <u>\$ (1.22)</u> |

* The shares and per share information are presented on a retroactive basis to reflect the consolidation of ordinary shares (Note 11).

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

AirNet Technology Inc. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
(Stated in U.S. Dollars in thousands, except for share and per share data)

| | Ordinary shares outstanding | | Additional paid-in capital | Treasury shares | Deferred share compensation | Accumulated deficits | Accumulated other comprehensive income | Total AirNet Technology Inc. shareholders' equity | Noncontrolling interests | Total Equity (Deficits) |
|--|-----------------------------|-----------|----------------------------|-----------------|-----------------------------|----------------------|--|---|--------------------------|-------------------------|
| | Shares* | Par Value | | | | | | | | |
| BALANCE, December 31, 2022 | 8,923,687 | \$ 359 | \$ 332,746 | \$ (1,148) | \$ - | \$ (318,239) | \$ 32,044 | \$ 45,762 | \$ (32,409) | \$ 13,353 |
| Share repurchase for cancellation of equipment purchase | (4,448,851) | (178) | (34,001) | - | - | - | - | (34,179) | - | (34,179) |
| Share-based compensation | - | - | 5 | - | - | - | - | 5 | - | 5 |
| Foreign currency translation adjustment | - | - | - | - | - | - | 835 | 835 | (907) | (72) |
| Net (loss) income | - | - | - | - | - | (574) | - | (574) | 380 | (194) |
| BALANCE, December 31, 2023 | 4,474,836 | \$ 181 | \$ 298,750 | \$ (1,148) | \$ - | \$ (318,813) | \$ 32,879 | \$ 11,849 | \$ (32,936) | \$ (21,087) |
| Share-based compensation | 1,200,000 | 48 | 1,284 | - | (1,332) | - | - | - | - | - |
| Amortization of share-based compensation | - | - | - | - | 518 | - | - | 518 | - | 518 |
| Sales of ordinary shares | 3,372,788 | 135 | 5,565 | - | - | - | - | 5,700 | - | 5,700 |
| Issuance of ordinary shares to repay debts | 6,567,431 | 262 | 7,290 | - | - | - | - | 7,552 | - | 7,552 |
| Repurchase of ordinary shares for subsidiary disposal | (1,307,229) | (52) | - | (1,517) | - | - | - | (1,569) | - | (1,569) |
| Issuance of treasury shares to employees | 24,818 | 1 | (1,149) | 1,148 | - | - | - | - | - | - |
| Additional ordinary shares of round-up adjustment due to equipment purchase cancellation | 4 | - | - | - | - | - | - | - | - | - |
| Foreign currency translation adjustment | - | - | - | - | - | - | 528 | 528 | - | 528 |
| Net (loss) income | - | - | - | - | - | (13,651) | - | (13,651) | 3 | (13,648) |
| BALANCE, December 31, 2024 | 14,332,648 | \$ 575 | \$ 311,740 | \$ (1,517) | \$ (814) | \$ (332,464) | \$ 33,407 | \$ 10,927 | \$ (32,933) | \$ (22,006) |

* The shares and per share information are presented on a retroactive basis to reflect the consolidation of ordinary shares (Note 11).

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

AirNet Technology Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Stated in U.S. Dollars in thousands, except for share and per share data)

| | For the Years Ended December 31, | | |
|---|----------------------------------|----------|-------------|
| | 2022 | 2023 | 2024 |
| Cash flows from operating activities: | | | |
| Net (loss) income from continuing operations | \$ (5,983) | \$ 123 | \$ (10,598) |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: | | | |
| Allowance for (recovery of) credit losses | 100 | (119) | (3) |
| Depreciation and amortization | 808 | 963 | 29 |
| Amortization of right-of-use assets | 17 | 14 | 2 |
| Share-based compensation | 60 | 5 | 518 |
| Loss (gains) from long-term investments | 2,670 | (114) | 3,749 |
| Cost of non-deductible input VAT that generated in prior years | 27 | 132 | 7 |
| Write-off non-deductible input VAT | - | - | 2,425 |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable | 737 | 1,338 | 22 |
| Prepayments | 628 | - | - |
| Other current assets | 2,422 | 1,136 | (3,081) |
| Long-term deposits | 142 | 371 | - |
| Accounts payable | (2,591) | (4,173) | (159) |
| Accrued expenses and other current payables | (457) | (430) | (287) |
| Deferred revenue | 4,317 | (453) | (23) |
| Amount due to related parties | 76 | (87) | - |
| Taxes payable | (1,098) | (370) | (343) |
| Lease liabilities | (17) | (13) | (6) |
| Net cash provided by (used in) continuing operating activities | 1,858 | (1,677) | (7,748) |
| Net cash (used in) provided by discontinued operating activities | (1,244) | (140) | 30,469 |
| Net cash provided by (used in) operating activities | 614 | (1,817) | 22,721 |
| Cash flows from investing activities: | | | |
| Purchase of property and equipment | - | - | (24,278) |
| Disposal of long-term investments | - | - | 27,371 |
| Cash decrease due to deconsolidation | - | - | (20) |
| Net cash provided by continuing investing activities | - | - | 3,073 |
| Net cash used in discontinued investing activities | - | - | (32,296) |
| Net cash used in investing activities | - | - | (29,223) |
| Cash flows from financing activities: | | | |
| Cash received from short-term bank loans | 10,745 | - | - |
| Cash repaid for short-term bank loans | (11,942) | (12,822) | - |
| Cash repaid to third party | (537) | - | - |
| Cash received from loans due to related parties | 1,098 | 11,600 | 228 |
| Cash received from loans due to third parties | 2,449 | - | - |
| Loans provided to related parties | (601) | - | - |
| Proceeds from issuance of ordinary shares through private offerings | - | - | 5,700 |
| Net cash provided by (used in) continuing financing activities | 1,212 | (1,222) | 5,928 |
| Net cash provided by discontinued financing activities | - | - | 227 |
| Net cash provided by (used in) financing activities | 1,212 | (1,222) | 6,155 |
| Effect of exchange rate changes | (695) | 509 | 290 |
| Net change in cash, cash equivalents and restricted cash | 1,131 | (2,530) | (57) |
| Cash, cash equivalents and restricted cash - beginning of year | 1,569 | 2,700 | 170 |
| Cash, cash equivalents and restricted cash - end of year | 2,700 | 170 | 113 |
| Less: Cash, cash equivalents and restricted cash of discontinued operations at end of year | 198 | 20 | - |
| Total cash, cash equivalents and restricted cash of continuing operations at end of year | \$ 2,502 | \$ 150 | \$ 113 |
| Supplemental disclosure of cash flow information: | | | |
| Income tax paid | \$ 12 | \$ - | \$ - |
| Interests paid | \$ 838 | \$ - | \$ - |
| Supplemental non-cash information: | | | |
| Shares issued for purchase of property and equipment | \$ 34,179 | \$ - | \$ - |
| Shares issued to repay amounts due to related parties upon execution of offset agreement | \$ - | \$ - | \$ 7,552 |
| Shares repurchased for subsidiary disposal | \$ - | \$ - | \$ 1,569 |
| The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total of the same amounts shown in the statement of cash flows: | | | |
| Cash and cash equivalents | \$ 2,502 | \$ 150 | \$ 111 |
| Restricted cash | - | - | 2 |
| Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows | \$ 2,502 | \$ 150 | \$ 113 |

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

AIRNET TECHNOLOGY INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2024
(In U.S. dollars in thousands, except share and per share data)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Introduction of the Group

AirNet Technology Inc. (“AirNet” or the “Company”) was incorporated in the Cayman Islands on April 12, 2007.

AirNet, its subsidiaries, through its variable interest entities (“VIEs”) and VIEs’ subsidiaries (collectively the “Group”) to operate its out-of-home advertising network, primarily air travel advertising network, in the People’s Republic of China (the “PRC”). The Group provides advertising time slots in the form of digital TV screens on airplanes, and media contents display in air travel. Collaborating with the Group’s partners, AirNet serves airline travelers with interactive entertainment and a coverage of breaking news, and furnishes corporate clients with advertisements tailored to the perceptions of the travelers.

The Company also conducted the cryptocurrencies mining business operations by its Hong Kong subsidiary Blockchain Dynamics Limited. On March 19, 2024, the Group has resolved to dispose Blockchain Dynamics Limited together with its subsidiary. On August 31, 2024, the Group has resolved to dispose One World Global Travel Inc. and Global International Travel Limited together with its subsidiaries. On January 1, 2025, the Company resumed its cryptocurrencies mining business and the business was later conducted by its newly established Hong Kong subsidiary.

The accompanying consolidated financial statements reflect the activities of the Company and each of the following entities:

| Name | Date of incorporation/ acquisition | Place of incorporation | Percentage of legal ownership |
|---|--|--------------------------------|-------------------------------------|
| Intermediate Holding Company: | | | |
| Broad Cosmos Enterprises Ltd. (“Broad Cosmos”) | June 26, 2006 | British Virgin Islands (“BVI”) | 100 |
| AirNet International Limited (“AirNet International”) | July 14, 2007 | BVI | 100 |
| AirNet (China) Limited (“AN China”) | August 5, 2005 | Hong Kong | 100 |
| One World Global Travel Inc. (“One World”) ⁽³⁾ | February 29, 2024 | the U.S. | 100 |
| Global International Travel Limited (“Global Travel”) ⁽³⁾ | March 1, 2024 | BVI | 100 |
| IGlobal Travel Limited (“IGlobal Travel”) ⁽³⁾ | March 15, 2024 | Hong Kong | 100 |
| Subsidiaries: | | | |
| Blockchain Dynamics Limited ⁽¹⁾ | January 11, 2021 | Hong Kong | 100 |
| Energy Bytes Inc. ⁽¹⁾ | January 21, 2022 | United States | 100 |
| Yuehang Chuangyi Technology (Beijing) Co., Ltd. (“Chuangyi Technology”) | September 19, 2005 | the PRC | 100 |
| Shenzhen Yuehang Information Technology Co., Ltd. (“Shenzhen Yuehang”) | June 6, 2006 | the PRC | 100 |
| Xi’an Shengshi Dinghong Information Technology Co., Ltd. (“Xi’an Shengshi”) | December 31, 2007 | the PRC | 100 |
| Beijing Youxing Technology Co., Ltd. (“Beijing Youxing”) ⁽³⁾ | April 10, 2024 | the PRC | 100 |
| Beijing Labaku Information Technology Co., Ltd. (“Beijing Labaku”) ⁽³⁾ | May 14, 2024 | the PRC | 100 |
| Beijing Suida Real Estate Development Co., Ltd. (“Beijing Suida”) ⁽³⁾ | November 30, 2004 | the PRC | 100 |
| VIEs: | | | |
| Beijing Linghang Shengshi Advertising Co., Ltd. (“Linghang Shengshi”) | August 7, 2005 | the PRC | N/A |
| Wangfan Tianxia Network Technology Co., Ltd. (“Iwanfan”) | May 6, 2016 | the PRC | N/A |
| Yuehang Sunshine Network Technology Group Co., Ltd. (“AirNet Online”) | April 30, 2015 | the PRC | N/A |
| VIEs’ subsidiaries: | | | |
| Beijing Yuehang Digital Media Advertising Co., Ltd. (“Beijing Yuehang”) | January 16, 2008 | the PRC | N/A |
| Beijing AirNet Pictures Co., Ltd. (“AirNet Pictures”) | September 13, 2007 | the PRC | N/A |
| Wenzhou Yuehang Advertising Co., Ltd. (“Wenzhou Yuehang”) | October 17, 2008 | the PRC | N/A |
| Beijing Dongding Gongyi Advertising Co., Ltd. (“Dongding”) | February 1, 2010 | the PRC | N/A |
| Guangzhou Meizheng Online Network Technology Co., Ltd. (“Guangzhou Meizheng”) | May 17, 2013 | the PRC | N/A |
| Air Esurfing Information Technology Co., Ltd. (“Air Esurfing”) | September 25, 2013 | the PRC | N/A |
| Wangfan Linghang Mobile Network Technology Co., Ltd. (“Linghang”) | April 23, 2015 | the PRC | N/A |
| Beijing Wangfan Jiaming Pictures Co., Ltd. (“Wangfan Jiaming”) | December 31, 2015 | the PRC | N/A |
| Meizheng Network Information Technology Co., Ltd. (“Meizheng Network”) | August 8, 2016 | the PRC | N/A |
| Beijing Wangfan Jiaming Advertising Co., Ltd. (“Jiaming Advertising”) | January 1, 2007 | the PRC | N/A |
| Shandong Airmidia Cheweishi Network Technology Co., Ltd. (“Shangdong Cheweishi”) ⁽²⁾ | July 21, 2016 | the PRC | N/A |
| Dingsheng Ruizhi (Beijing) Investment Consulting Co., Ltd. (“Dingsheng Ruizhi”) | May 25, 2016 | the PRC | N/A |
| Yuehang Zhongying E-commerce Co., Ltd. (“Zhongying”) | May 17, 2018 | the PRC | N/A |
| Beijing Airport United Culture Media Co., Ltd. (“Airport United”) | June 19, 2018 | the PRC | N/A |
| Yuehang Sunshine (Beijing) Asset Management Co., Ltd. (“Yuehang Asset”) | January 18, 2019 | the PRC | N/A |
| Air Joy Media Private Limited (“Air Joy”) | November 15, 2019 | Singapore | N/A |

(1) The two subsidiaries were disposed in March 2024.

(2) The subsidiary discontinued operations in January 2024.

(3) The subsidiaries were disposed in August 2024.

The VIE arrangements

Chinese regulations currently limit foreign ownership of companies that provide advertising services, including out-of-home television advertising services. Since December 30, 2005, foreign investors have been permitted to own directly 100% interest in PRC advertising companies if the foreign investor has at least three years of direct operations of advertising business outside of the PRC.

One of the Company's subsidiary, AN China, the 100% shareholder of Chuangyi Technology, Shenzhen Yuehang, and Xi'an Shengshi, has been engaged in the advertising business in Hong Kong since September 2008.

The Group conducts substantially all of its activities through VIEs, i.e. Linghang Shengshi, Iwanfan and AirNet Online, and the VIEs' subsidiaries. The VIEs have entered into the following series of agreements with Chuangyi Technology:

Technology support and service agreement: Chuangyi Technology provides exclusive technology support and consulting services to the VIEs and in return, the VIEs are required to pay Chuangyi Technology service fees. The VIEs pay to Chuangyi Technology annual service fees in the amount that guarantee that the VIEs can achieve, after deducting such service fees payable to Chuangyi Technology, a net cost-plus rate of no less than 0.5% in the case of Linghang Shengshi, and Jiaming Advertising, or 1.0% in the case of Beijing Yuehang, which final rate should be determined by Chuangyi Technology. The "net cost-plus rate" refers to the operating profit as a percentage of total costs and expenses of a certain entity. The technology support and service fees for each given year payable by AirNet Online to Chuangyi Technology under AirNet Online's technology support and service agreement shall be determined by AirNet Online and Chuangyi Technology at the first month of such year taking into account several factors. Those factors include the credential of the team of Chuangyi Technology that provides services to AirNet Online, the number of service hours, the nature and value of the services provided by Chuangyi Technology, the extent to which Chuangyi Technology provides patent or other license to AirNet Online in its provision of technology support and service and the correlation between AirNet Online's results of operations and the technology support and service provided by Chuangyi Technology. In the event Chuangyi Technology finds it necessary to make subsequent adjustment to the amount of fees, AirNet Online shall negotiate in good faith with Chuangyi Technology to determine the new fee. The technology support and service agreements are effective for ten years and such term is automatically renewed upon its expiry unless either party informs the other party of its intention of no extension at least twenty days prior to the expiration of the agreements.

Technology development agreement: VIEs exclusively engaged Chuangyi Technology to provide technology development services. Chuangyi Technology owns the intellectual property rights developed in the performance of these agreements. Except for AirNet Online, the VIEs pay to Chuangyi Technology annual service fees in the amount that guarantee that the VIEs can achieve, after deducting such service fees payable to Chuangyi Technology, a net cost-plus rate of no less than 0.5% in the case of Linghang Shengshi, and Jiaming Advertising, which final rate should be determined by Chuangyi Technology. It is at Chuangyi Technology's sole discretion that the rate and amount of fees ultimately charged the VIEs under these agreements are determined. The "net cost-plus rate" refers to the operating profit as a percentage of total costs and expenses of a certain entity. The technology development fees for each given year payable by AirNet Online to Chuangyi Technology under AirNet Online's technology development agreement shall be determined by AirNet Online and Chuangyi Technology at the first month of such year taking into account several factors. Those factors include the credential of the team of Chuangyi Technology that provides services to AirNet Online, the number of service hours, the nature and value of the services provided by Chuangyi Technology, the extent to which Chuangyi Technology provides patent or other license to AirNet Online in its provision of technology development service and the correlation between AirNet Online's results of operations and the technology development service provided by Chuangyi Technology. In the event Chuangyi Technology finds it necessary to make subsequent adjustment to the amount of fees, AirNet Online shall negotiate in good faith with Chuangyi Technology to determine the new fee. The technology development agreements are effective for ten years and such terms is automatically renewed upon its expiry unless either party informs the other party of its intention of no extension at least twenty days prior to the expiration of the agreements.

Exclusive Technology Consultation and Service Agreement: AirNet Online exclusively engages Chuangyi Technology to provide consultation services in relation to management, training, marketing and promotion. AirNet Online agrees to pay to Chuangyi Technology the amount of annual service fees as determined by Chuangyi Technology. In the event Chuangyi Technology finds it necessary to make subsequent adjustment to the amount of fees, AirNet Online shall negotiate in good faith with Chuangyi Technology to determine the new fees. The exclusive technology consultation and service agreement remains effective for ten years and such term may be reviewed by Chuangyi Technology's written confirmation prior to the expiration of the agreement term.

Call option agreement: Under the call option agreements between Chuangyi Technology and the shareholders of Linghang Shengshi, Beijing Yuehang and Jiaming Advertising, the shareholders of those VIEs irrevocably granted Chuangyi Technology or its designated third party an exclusive option to purchase from the VIEs' shareholders, to the extent permitted under PRC law, all the equity interests in the VIEs, as the case may be, for the minimum amount of consideration permitted by the applicable law without any other conditions. Under the call option agreements between Chuangyi Technology and the shareholders of AirNet Online, the shareholders of AirNet Online irrevocably granted Chuangyi Technology or its designated third party an exclusive option to purchase from the shareholders of AirNet Online, to the extent permitted under PRC law, all the equity interests in AirNet Online, as the case may be. To the extent the applicable PRC law does price for such equity interests, such purchase price shall equal the amount of actual payment made by the respective shareholders of AirNet Online with respect to the equity interests whether in the form or share capital injection or secondary purchase price. If and where the applicable PRC law requires the valuation of the subject equity interests or otherwise has restrictions on the purchase price for such equity interests, such purchase price shall equal the minimum amount of consideration permitted by the applicable law. In addition, under these agreements (except for the call option agreements between Chuangyi Technology and the shareholders of AirNet Online), Chuangyi Technology has undertaken to act as guarantor of VIEs in all operations-related contracts, agreements and transactions and commit to provide loans to support the business development needs of VIEs or if the VIEs suffer operating difficulties, provided that the relevant VIE's shareholders satisfy the terms and conditions in the call option agreements. Under PRC laws, to provide an effective guarantee, a guarantor needs to execute a specific written agreement with the beneficiary of the guarantee. As Chuangyi Technology has not entered into any written guarantee agreements with any third-party beneficiaries to guarantee the VIEs' performance obligations to these third parties, none of these third parties can demand performance from Chuangyi Technology as a guarantor of the VIEs' performance obligations. The absence of a written guarantee agreement, however, does not affect the conclusion that the Group is the primary beneficiary of the VIEs and in turn should consolidate the financials of the VIEs. The term of each call option agreement is ten years and such terms can be renewed upon expiration at Chuangyi Technology's sole discretion.

Equity pledge agreement: Under the equity pledge agreements between Chuangyi Technology and the shareholders of the Group's VIEs other than AirNet Online, the shareholders of those VIEs pledged all of their equity interests, including the right to receive declared dividends, in those VIEs to Chuangyi Technology to guarantee those VIEs' performance of their obligations under the technology support and service agreement and the technology development agreement. Under the equity pledge agreements between Chuangyi Technology and the shareholders of AirNet Online, the shareholders of AirNet Online pledged all of their equity interests, including the right to receive declared dividends, in AirNet Online to Chuangyi Technology to guarantee the performance by AirNet Online of its obligations under its call option agreement and its exclusive technology consultation and service agreement. If the VIEs fail to perform their obligations set forth in the applicable agreements, Chuangyi Technology shall be entitled to exercise all the remedies and powers set forth in the provisions of the applicable equity pledge agreements. Those agreements remain effective for as long as the technology support and service agreements and technology development agreement are effective, or, in the case of AirNet Online, until two years after the term of the obligations under the call option agreement and exclusive technology consultation and service agreement.

Authorization letter: Each shareholder of the VIEs has executed an authorization letter to authorize Chuangyi Technology to exercise certain of its rights, including voting rights, the rights to enter into legal documents and the rights to transfer any or all of its equity interest in the VIEs. The authorization letters by the shareholders of the Group's VIEs other than AirNet Online will remain effective during the operating periods of the respective VIEs. Such authorization is effective for ten years and such term is renewed upon its expiry at Chuangyi Technology's sole discretion. The authorization letters by the shareholders of AirNet Online will remain effective for as long as the respective parties remain shareholders of AirNet Online unless terminated earlier by Chuangyi Technology or the call option agreement with respect to AirNet Online is terminated prior to its expiration.

Through the above contractual arrangements, Chuangyi Technology has obtained 100% of shareholders' voting interest in the VIEs, has the right to receive all dividends declared and paid by the VIEs and may receive substantially all of the net income of the VIEs through the technical support and service fees as determined by Chuangyi Technology at its sole discretion. Accordingly, the Group has consolidated the VIEs because the Group believes, through the contractual arrangements, (1) Chuangyi Technology could direct the activities of the VIEs that most significantly affect its economic performance and (2) Chuangyi Technology could receive substantially all of the benefits that could be potentially significant to the VIEs. Other than the contractual arrangements described above, because the management and certain employees of Chuangyi Technology also serve in the VIEs as management or employees, certain operating costs paid by Chuangyi Technology, such as payroll costs and office rental, were re-charged to the VIEs.

Chuangyi Technology also entered into loan agreements with each shareholder of AirNet Online, pursuant to which Chuangyi Technology permits to make loans in an aggregate amount of RMB 50,000 to the shareholders of AirNet Online solely for the incorporation and capitalization of AirNet Online. The loan is interest free and the term of the loan is ten years and shall be automatically renewed on an annual basis unless Chuangyi Technology objects. Chuangyi Technology can require the shareholders to repay all or a portion of the loan before the maturity date with a 15 days prior written notice. Under such circumstances, Chuangyi Technology is entitled to, or designate a third party to, buy all or a portion of the shareholders' equity interests in AirNet Online on a pro rata basis based on the amount of the repaid principal of the loan.

Risks in relation to the VIE structure

The Group believes that the VIE arrangements are in compliance with PRC law and are legally enforceable. The shareholders of the VIEs are also shareholders of the Group and therefore have no current interest in seeking to act contrary to the contractual arrangements. However, uncertainties in the PRC legal system could limit the Group's ability to enforce these contractual arrangements and if the shareholders of the VIEs were to reduce their interest in the Group, their interests may diverge from that of the Group and that may potentially increase the risk that they would seek to act contrary to the contractual terms, for example by influencing the VIEs not to pay the service fees when required to do so.

The Group's ability to control the VIEs also depends on the authorization letters that Chuangyi Technology has to vote on all matters requiring shareholder approval in the VIEs. As noted above, the Group believes the rights granted by the authorization letters is legally enforceable but may not be as effective as direct equity ownership.

In addition, if the legal structure and contractual arrangements were found to be in violation of any existing PRC laws and regulations, the PRC government could:

revoke the business and operating licenses of the Group's PRC subsidiaries and affiliates;

discontinue or restricting the Group's PRC subsidiaries' and affiliates' operations;

impose conditions or requirements with which the Group or its PRC subsidiaries and affiliates may not be able to comply; or

require the Group or its PRC subsidiaries and affiliates to restructure the relevant ownership structure or operations;

The imposition of any of these penalties may result in a material and adverse effect on the Group's ability to conduct the Group's business. In addition, if the imposition of any of these penalties causes the Group to lose the rights to direct the activities of the VIEs and its subsidiaries or the right to receive their economic benefits, the Group would no longer be able to consolidate the VIEs. The Group does not believe that any penalties imposed or actions taken by the PRC Government would result in the liquidation of the Group, Chuangyi Technology, or the VIEs.

Certain shareholders of VIEs are also beneficial owners or directors of the Company. In addition, certain beneficial owners and directors of the Company are also directors or officers of VIEs. Their interests as beneficial owners of VIEs may differ from the interests of the Company as a whole. The Company cannot be certain that if conflicts of interest arise, these parties will act in the best interests of the Company or that conflicts of interests will be resolved in the Company's favor. Currently, the Company does not have existing arrangements to address potential conflicts of interest these parties may encounter in their capacity as beneficial owners of VIEs, on the one hand, and as beneficial owners of the Company, on the other hand. The Company believes the shareholders of VIEs will not act contrary to any of the contractual arrangements and the exclusive purchase right contract provides the Company with a mechanism to remove them as shareholders of VIEs should they act to the detriment of the Company. If any conflict of interest or dispute between the Company and the shareholders of VIEs arises and the Company is unable to resolve it, the Company would have to rely on legal proceedings in the PRC. Such legal proceedings could result in disruption of its business; moreover, there is substantial uncertainty as to the ultimate outcome of any such legal proceedings.

The following financial statement information for AirNet's VIEs were included in the accompanying consolidated financial statements, presented net of intercompany eliminations:

| | <u>As of December 31,</u> <u>2023</u> | <u>As of December 31,</u> <u>2024</u> |
|-------------------------------|--|--|
| Total current assets | \$ 40,336 | \$ 48,594 |
| Total non-current assets | <u>30,116</u> | <u>9,986</u> |
| Total assets | <u>70,452</u> | <u>58,580</u> |
| Total current liabilities | 171,625 | 275,028 |
| Total non-current liabilities | <u>8,842</u> | <u>3,631</u> |
| Total liabilities | <u>\$ 180,467</u> | <u>\$ 278,659</u> |

| | <u>For the years ended December 31,</u> | | |
|---|---|-------------|-------------|
| | <u>2022</u> | <u>2023</u> | <u>2024</u> |
| Net revenues | 2,867 | \$ 845 | \$ 343 |
| Net (loss) income | (2,482) | 2,236 | (11,227) |
| Net cash provided by (used in) operating activities | 1,729 | (1,514) | 32,737 |
| Net cash used in investing activities | — | — | (29,223) |
| Net cash provided by (used in) financing activities | 1,212 | (1,222) | 455 |

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

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(a) *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”) and applicable rules and regulations of the Securities and Exchange Commission (SEC).

(b) *Going concern*

The Group has a history of operating losses, \$13,335, \$574 and \$13,651 for the years ended December 31, 2022, 2023 and 2024, and has negative working capital of \$52,640 as of December 31, 2024. These conditions raise substantial doubt about the Group’s ability to continue as a going concern.

Historically, the Group has relied principally on both operational sources of cash and non-operational sources of equity and debt financing to fund its operations and business development. The Group’s ability to continue as a going concern depends on management’s ability to successfully execute its business plan which includes increasing the utilization rate of existing staffs and potential financing from public market or private placement. However, there is no assurance that the measures above can be achieved as planned. Nevertheless, management prepared the consolidated financial statements assuming the Group will continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

(c) *Basis of consolidation*

The consolidated financial statements include the financial statements of the Company, its subsidiaries, its VIEs and its VIEs’ subsidiaries. All inter-company transactions and balances have been eliminated upon consolidation.

(d) *Use of estimates*

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 and accompanying notes, including allowance for credit losses, the useful lives of property and equipment, impairment of long-term investments, impairment of long-lived assets, share-based compensation and valuation allowance for deferred tax assets. Actual results could differ from those estimates.

(e) *Significant risks and uncertainties*

The Group participates in a dynamic industry and believes that changes in any of the following areas could have a material adverse effect on the Group's future financial position, results of operations, or cash flows: net losses in the past and futures; failure in launching new business; a significant or prolonged economic downturn; contraction in the air travel advertising industry in China; competition from other competitors; regulatory or other PRC related factors; fluctuations in the demand for air travel; past and future acquisitions; failure to maintain an effective system of internal control over financial reporting and effective disclosure controls and procedures; risks associated with the Group's ability to attract and retain employees necessary to support its growth; risks associated with the Group's growth strategies; and general risks associated with the industry.

(f) *Fair value*

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date 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.

(g) *Fair value of financial instruments*

The fair value of certain assets and liabilities such as cash and cash equivalents, accounts receivable, other current assets, amount due from related parties, amount due to related parties, accounts payable, accrued expenses and other current payables, and deferred revenue have been determined to approximate carrying amounts due to the short maturities of these instruments. The Group did not have any other financial assets and liabilities or nonfinancial assets and liabilities that are measured at fair value on recurring basis as of December 31, 2023 and 2024.

(h) *Discontinued operation*

A component of a reporting entity or a group of components of a reporting entity that are disposed or meet the criteria to be classified as held for sale, such as the management, having the authority to approve the action, commits to a plan to sell the disposal group, should be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. Discontinued operations are reported when a component of an entity comprising operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity is classified as held for disposal or has been disposed of, if the component either (1) represents a strategic shift or (2) have a major impact on an entity's financial results and operations. Included in the consolidated statements of operations and comprehensive (loss) income, result from discontinued operations have been reported separately from the income and expenses from continuing operations and prior periods have been presented on a reclassified comparative basis. In order to present the financial effects of the continuing operations and discontinued operations, revenues and expenses arising from intra-group transactions are eliminated except for those revenues and expenses that are considered to continue after the disposal of the discontinued operations.

Due to the disposal of Blockchain Dynamics Limited together with its subsidiary and the disposal of One World, Global Travel together with its subsidiaries, which had a major effect on the Company's results of operations, revenues, costs and expenses related to the businesses have been reclassified in the accompanying consolidated financial statements as discontinued operations for all the periods presented.

(i) *Cash and cash equivalents*

Cash and cash equivalents consist of cash on hand and highly liquid deposits which are unrestricted as to withdrawal or use, and which have original maturities of three months or less when purchased.

(j) *Cryptocurrencies*

On March 19, 2024, the Company resolved to dispose Blockchain Dynamics Limited and its subsidiary and temporarily paused the cryptocurrency mining business. Cryptocurrencies are included in the current assets of discontinued operations in the accompanying consolidated balance sheets. Cryptocurrencies awarded to the Group through its mining activities are accounted for in connection with the Group's revenue recognition policy disclosed below.

Cryptocurrencies held are accounted for as intangible assets with indefinite useful lives. An intangible asset with an indefinite useful life is not amortized but assessed for impairment annually, or more frequently, when events or changes in circumstances occur indicating that it is more likely than not that the indefinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value, which is measured using the quoted price of the cryptocurrency at the time its fair value is being measured. In testing for impairment, the Group has the option to first perform a qualitative assessment to determine whether it is more likely than not that an impairment exists. If it is determined that it is not more likely than not that an impairment exists, a quantitative impairment test is not necessary. If the Group concludes otherwise, it is required to perform a quantitative impairment test. To the extent an impairment loss is recognized, the loss establishes the new cost basis of the asset. Subsequent reversal of impairment losses is not permitted.

Cryptocurrencies awarded to the Group through its mining activities are included within operating activities on the accompanying consolidated statements of cash flows. The sales of cryptocurrencies are included within investing activities in the accompanying consolidated statements of cash flows and any realized gains or losses from such sales are included in other income (expense) in the consolidated statements of operations. The Group accounts for its gains or losses in accordance with the first in first out (FIFO) method of accounting.

Cryptocurrencies assets accounted for as intangible assets are subject to impairment losses if the fair value of crypto assets decreases below the carrying value at any time during the period. The fair value is measured using the quoted price of the crypto asset at the time its fair value is being measured in the Company's principal market. Gross impairments, net of subsequent realized gains on the sale and disposal of previously impaired crypto assets held are reflected in crypto asset impairment, net in the consolidated statements of operations. The Company assigns costs to crypto assets on a first-in, first-out basis.

(k) *Allowance for credit losses*

The Group adopted ASC 326 Financial Instruments – Credit Losses using the modified retrospective approach through a cumulative-effect adjustment to accumulated deficit. Management used an expected credit loss model for the impairment of accounts receivable as of period ends. Management believes the aging of accounts receivable is a reasonable parameter to estimate credit loss, and determines credit losses for accounts receivables using an aging schedule as of period ends. The credit loss rates under each aging schedule were developed on basis of the average historical loss rates from previous years, and adjusted to reflect the effects of those differences in current conditions and forecasted changes. Management measured the credit losses of accounts receivable on a collective basis. When an accounts receivable does not share risk characteristics with other accounts receivables, management will evaluate such accounts receivable for credit loss on an individual basis. Doubtful accounts balances are written off and deducted from allowance, when receivables are deemed uncollectible, after all collection efforts have been exhausted and the potential for recovery is considered remote.

(l) *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:

| | |
|-----------------------------------|--|
| Digital display network equipment | 5 years |
| Furniture and fixture | 5 years |
| Computer and office equipment | 3-5 years |
| Vehicle | 5 years |
| Software | 5 years |
| Office property | 40 years |
| Miners | 3 years |
| Leasehold improvement | Shorter of the term of the lease or the estimated useful lives of the assets |

Costs of repairs and maintenance are expensed as incurred and asset improvements that extend the useful life 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.

(m) *Impairment of long-lived assets*

Long-lived assets held and used by the Group are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be fully recoverable. It is possible that these assets could become impaired as a result of technology, economy or other industry changes. If circumstances require a long-lived asset or asset group to be tested for possible impairment, the Group first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques, including discounted cash flow models, relief from royalty income approach, quoted market values and third-party independent appraisals, as considered necessary.

The Group makes various assumptions and estimates regarding estimated future cash flows and other factors in determining the fair values of the respective assets. The assumptions and estimates used to determine future values and remaining useful lives of long-lived assets are complex and subjective. They can be affected by various factors, including external factors such as industry and economic trends, and internal factors such as the Group's business strategy and its forecasts for specific market expansion.

As of December 31, 2024, the net carrying amount of long-lived assets consisted of property and equipment of \$34,265. The property and equipment mainly included office building located in the center of Beijing with a net carrying amount of \$8,555.

(n) *Long-term investments*

Equity method investments

Investee companies over which the Group has the ability to exercise significant influence, but does not have a controlling interest are accounted for using the equity method. Significant influence is generally considered to exist when the Group has an ownership interest in the voting stock of the investee between 20% and 50%, and other factors, such as representation on the investee's Board of Directors, voting rights and the impact of commercial arrangements, are considered in determining whether the equity method of accounting is appropriate.

Equity investments without readily determinable fair values

For investments in an investee over which the Group does not have significant influence, the Group carries the investment at cost and recognizes income as any dividends declared from distribution of investee's earnings. The Group reviews the equity investments without readily determinable fair values for impairment whenever events or changes in circumstances indicate that the carrying value may no longer be recoverable. An impairment loss is recognized in earnings equal to the difference between the investment's carrying amount and its fair value at the balance sheet date of the reporting period for which the assessment is made. All equity investments, except those accounted for under the equity method of accounting or those resulting in the consolidation of the investee, be accounted for at fair value with all fair value changes recognized in income. For equity investments that do not have readily determinable fair values the Group measures the equity investment at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the Group.

Impairment for long-term investments

The Group assesses its long-term investments for other-than-temporary impairment by considering factors including, but not limited to, current economic and market conditions, operating performance of the companies, including current earnings trends and undiscounted cash flows, and other company-specific information. The fair value determination, particularly for investments in privately-held companies, requires significant judgment to determine appropriate estimates and assumptions. Changes in these estimates and assumptions could affect the calculation of the fair value of the investments and determination of whether any identified impairment is other-than-temporary. Other-than-temporary impairment loss is recognized in the consolidated statements of comprehensive income equal to the excess of the investment's carrying value over its fair value at the balance sheet date of the reporting period for which the assessment is made. The fair value would then become the new cost basis of such investment.

The Company recorded nil, nil and \$27,535 impairment charges for the years ended December 31, 2022, 2023 and 2024, respectively.

(o) *Leases*

In February 2016, the Financial Accounting Standards Board (the "FASB") issued ASU 2016-02, Leases (Topic 842), which is effective for annual reporting periods (including interim periods) beginning after December 15, 2018, and early adoption is permitted. The Group has adopted the Topic 842 on January 1, 2019 using a modified retrospective approach reflecting the application of the standard to leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements.

The Group leases its offices, which are classified as operating leases in accordance with Topic 842. Under Topic 842, lessees are required to recognize the following for all leases (with the exception of short-term leases) on the commencement date: (i) lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (ii) right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

At the commencement date, the Group recognizes the lease liability at the present value of the lease payments not yet paid, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate for the same term as the underlying lease. The right-of-use asset is recognized initially at cost, which primarily comprises the initial amount of the lease liability, plus any initial direct costs incurred, consisting mainly of brokerage commissions, less any lease incentives received. All right-of-use assets are reviewed for impairment. No impairment for right-of-use lease assets as of December 31, 2024.

The Group's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

(p) *Revenue recognition*

On January 1, 2018, the Group adopted ASC Topic 606, "Revenue from Contracts with Customers", applying the modified retrospective method. The adoption did not result in a material adjustment to the accumulated deficit as of January 1, 2018.

In accordance with ASC Topic 606, revenues are recognized when control of the promised goods or services is transferred to the Group's customers, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services. In determining when and how much revenue is recognized from contracts with customers, the Group performs the following five-step analysis: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; (5) recognize revenue when (or as) the entity satisfies a performance obligation.

The Group's contract with customers do not include multiple performance obligations, significant financing component and any variable consideration.

The Group is a principal as it controls the specified service before that service is transferred to a customer. The Group is primarily responsible for fulfilling the promise to provide the specified service, and it has discretion in establishing the price for the specified service.

Generally, the Group recognizes revenue under ASC Topic 606 for each type of its performance obligation either over time (generally, the transfer of a service) or at a point in time (generally, the transfer of content) as follows:

The Group's revenues are mainly derived from selling advertising time slots on the Group's advertising networks.

Revenue by service categories

| | For the years ended December 31, | | |
|---------------------------|----------------------------------|---------------|---------------|
| | 2022 | 2023 | 2024 |
| Revenues from operations: | | | |
| Air Travel Media Network | \$ 2,768 | \$ 928 | \$ 386 |
| Others | 6 | — | — |
| | <u>\$ 2,774</u> | <u>\$ 928</u> | <u>\$ 386</u> |

Air Travel Media Network: Revenues are generated from advertising and programming on airplanes. There are also other revenues from the display of media content in air travel.

For the advertising business, the Group typically signs standard contracts with its advertising clients, who require the Group to run the client's advertisements for a fixed fee on airlines the Group's contracts with for a specified time period. The Group recognizes advertising revenues ratably over the service period for which the advertisements are displayed, so long as collection remains probable.

The Group also generates revenue from programs that are run on airlines for a period of time. The Group signs standard contracts with the customer who has the copyright of movies or TV programs and requires the Group to play the program for a fixed fee on airlines for a specified time. The Group recognizes program display revenues ratably over the performance period for which the program is played, so long as collection remains probable.

It also consisted the revenue through other media network such as on-train and on long-haul bus Wi-Fi network and self-owned and third parties' public accounts, the Group provides WeChat public account promotion and advertising and promotion articles publishing services. For the public account promotion business, the passengers in the trains could connect to Wi-Fi for free via the Group's Wi-Fi equipment after registered as a member to that public account as a follower in WeChat. The Group charges a fix rate per new member and collects service fee from the client who owns the public accounts.

For the advertising and promotion articles publishing business, the Group has developed a public accounts pool which have already accumulated hundreds and thousands of registered users (there are both self-owned and third parties' public accounts). WeChat public account promotion through on-train Wi-Fi network was ceased in 2019 and no revenue was generated from WeChat public account promotion through Wi-Fi network in following years. The Group still generated immaterial revenue in other self-owned and third parties' public accounts.

Cryptocurrency mining: The Group enters into digital asset mining pools by executing contracts with the mining pool operators to provide computing power to the mining pool. In exchange for providing computing power, the Group is entitled to a fractional share of the fixed cryptocurrency award the mining pool operator receives for successfully adding a block to the blockchain. The Group's fractional share is based on the proportion of computing power the Group contributed to the mining pool operator to the total computing power contributed by all mining pool participants in solving the current algorithm.

The provision of providing such computing power is the only performance obligation in the Group's contracts with mining pool operators. The transaction consideration the Group receives, if any, is noncash consideration, which the Group measures at fair value on the date received, which is not materially different than the fair value at contract inception or the time the Group has earned the award from the pools. The consideration is all variable. Because it is not probable that a significant reversal of cumulative revenue will not occur, the consideration is constrained until the mining pool operator successfully places a block and the Group receives confirmation of the consideration it will receive, at which time revenue is recognized. There is no significant financing component in these transactions.

Fair value of the cryptocurrency award received is determined using the quoted price of the related cryptocurrency at the time of receipt. There is currently no specific definitive guidance under GAAP or alternative accounting framework for the accounting for cryptocurrencies recognized as revenue or held, and management has exercised significant judgment in determining the appropriate accounting treatment. In the event authoritative guidance is enacted by the FASB, the Group may be required to change its policies, which could have an effect on the Group's consolidated financial position and results from operations.

On March 19, 2024, the Company resolved to dispose Blockchain Dynamics Limited and its subsidiary and temporarily paused the cryptocurrency mining business. Therefore, the revenue earned by Blockchain Dynamics Limited and its subsidiary was reclassified as discontinued operations. On January 1, 2025, the Company resumed its cryptocurrencies mining business.

Deferred revenue

Prepayments from customers for advertising service are deferred when corresponding performance obligation is not satisfied and recognized as revenue when the advertising services are rendered. The balance of deferred revenue as of December 31, 2024 is \$7,269, the majority of which is \$5,003 for the unsatisfied performance obligation with two customers with contracts amount of \$5,230.

(q) *Value Added Tax ("VAT")*

The Company's PRC subsidiaries are subject to value-added taxes at a rate of 6% on revenues and paid after deducting input VAT on purchases. The net VAT balance between input VAT and output VAT is reflected in the account as input VAT receivable or other taxes payable. The Group's gross revenue is presented net of VAT. As of December 31, 2024, the Group assessed the recoverability of estimated input VAT that was generated in prior year and recognized a cost of non-deductible input VAT that were generated in prior years of \$27, \$132 and \$7 for the years ended December 31, 2022, 2023 and 2024, respectively. The Company also wrote off \$2,425 non-deductible input VAT during the year ended December 31, 2024.

(r) *Concession fees*

The Group enters concession right agreements with vendors such as airlines and railway bureaus, under which the Group obtains the right to use the spaces or equipment of the vendors to display the advertisements. Fees under concession right agreements are usually due every three, six or twelve months. Payments made are recorded as current assets and current liabilities according to the respective payment terms. Most of the concession fees with airlines and railway bureaus are fixed with escalation, which means a fixed increase over each year of the agreements. The total concession fee under the concession right agreements with airlines is charged to the consolidated statements of operations on a straight-line basis over the agreement periods, which is generally between three to five years.

(s) *Agency fees and advertisement publishing fees*

The Group pays fees to advertising agencies for identifying and introducing advertisers to the Group and assisting in advertisement publishing based on a certain percentage of revenues made through the advertisement agencies upon receipt of payment from advertisers. The agency fees and advertisement publishing fees are charged to cost of revenues in the consolidated statements of operations ratably over the period in which the advertisement is displayed. Prepaid and accrued agency fees and advertisement publishing fees are recorded as current assets and current liabilities according to relative timing of payments made and advertising service provided.

(t) *Advertising costs*

The Group expenses advertising costs as incurred. Total advertising expenses were \$24, nil and nil for the years ended December 31, 2022, 2023 and 2024, respectively, and have been included as part of selling and marketing expenses.

(u) *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, VIEs and VIEs' subsidiaries located in the PRC are maintained in their local currency, the 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 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 Group's entities with 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.

(v) *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. According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of taxes is due to computational errors made by the taxpayer or the withholding agent. The statute of limitations is extended to five years under special circumstances, where the underpayment of taxes is more than RMB 100 thousand. In the case of transfer pricing issues, the statute of limitation is ten years. There is no statute of limitation in the case of tax evasion. According to Hong Kong Inland Revenue Department, the statute of limitation is six years if any company chargeable with tax has not been assessed or has been assessed at less than the proper amount, the statute of limitation is extended to 10 years if the underpayment of taxes is due to fraud or willful evasion.

The Group evaluates each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measure the unrecognized benefits associated with the tax positions. As of December 31, 2024, the Group had no uncertain tax positions that if recognized would affect the annual effective tax rate.

The Group is not currently under examination by any income taxing authority, nor has it been notified of an impending examination. As of December 31, 2024, income tax returns for the tax years ended December 31, 2019 through December 31, 2024 remain open for statutory examination.

(w) *Share-based payments*

Share-based payment transactions with employees are measured based on the grant date fair value of the equity instrument issued, and recognized as compensation expenses over the requisite service periods based on a straight-line method, with a corresponding impact reflected in additional paid-in capital.

Share-based payment transactions with non-employees are measured based on the fair value of the options on the measurement date as of each reporting date and recognized as expense over the requisite service periods on a straight-line method subject to adjustments in fair value, with a corresponding impact reflected in additional paid-in capital.

(x) *Comprehensive (loss) income*

Comprehensive (loss) income includes net (loss) income and foreign currency translation adjustments and is presented net of tax. The tax effect is nil for the three years ended December 31, 2022, 2023 and 2024 in the consolidated statements of comprehensive (loss) income.

(y) *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 their cash with financial institutions with high credit rating and quality in China. For the years ended December 31, 2022, 2023 and 2024, there were three, three and four customers accounting for 10% or more of total revenue, respectively. As of December 31, 2023 and 2024, there was one and nil customers accounting for 10% or more of total accounts receivables, respectively.

(z) *Net income (loss) per share*

Basic net income (loss) per share is computed by dividing net income (loss) attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the year. Diluted net income (loss) reflects the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised or converted into ordinary shares. Potential common shares in the diluted net income (loss) per share computation are excluded in periods of losses, as their effect would be anti-dilutive.

(aa) *Recently issued accounting standards*

In November 2023, the FASB issued Accounting Standards Update (“ASU”) 2023-07 “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures” which expands annual and interim disclosure requirements for reportable segments. These requirements include: (i) disclosure of significant expenses that are regularly provided to the Chief Operating Decision Maker (“CODM”) and included within each reported measure of segment profit or loss (collectively referred to as the “significant expense principle”); (ii) disclosure of an amount for other segment items (equal to the difference between segment revenue less segment expenses disclosed under the significant expense principle and each reported measure of segment profit or loss) by reportable segment and a description of their composition; (iii) annual disclosure of a reportable segment’s profit or loss and assets currently required by Topic 280 in interim periods; (iv) clarification that, if the CODM uses more than one measure of a segment’s profit or loss in assessing segment performance and deciding how to allocate resources, a public entity may report those additional measures of segment profit or loss; (v) disclosure of the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) disclosure of segment profit or loss in assessing segment performance and deciding how to allocate resources; and (vi) requiring a public entity that has a single reportable segment provide all the disclosures required by the amendments in this ASU, and all existing segment disclosures in Topic 280. ASU 2023-07 is effective for the Company’s annual periods beginning January 1, 2024, and for interim periods beginning January 1, 2025. The Company adopted ASU 2023-07 on January 1, 2024, and it did not have any material impact on the Company’s consolidated financial statements.

On December 14, 2023, the FASB issued a final standard on improvements to income tax disclosures. The standard requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as information on income taxes paid. The standard is intended to benefit investors by providing more detailed income tax disclosures that would be useful in making capital allocation decisions. ASU 2023-09, *Improvements to Income Tax Disclosures*, applies to all entities subject to income taxes. For public business entities, the new requirements will be effective for annual periods beginning after December 15, 2024. For entities other than public business entities, the requirements will be effective for annual periods beginning after December 15, 2025. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively. Early adoption is permitted. Management does not expect material impact on its accounting or reporting when implemented.

The Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material impact on its the consolidated financial position, statements of operations and cash flows.

3. DISCONTINUED OPERATIONS

Disposal of Blockchain Dynamics Limited and its subsidiary

On March 19, 2024, the Group resolved to dispose Blockchain Dynamics Limited together with its subsidiary. The entities were disposed to Mr. Herman Man Guo for exchange of 1,307,229 ordinary shares of the Company at a par value of US\$0.04. The discontinued operations had a major effect on the Company's operations and financial results, which triggers discontinued operations accounting in accordance with FASB ASC 205-20-45. The assets and liabilities related to the discontinued operations are classified as assets/liabilities of discontinued operations as of December 31, 2023 and 2024, while results of operations related to the discontinued operations for the years ended December 31, 2022, 2023 and 2024 are reported as income (loss) from discontinued operations.

The results of discontinued operations for the years ended December 31, 2022, 2023 and 2024 are as follows:

| | For the years ended December 31, | | |
|--|----------------------------------|-----------------|-------------|
| | 2022 | 2023 | 2024 |
| Revenues | \$ 195 | \$ 13 | \$ — |
| Less: Cost of revenues | 2,109 | — | — |
| Gross Revenue | (1,914) | 13 | — |
| Total operating expenses | 4,795 | 212 | — |
| Loss from discontinued operations | (6,709) | (199) | — |
| Total other income, net | 381 | (118) | — |
| Loss from discontinued operation before income taxes | (6,328) | (317) | — |
| Income tax expenses from operations | — | — | — |
| Net loss from discontinued operations | \$ (6,328) | \$ (317) | \$ — |

Assets and liabilities of the discontinued operations as of December 31, 2023 and March 19, 2024 and the loss on sale of discontinued operations recognized during the year ended December 31, 2024 are as follows:

| | As of December 31, 2023 | As of March 19, 2024 |
|---|-------------------------------|----------------------------|
| Cash and cash equivalents | \$ 20 | \$ 20 |
| Other current assets | 4,546 | 4,546 |
| Total assets of discontinued operations | 4,566 | 4,566 |
| Accrued expenses and other current liabilities | 294 | 294 |
| Amounts due to related parties | 1,256 | 1,256 |
| Total liabilities of discontinued operations | \$ 1,550 | \$ 1,550 |
| Total net assets | — | \$ 3,016 |
| Total consideration received | — | 1,569 |
| Loss on sale of discontinued operations | — | \$ 1,447 |

Disposal of One World, Global Travel and its Subsidiaries

On August 31, 2024, the Group resolved to dispose One World, Global Travel and its subsidiaries. The entities were disposed to Mr. Jiang Hao for exchange of US\$1. The discontinued operations had a major effect on the Company's operations and financial results, which triggers discontinued operations accounting in accordance with FASB ASC 205-20-45. The results of operations related to the discontinued operations for the year ended December 31, 2024 were reported as income (loss) from discontinued operations.

The results of discontinued operations for the year ended December 31, 2024 are as follows:

| | For the year ended December 31, 2024 |
|--|---|
| Revenues | \$ — |
| Less: Cost of revenues | (125) |
| Gross Revenue | (125) |
| Total operating expenses | (1,477) |
| Loss from discontinued operations | (1,602) |
| Total other income, net | (1) |
| Loss from discontinued operation before income taxes | (1,603) |
| Income tax expenses from operations | — |
| Net loss from discontinued operations | \$ (1,603) |

Assets and liabilities of the discontinued operations as of August 31, 2024 and the loss on sale of discontinued operations recognized during the year ended December 31, 2024 are as follows:

| | As of August 31, 2024 |
|--|--------------------------------------|
| Cash and cash equivalents | \$ 4,327 |
| Other current assets | 24,295 |
| Noncurrent assets | 4,028 |
| Total assets of discontinued operations | 32,650 |
| Accrued expenses and other current liabilities | 778 |
| Amounts due to related parties | 33,479 |
| Total liabilities of discontinued operations | \$ 34,257 |
| Total net assets | \$ (1,607) |
| Total debts of discontinued operations waived by the Company | 1,607 |
| Total consideration received | — |
| Gain/Loss on sale of discontinued operations | \$ — |

4. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, consists of the following:

| | As of December 31, 2023 | As of December 31, 2024 |
|-----------------------------------|------------------------------------|------------------------------------|
| Accounts receivable, gross | \$ 2,972 | \$ 2,870 |
| Less: Allowance for credit losses | (2,953) | (2,870) |
| Accounts receivable, net | <u>\$ 19</u> | <u>\$ -</u> |

Movement of allowance for credit losses is as follows:

| | For the years ended December 31, | | |
|--------------------------|---|-----------------|-----------------|
| | 2022 | 2023 | 2024 |
| Beginning of year | \$ 3,150 | \$ 2,890 | \$ 2,953 |
| Addition | 100 | 130 | — |
| Reverse | (380) | (249) | (3) |
| Write off | — | 265 | — |
| Exchange rate adjustment | 20 | (83) | (80) |
| End of period | <u>\$ 2,890</u> | <u>\$ 2,953</u> | <u>\$ 2,870</u> |

5. OTHER CURRENT ASSETS, NET

Other current assets, net, consist of the following:

| | As of December 31, | | | As of December 31, | | |
|---|--------------------|--------------------|------------------|--------------------|--------------------|------------------|
| | 2023 | | | 2024 | | |
| | Gross | Allowance | Net | Gross | Allowance | Net |
| Receivable from third party (i) | \$ 33,147 | \$ (27,464) | \$ 5,683 | \$ 31,849 | \$ (26,460) | \$ 5,389 |
| Receivable from AM Advertising and its subsidiaries (ii) | 21,218 | (7,669) | 13,549 | 20,638 | (7,460) | 13,178 |
| Input VAT receivable | 2,493 | — | 2,493 | — | — | — |
| Other prepaid expenses | 3,710 | (1,338) | 2,372 | 3,605 | (1,445) | 2,160 |
| Short-term deposits | 257 | — | 257 | 243 | — | 243 |
| Prepaid selling and marketing fees | 518 | (354) | 164 | 459 | (344) | 115 |
| Receivable from non-controlling shareholders | 669 | (521) | 148 | 651 | (507) | 144 |
| Prepaid individual income tax and other employee advances | 389 | (116) | 273 | 378 | (113) | 265 |
| Others | 50 | — | 50 | 48 | — | 48 |
| Receivable from disposal of subsidiaries (iii) | — | — | — | 4,096 | — | 4,096 |
| Total | <u>\$ 62,451</u> | <u>\$ (37,462)</u> | <u>\$ 24,989</u> | <u>\$ 61,967</u> | <u>\$ (36,329)</u> | <u>\$ 25,638</u> |

(i) Receivable from third party mainly represented the concession fee deposits of Guangzhou Meizheng for the ceased operations in providing Wi-Fi services on trains that is expected to be refunded within one year and the refund receivable of concession fee from an airline company. As of December 31, 2023 and 2024, the management conducted a review on the outstanding balance and recorded bad debt provision on other current assets for which the collectability is assessed to be remote. It also consisted of loans to third parties are in order to secure them to provide advertising services at prime locations to the Group. As of December 31, 2023 and 2024, the Group had balance of various loan agreements with third parties with aggregate amount of \$5,891 and \$5,730, respectively with the terms of one year. The interest rates were around 5% without any assets pledged for the years ended December 31, 2023 and 2024, respectively. As of December 31, 2023 and 2024, the bad debt allowance for loan to third parties amounted to \$5,891 and \$5,730, respectively.

(ii) Receivable from AM Advertising and its subsidiaries balance amounted to \$21,218 and \$20,638 as of December 31, 2023 and 2024, respectively. As of December 31, 2023 and 2024, \$7,669 and \$7,460 of allowance for credit losses were made for the receivable balance, respectively. See Note 19 (b) for further discussion of AM Advertising.

(iii) On August 31, 2024, the Company resolved to dispose One World, Global Travel and its subsidiaries to a third party (the "Transferee") for exchange of \$1 due to loss of control. For the internal transactions between the Company and its subsidiaries in the amount of \$4,096, the Transferee shall pay to the Company the total sum of \$4,096, or its equivalent in any for (including cash, funds, or goods). The Company received the full repayment of 4,096,433 USDT from the Transferee in April 2025.

Movement of allowance for credit losses of other current assets is as follows:

| | For the years ended December 31, | | |
|--------------------------|----------------------------------|------------------|------------------|
| | 2022 | 2023 | 2024 |
| Beginning of year | \$ 34,846 | \$ 31,571 | \$ 37,462 |
| Addition | — | 6,788 | — |
| Reverse | (647) | — | — |
| Exchange rate adjustment | (2,628) | (897) | (1,133) |
| End of year | <u>\$ 31,571</u> | <u>\$ 37,462</u> | <u>\$ 36,329</u> |

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consist of the following:

| | As of December 31, 2023 | As of December 31, 2024 |
|-----------------------------------|----------------------------|----------------------------|
| Wi-Fi and network equipment | \$ 16,582 | \$ 16,134 |
| Office property | 10,544 | 10,256 |
| Software | 10,270 | 9,217 |
| Digital display network equipment | 3,396 | 3,304 |
| Computer and office equipment | 5,157 | 5,099 |
| Leasehold improvement | 2,467 | 2,400 |
| Furniture and fixture | 734 | 698 |
| Vehicles | 558 | 512 |
| Miners | - | 24,278 |
| Total original costs | 49,708 | 71,898 |
| Less: impairment | (14,763) | (14,360) |
| Less: accumulated depreciation | (24,868) | (23,431) |
| Construction in progress | 162 | 158 |
| Total property and equipment, net | <u>\$ 10,239</u> | <u>\$ 34,265</u> |

Movement of impairment for property and equipment is as follows:

| | For the years ended December 31, | | |
|--------------------------|----------------------------------|------------------|------------------|
| | 2022 | 2023 | 2024 |
| Beginning of year | \$ 16,353 | \$ 15,110 | \$ 14,763 |
| Addition | — | — | — |
| Exchange rate adjustment | (1,243) | (347) | (403) |
| End of year | <u>\$ 15,110</u> | <u>\$ 14,763</u> | <u>\$ 14,360</u> |

Depreciation expense for the years ended December 31, 2022, 2023 and 2024 were \$808, \$963 and \$29, respectively. Impairment loss recorded for the years ended December 31, 2022, 2023 and 2024 were nil.

7. LONG-TERM INVESTMENTS, NET

(a) Equity method investments, net

The Group had the following equity method investments:

| Name of company | As of December 31, 2023 | | As of December 31, 2024 | |
|---|---------------------------------|-----------------|---------------------------------|-------------|
| | Percentage of ownership % | Amount | Percentage of ownership % | Amount |
| Lanmeihangbiao Tiandi Internet Investment Management (Beijing) Co., Ltd. ("LMHB") (1) | 40 | 173 | 40 | 165 |
| Unicom AirNet (Beijing) Network Co., Ltd. ("Unicom AirNet") (2) | 33.67 | 3,848 | — | — |
| Less: impairment on equity method investments: LMHB (1) | | (173) | | (165) |
| Equity method investments, net | | <u>\$ 3,848</u> | | <u>\$ —</u> |

(1) In September 2015, AirNet Online entered into an agreement with BlueFocus Wireless Internet (Beijing) Investment Management Co., Ltd. and two individual investors to establish a joint venture, LMHB. LMHB is mainly engaged in investment management of Wi-Fi platform marketing and other mobile internet industries. The investment was fully impaired as of December 31, 2018.

(2) On February 22, 2017, AirNet Online established Unicom AirNet, jointly with Unicom Broadband Online Co., Ltd. and Chengdu Haite Kairong Aeronautical Technology Co., Ltd., a wholly owned subsidiary of a listed company providing aeronautical technical services. Pursuant to a capital contribution agreement entered into by the relevant parties, AirNet Online invested RMB117.9 million in Unicom AirNet. After this transaction, AirNet Online held 33.67% of equity interests in Unicom AirNet. The investment was accounted for using the equity method of accounting as the Group has the ability to exercise significant influence over the operations of Unicom AirNet. The Group recorded its share of gain of Unicom AirNet of approximately \$44 and \$73 for the years ended December 31, 2023 and 2024, respectively. In February 2024, the Group entered into an equity transfer agreement with Hainan Oriental Meitong Technology Partnership ("Buyer"), an unaffiliated third party, pursuant to which the Group disposed of all the 33.67% of equity interests held by AirNet Online in Unicom AirNet for an aggregate consideration of RMB197.0 million. In April 2024, the Group received the full amount of the consideration from the Buyer. The net book value of investment in Unicom AirNet was approximately \$3,700 before the disposal, and the Group recognized a total disposal gain of approximately \$23,647.

(b) *Equity investments without readily determinable fair values, net*

The Group had the following equity investments without readily determinable fair values, other-than-temporary impairment of \$47,336 and \$73,446 was recognized as of December 31, 2023 and 2024, respectively:

| Name of company | As of December 31, 2023 | | As of December 31, 2024 | |
|---|---------------------------------|------------------|---------------------------------|-------------|
| | Percentage of ownership % | Amount | Percentage of ownership % | Amount |
| Beijing Zhongjiao Huineng Information Technology Co., Ltd (“Zhongjiao Huineng”) (1) | 13 | \$ 529 | 13 | \$ 517 |
| AM Advertising (2) | 20 | 74,977 | 20 | 72,929 |
| Less: impairment | | | | |
| Zhongjiao Huineng (1) | | (529) | | (517) |
| AM Advertising (2) | | (46,807) | | (72,929) |
| Equity investments without readily determinable fair values, net | | <u>\$ 28,170</u> | | <u>\$ -</u> |

(1) In January 2016, the Group acquired 13.3% equity interest in Zhongjiao Huineng, a company established in the PRC that is mainly engaged in providing WIFI and GPS service to logistic industry. A full impairment loss was provided as of December 31, 2018.

(2) The investment in AM Advertising was accounted for using the cost method of accounting, as the Group does not have the ability to exercise significant influence on the operation from 2016. In December 2018, the Group sold the 20.32% equity interests in AM Advertising but did not derecognize this long-term investment considering the existence of continuing involvement and more than trivial benefit owned by the Group. Meanwhile the Group determined the fair value of this investment in AM Advertising according to the transaction price received, which became the new basis of the investment. Hence, the investment impairment loss of \$50,159 in AM Advertising was recorded for the year ended December 31, 2018 and the accumulated impairment was \$46,807 as of December 31, 2023, due to changes from foreign currency translation adjustment. As of October 30, 2019, the Group and the transferee entered into a supplementary agreement on the outstanding amount of RMB380 million. The Group assessed that they are not involved in any operations or exercise any influence on AM Advertising, so it made a full impairment of the long-term investment in the year of 2024.

8. LEASE

The Group leases offices space under non-cancelable operating leases, with terms ranging from one to three years. The Group considers those renewal or termination options that are reasonably certain to be exercised in the determination of the lease term and initial measurement of right of use assets and lease liabilities. Lease expense for lease payment is recognized on a straight-line basis over the lease term. Leases with initial term of 12 months or less are not recorded on the balance sheet.

The Group determines whether a contract is or contains a lease at inception of the contract and whether that lease meets the classification criteria of a finance or operating lease. When available, the Group uses the rate implicit in the lease to discount lease payments to present value; however, most of the Group's leases do not provide a readily determinable implicit rate. Therefore, the Group discount lease payments based on an estimate of its incremental borrowing rate.

The Group's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Supplemental balance sheet information related to operating lease was as follows:

| | As of December 31, 2023 | As of December 31, 2024 |
|---------------------------------|-------------------------------|-------------------------------|
| Right-of-use assets | \$ 2 | \$ — |
| Lease liabilities - current | \$ 6 | \$ — |
| Lease liabilities - non-current | — | — |
| Total lease liabilities | \$ 6 | \$ — |

For the years ended December 31, 2022, 2023 and 2024, the Group incurred lease expenses as follows.

| | For the years ended December 31, | | |
|----------------------|----------------------------------|------|------|
| | 2022 | 2023 | 2024 |
| Operating lease cost | \$ 19 | \$ 6 | \$ 2 |

9. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the follows:

| | As of December 31, 2023 | As of December 31, 2024 |
|-------------------------------|----------------------------|----------------------------|
| Accrued payroll and welfare | \$ 1,546 | \$ 1,396 |
| Other tax payable | 43 | 41 |
| Accrued staff disbursement | 994 | 1,043 |
| Deposit payable | 24 | 23 |
| Other current liabilities (i) | 7,634 | 7,639 |
| Other accrued expenses | 312 | 290 |
| | \$ 10,553 | \$ 10,432 |

(i) The other current liabilities mainly consist of the amounts due to AM Advertising and its subsidiaries mainly represent the borrowings from AM Advertising and its subsidiaries for daily operations.

10. INCOME TAXES

AirNet is a tax-exempted company incorporated in the Cayman Islands.

Broad Cosmos is tax-exempted company incorporated in the British Virgin Islands.

AN China and Blockchain Dynamics Limited are subject to Hong Kong tax law. According to Tax (Amendment) (No. 3) Ordinance 2018 published by Hong Kong government, from April 1, 2018, under the two-tiered profits tax rates regime, the profits tax rate for the first HK\$2.0 million of assessable profits will be lowered to 8.25% (half of the rate specified in Schedule 8 to the Inland Revenue Ordinance (IRO)) for corporations and 7.5% (half of the standard rate) for unincorporated businesses (mostly partnerships and sole proprietorships). Assessable profits above HK\$2.0 million will continue to be subject to the rate of 16.5% for corporations and standard rate of 15% for unincorporated businesses. AN China is qualified to elect the tax rate of 8.25% as it had no assessable profit in 2018, and had a small profit in 2022 and 2023 and a small loss in 2024.

The Group's subsidiaries in the PRC are all subject to PRC Enterprise Income Tax ("EIT") on the taxable income in accordance with the relevant PRC income tax laws and regulations except for Air Joy, which was incorporated in Singapore with an income tax rate of 17% and had no assessable profit in 2022, 2023 and 2024. The EIT rate for the Group's operating in PRC was 25% with the following exceptions.

Wangfan Linghang qualified for the HNTE (entities that are qualified as "high and new technology enterprises strongly supported by the state") at the end of 2017 and entitled to an EIT rate of 15%, expiring on December 26, 2020 and was entitled to an EIT rate of 25% afterwards.

Air Esurfing qualified for the HNTE in 2018 and entitled to an EIT rate of 15%, expiring on September 10, 2021 and was entitled to an EIT rate of 25% afterwards.

Income tax expenses (benefits) are as follows:

| | For the years ended December 31, | | |
|---------------------------------|----------------------------------|-------------|-------------|
| | 2022 | 2023 | 2024 |
| Income tax expenses (benefits): | | | |
| Current | \$ 17 | \$ 1 | \$ — |
| Deferred | — | — | — |
| | <u>\$ 17</u> | <u>\$ 1</u> | <u>\$ —</u> |

Reconciliation between the provision for income taxes computed by applying the PRC EIT rate of 25% to income before income taxes and the actual provision of income taxes is as follows:

| | For the years ended December 31, | | |
|---|----------------------------------|---------------|----------------|
| | 2022 | 2023 | 2024 |
| Net loss before provision for income taxes | \$ (5,966) | \$ 124 | \$ (10,598) |
| PRC statutory tax rate | 25% | 25% | 25% |
| Income tax at statutory tax rate | <u>(1,492)</u> | <u>31</u> | <u>(2,649)</u> |
| Expenses not deductible for tax purpose | | | |
| Entertainment expenses exceeded the tax limit | 28 | 15 | 10 |
| Tax effect of impairment loss on property and equipment and intangible assets | 668 | — | — |
| Tax effect of long-term investments loss | — | — | 937 |
| Tax effect of unrealized net operating loss | 6,198 | (59) | (8,894) |
| Changes in valuation allowance | (4,326) | 30 | 10,596 |
| Effect of income tax rate change | (1,026) | — | — |
| Effect of income tax rate difference in other jurisdictions | (33) | (16) | — |
| Income tax expenses | <u>\$ 17</u> | <u>\$ 1</u> | <u>\$ —</u> |
| Effective tax rates | <u>(0.3)%</u> | <u>(0.8)%</u> | <u>—%</u> |

The principal components of the Group's deferred income tax assets are as follows:

| | <u>As of December 31, 2023</u> | <u>As of December 31, 2024</u> |
|------------------------------------|------------------------------------|------------------------------------|
| Deferred tax assets: | | |
| Allowance for credit losses | \$ 10,104 | \$ 9,943 |
| Net operating loss carry forwards | 57,897 | 67,776 |
| Impairment on equipment | 3,691 | 3,632 |
| Impairment on long-term investment | — | 937 |
| Total deferred tax assets | <u>71,692</u> | <u>82,288</u> |
| Valuation allowance | <u>(71,692)</u> | <u>(82,288)</u> |
| Total deferred tax assets, net | <u>\$ —</u> | <u>\$ —</u> |

The Group had deferred tax assets which consisted of tax loss carry-forwards, accruals and reserves which can be carried forward to offset future taxable income. The valuation allowance provided as of December 31, 2023 and 2024 relates to the deferred tax assets generated by the Group's VIEs. The Group's subsidiaries, VIEs and VIEs' subsidiaries in the PRC had total net operating loss carry forwards approximately of \$67,776 as of December 31, 2024. The net operating loss carry forwards for the PRC subsidiaries will expire on various dates through year 2026. The Group's valuation allowance increased by \$10,596 from \$71,692 as of December 31, 2023 to \$82,288 as of December 31, 2024.

For the years ended on December 31, 2022, 2023 and 2024, the Group recognized no interest expense related to unrecognized tax benefits. The Group is not currently under examination by any income taxing authority, nor has it been notified of an impending examination. As of December 31, 2024, tax years of 2019 to 2024 are subject to examination by the tax authorities.

Uncertainties exist with respect to how the current income tax law in the PRC applies to the Group's overall operations, and more specifically, with regard to tax residency status. New EIT Law includes a provision specifying that legal entities organized outside of China will be considered residents for Chinese income tax purposes if the place of effective management or control is within China. The Implementation Rules to the new EIT Law provide that non-resident legal entities will be considered China residents if substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc., occurs within China. Additional guidance is expected to be released by the Chinese government in the near future that may clarify how to apply this standard to tax payers. Despite the present uncertainties resulting from the limited PRC tax guidance on the issue, the Group does not believe that its legal entities organized outside of China should be treated as residents for new EIT Law purposes. If the PRC tax authorities subsequently determine that the Company and its subsidiaries registered outside the PRC should be deemed resident enterprises, the Company and its subsidiaries registered outside the PRC will be subject to the PRC income tax at a rate of 25%.

However, the Company's subsidiaries located in the PRC were in a loss position and had accumulated deficit as of December 31, 2024, and the tax basis for the investment was greater than the carrying value of this investment. A deferred tax asset should be recognized for this temporary difference only if it is apparent that the temporary difference will reverse in the foreseeable future. Absent of evidence of a reversal in the foreseeable future, no deferred tax asset for such temporary difference was recorded. The Company did not record any tax on any of the undistributed earnings because the relevant subsidiaries do not intend to declare dividends and the Company intends to permanently reinvest it within the PRC.

Aggregate undistributed earnings of the Company's subsidiaries located in the PRC that are available for distribution to the Company are considered to be indefinitely reinvested and accordingly, no provision has been made for the Chinese dividend withholding taxes that would be payable upon the distribution of those amounts to the Company. The Chinese tax authorities have also clarified that distributions made out of pre-January 1, 2008 retained earnings will not be subject to the withholding tax.

11. NET INCOME (LOSS) PER SHARE

On November 30, 2022, with the approval of shareholder meeting, the Company consolidated every forty of the authorized (whether issued or unissued) shares of each class of par value of US\$0.001 each in the capital of the Company into one share of the same class of par value of US\$0.04 each (the "Share Consolidation"). Upon the Share Consolidation, the ratio of its American Depositary Receipts representing ordinary shares ("ADS") of the Company will be amended from one ADS representing ten (10) ordinary shares of the Company to one (1) ADS representing one (1) ordinary share of the Company. Following and as a result of the Share Consolidation, the authorized share capital of the Company will be US\$1,000,000 divided into 22,500,000 ordinary shares of a nominal or par value of US\$0.04 each and 2,500,000 preferred shares of a nominal or par value of US\$0.04 each.

On May 31, 2024, the authorized share capital of the Company increased from US\$1,000,000 divided into 22,500,000 ordinary shares of a nominal or par value of US\$0.04 each and 2,500,000 preferred shares of a nominal or par value of US\$0.04 each to US\$40,000,000 divided into 900,000,000 ordinary shares of a nominal or a par value of US\$0.04 each and 100,000,000 preferred shares of a nominal or par value of US\$0.04 each, by the creation of an additional 877,500,000 ordinary shares with a par value of US\$0.04 each and 97,500,000 preferred shares with a par value of US\$0.04 each.

All share and per share data as of December 31, 2022, 2023 and 2024 and for the years ended December 31, 2022, 2023 and 2024 are presented on a retroactive basis.

The calculation of the net income (loss) per share is as follows:

| | For the years ended December 31, | | |
|--|---|------------------|-------------------|
| | 2022 | 2023 | 2024 |
| Numerator: | | | |
| Net loss attributable to AirNet Technology Inc.'s ordinary shareholders | \$ (13,335) | \$ (574) | \$ (13,651) |
| Denominator: | | | |
| Weighted average ordinary shares outstanding used in calculating net loss per ordinary share/ADS | | | |
| Basic and diluted | <u>7,803,348</u> | <u>6,571,281</u> | <u>11,199,744</u> |
| Net loss per ordinary share/ADS | | | |
| Basic and diluted | <u>\$ (1.71)</u> | <u>\$ (0.09)</u> | <u>\$ (1.22)</u> |

12. SHARE BASED PAYMENTS

2012 Share incentive plan

In 2012, the Group created the 2012 Share Incentive Plan (the "Plan") which provides for 6,000,000 ordinary shares options to be granted to employees and directors. Share options under this Plan may vest over a service period, performance condition or market condition, as specified in each award. Share options generally expire 5 years from the grant date. The Group has extended the expiration date of its outstanding options to December 31, 2025.

The following summary of stock option activities for the year ended December 31, 2024:

| | Outstanding Options | | | | Aggregate intrinsic value |
|-------------------------------------|------------------------------|---|---|---|--|
| | Number of options | Weighted average exercise price per option | Weighted average grant-date fair value | Weighted average remaining contractual terms | |
| Outstanding as of January 1, 2023 | 6,540,000 | \$ 0.44 | \$ 0.35 | 1.53 | \$ — |
| Granted | — | — | — | — | — |
| Exercised | — | — | — | — | — |
| Forfeited | — | — | — | — | — |
| Expired | — | — | — | — | — |
| Outstanding as of December 31, 2023 | <u>6,540,000</u> | <u>\$ 0.44</u> | <u>\$ 0.35</u> | <u>0.53</u> | <u>\$ —</u> |
| Granted | — | — | — | — | — |
| Exercised | — | — | — | — | — |
| Forfeited | — | — | — | — | — |
| Expired | <u>6,155,032</u> | <u>0.44</u> | <u>0.35</u> | <u>—</u> | <u>—</u> |
| Outstanding as of December 31, 2024 | <u><u>384,968</u></u> | <u><u>\$ 0.24</u></u> | <u><u>\$ 0.35</u></u> | <u><u>1.00</u></u> | <u><u>\$ —</u></u> |

The total intrinsic value of options exercised during the years ended December 31, 2022, 2023 and 2024 were all nil. The Group recorded share-based compensation of \$60, \$5 and \$518 for the years ended December 31, 2022, 2023 and 2024, respectively. The total unrecognized compensation expense related to unvested share options granted as of December 31, 2024 was nil.

Volatility

The volatility of the underlying ordinary shares during the life of the options was estimated based on the historical stock price volatility of the Company's ordinary shares and listed shares of comparable companies over a period comparable to the expected term of the options. From March 2011, the volatility was estimated based on the historical volatility of the Company's share price as the Company has accumulated sufficient history of stock price for a period comparable to the expected term of the options.

Risk-free rate

Risk-free rate is based on yield of US Treasury bill as of valuation date with maturity date close to the expected term of the options.

Expected term

The expected term is estimated based on a consideration of factors including the original contractual term and the vesting term.

Dividend yield

The dividend yield was estimated by the Group based on its expected dividend policy over the expected term of the options. The Group has no plan to pay any dividend in the foreseeable future. Therefore, the Group considers the dividend yield to be zero.

Exercise price

The exercise price of the options was determined by the Group's Board of Directors.

Fair value of underlying ordinary shares

The closing market price of the ordinary shares of the Company as of the grant/modification date was used as the fair value of the ordinary shares on that date.

No options were granted during 2021 to 2024.

Ordinary shares issued for services

In March 2024, the Group granted an aggregate of 1,200,000 ordinary shares with a fair value of \$1,332, determined using the closing price of \$1.1 on March 20, 2024, to one service provider. The value of these shares is being amortized over the service period of two years starting from April 1, 2024. During the years ended December 31, 2022, 2023 and 2024, the Group recorded \$60, \$5 and \$518 share-based compensation expense related to services, respectively.

13. TREASURY SHARES

Up to December 31, 2023, the Company had repurchased an aggregate of 1,306,486 outstanding shares from the open market for a total consideration of \$17,400, of which 438,137 outstanding shares had been cancelled and 868,349 outstanding shares were recorded as treasury shares. As a result of Share Consolidation in Note 11, a total of 24,818 outstanding shares was recorded as treasury shares as of December 31, 2023.

On March 19, 2024, the Group resolved to dispose Blockchain Dynamics Limited together with its subsidiary. The entities were disposed to Mr. Herman Man Guo for exchange of 1,307,229 ordinary shares of the Company at a par value of \$0.04. In July 2024, a total of 24,818 outstanding shares recorded as treasury shares was reissued to two employees. Therefore, a total of 1,307,229 outstanding shares was recorded as treasury shares as of December 31, 2024.

14. MAINLAND CHINA CONTRIBUTION PLAN

Full time employees of the Group in the PRC participate in a government-mandated multiemployer defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. PRC labor regulations require the Group to accrue for these benefits based on certain percentages of the employees' income. The total contribution for such employee benefits were \$686, \$319 and \$156 for the years ended December 31, 2022, 2023 and 2024, respectively.

15. STATUTORY RESERVES

As stipulated by the relevant law and regulations in the PRC, the Group's subsidiaries, VIEs and VIEs' subsidiaries in the PRC are required to maintain 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 no statutory reserves during the years ended December 31, 2022, 2023 and 2024. 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.

16. RESTRICTED NET ASSETS

Relevant PRC laws and regulations restrict the WFOEs, VIEs and VIEs' subsidiaries from transferring a portion of their net assets, equivalent to the balance of their paid-in-capital, additional paid-in-capital and statutory reserves to the Group in the form of loans, advances or cash dividends. Relevant PRC statutory laws and regulations restrict the payments of dividends by the Group's PRC subsidiaries and VIEs and VIEs' subsidiaries from their respective retained earnings, if any, as determined in accordance with PRC accounting standards and regulations.

As of December 31, 2024, the balance of restricted net assets was \$260,143, of which \$65,622 was attributed to the paid-in-capital, additional paid-in-capital and statutory reserves of the VIEs and VIEs' subsidiaries, and \$194,521 was attributed to the paid in capital, additional paid-in-capital and statutory reserves of WFOE. Under applicable PRC laws, loans from PRC companies to their offshore affiliated entities require governmental approval, and advances by PRC companies to their offshore affiliated entities must be supported by bona fide business transactions.

17. COMMITMENTS

As of December 31, 2024, the Group had no material purchase commitments or significant leases.

18. LIABILITIES FOR LITIGATION

Approval for non-advertising content

A majority of the digital frames and digital TV screens in the Group's network include programs that consist of both advertising content and non-advertising content. On December 6, 2007, the State Administration of Radio, Film or Television, or the SARFT, a governmental authority in the PRC, issued a Circular regarding Strengthening the Management of Public Audio-Video in Automobiles, Buildings and Other Public Areas, or the SARFT Circular. According to the SARFT Circular, displaying audio-video programs such as television news, films and television shows, sports, technology and entertainment through public audio-video systems located in automobiles, buildings, airports, bus or train stations, shops, banks and hospitals and other outdoor public systems must be approved by the SARFT. The Group intends to obtain the requisite approval of the SARFT for the Group's non-advertising content, but the Group cannot assure that the Group will obtain such approval in compliance with this SARFT Circular, or at all.

In January 2014, the Group entered into a strategic alliance with China Radio International Oriental Network (Beijing) Co., Ltd ("CRION"), which manages the internet TV business of China International Broadcasting Network, to operate the CIBN-AirNet channel for broadcast network TV programs to air travelers in China. According to the terms of the cooperation arrangement with CRION, during the cooperation period from March 28, 2014 to March 27, 2024, CRION shall obtain and, from time to time, be responsible for obtaining any approval, license and consent regarding the regulation of broadcasting and television from relevant authorities.

There is no assurance that CRION will be able to obtain or maintain the requisite approval or the Group will be able to renew the contract with CRION when they expire. If the requisite approval is not obtained, the Group will be required to eliminate non-advertising content from the programs included in the Group's digital frames and digital TV screens and advertisers may find the Group's network less attractive and be unwilling to purchase advertising time slots on the Group's network.

As of December 31, 2024, the Group did not record a provision for these matters as management believes the possibility of adverse outcome of the matters is remote and any liability it may incur would not have a material adverse effect on its consolidated financial statements. However, it is not possible for the Group to predict the ultimate outcome and the possible range of the potential impact of failure to obtain such disclosed registrations and approvals primarily due to the lack of relevant data and information in the market in this industry in the past.

AM Advertising Dispute

Linghang Shengshi had served a legal letter, dated June 29, 2016 (the "Legal Letter"), on Longde Wenchuang to challenge the proposed transfers by Longde Wenchuang of their equity interests in AM Advertising to Shanghai Golden Bridge InfoTech Co., Ltd. (stock code: 603918), a PRC company with its shares listed on the Shanghai Stock Exchange ("Golden Bridge"). As of the date of the Legal Letter, Linghang Shengshi held 24.84% of the equity interests in AM Advertising. Longde Wenchuang and Culture Center held 28.57% and 46.43%, respectively, of the equity interests in AM Advertising. On June 14, 2016, Longde Wenchuang entered into an equity interest transfer agreement with Golden Bridge to transfer 75% equity interests in AM Advertising to Golden Bridge in consideration for shares in Golden Bridge (the "Transfer"). Longde Wenchuang did not seek consent from Linghang Shengshi with respect to the Transfer in accordance with the provisions of the Company Law of the People's Republic of China (the "Company Law"). Linghang Shengshi challenges the validity of the Transfer on the ground that it violated the statutory right of first refusal of Linghang Shengshi under the Company Law. Subsequent to the Group's legal letter, Golden Bridge ceased acquisition of 75% equity interest of AM Advertising from Longde Wenchuang and Culture Center. Longde Wenchuang and Culture Center further dismissed the Group's representative from Co-CEO position of AM Advertising.

On September 2, 2016, the Group received notice (the “September 2, 2016 Notice”) from the China International Economic and Trade Arbitration Commission (the “CIETAC”) that the Company, Chuangyi Technology, Linghang Shengshi and Mr. Herman Man Guo (collectively, the “Respondents”) were named as respondents by the Culture Center in an arbitration proceeding submitted by the Culture Center to the CIETAC in connection with the sale by the Group of 75% equity interests in AM Advertising to Golden Bridge in June 2015. Culture Center seeks specific performance by the Respondents of certain obligations under the transaction documents, which include, among other things, (i) the pledge by Linghang Shengshi and Mr. Guo of their respective equity interests in AM Advertising to Culture Center as security for their obligations under the transaction documents, (ii) the use of best efforts by the Respondents to cooperate with the Culture Center and Longde Wenchuang to procure the listing of AM Advertising in China and (iii) the performance by the Group and Mr. Guo of their respective non-compete obligations to refrain from holding, operating, or otherwise participating in any business that is the same or substantially the same as that of AM Advertising. The Group believes the arbitration request is without merit and intends to defend the actions vigorously. However, no assurances can be provided that the Group will prevail in this arbitration proceeding. In response to the September 2, 2016 Notice, the Group filed a notice against Culture Center to CIETAC for their breach of contract.

As a result of the above disputes, the Group is no longer able to exercise significant influence in operating and strategic decision of AM Advertising and cannot access to AM Advertising’s financial information. Accordingly, the Group accounted its investment in AM Advertising as equity investments without readily determinable fair values (see Note 7) as of December 31, 2022, 2023 and 2024. AM Advertising and its subsidiaries are no longer related parties to the Group. As of December 31, 2024, the Group treated the provision for earnout commitment of \$20,900 as contingent liability and did not record any additional provision for this matter as management believes the possibility of adverse outcome of the matter is remote and any liability it may incur would not have a material adverse effect on its consolidated financial statements.

During 2018, a memorandum of understanding and various supplemental agreements (collectively the “MoU”) were, were entered into with, among others, Longde Wenchuang and Beijing Cultural Center Construction and Development Fund (Limited Partnership), under which, among other things, Linghang Shengshi and Mr. Guo have agreed to pay or make available to AM Advertising on or prior to May 30, 2018 and further extended to September 30, 2018 and December 31, 2018 an aggregate of RMB304.5 million which was to be discounted by the following amounts (i) the RMB152.0 million profits attributable to Linghang Shengshi, Mr. Guo and Mr. Xu for the first nine months of 2015, based on a third-party pro forma audit report on AM Advertising; (ii) the loan of RMB88.0 million in principal balance and RMB7.8 million in interests; and (iii) the payment of RMB56.7 million in cash after the sale of the 20.32% equity interests in AM Advertising, which consisted of 20.18% equity interests held by the Group and 0.14% equity interests held by Mr. Man Guo and Mr. Qing Xu on behalf of the Group, and following the completion of the foregoing arrangements, the Group’s obligations with respect to the profit target for 2015, the earnout provision for the first nine months of 2015 and the loans between AM Advertising and Linghang Shengshi shall be deemed completed. According to the aforesaid MoU, after Linghang Shengshi, Mr. Guo and Mr. Xu transfer all the equity interest of AM Advertising, they will cease to be shareholders of AM Advertising and will not be able to continuously assume the obligations in connection with the profit commitment and earn out provision as a matter of fact.

The sale of the 20.32% equity interests in AM Advertising (therein 20.18% was held by the Group) has been completed as of December 31, 2018, while the cash payment of RMB56.7 million to Longde Wenchuang and Beijing Cultural Center Construction and Development Fund (Limited Partnership) has not been paid yet by the Group as of December 31, 2022. Upon the effectiveness of MoU, the Group has written off the contingency of provision for earnout provision, and has recorded an actual payable of earnout provision in the amount of RMB152.6 million as of December 31, 2018. On June 27, 2019, Linghang Shengshi received a letter of notification from AM Advertising requiring for the immediate payment for the net settlement of RMB 56.7 million (the “Letter”) and Linghang Shengshi responded to the Letter on June 28, 2019 by urging AM Advertising to cooperate with income tax deduction.

In January 2021, the Group was informed that two of Linghang Shengshi's bank accounts amounted to \$1 in aggregate was frozen by the court as Culture Center applied to the court regardless of the arbitration process in the CIETAC in connection with the sale by the Group of 75% equity interests in AM Advertising. The Group believes the application is non-excused as it conflicted with the arbitration proceeding already submitted by the Culture Center to the CIETAC and defended the actions by applying to the court to unfreeze Linghang Shengshi's bank accounts. In March 2021, the Group discovered that the equity interest of AirNet Online held by Mr. Herman Man Guo and Mr. Qing Xu was frozen by the court, which was applied to the court by AM Advertising to urge all parties to settle the Transfer (the "Case"). However, the Group believes that the court has no right of jurisdiction to judge this Case as it was essentially consisted with the arbitration process in the CIETAC and would be conflicting, and the Group submitted the objection to the court. The judge of the Case has orally approved the objection and the Case will be withdrawn. As of December 31, 2021, Longde Wenchuang and Culture Center have not issued a written notice requesting the cancellation of the MoU. Therefore, the Group considered the MoU was still effective as of December 31, 2024, and the aforementioned actual payable of earnout provision remained.

In January 2022, the court gave a judgement that Linghang Shengshi, Mr. Herman Man Guo and Mr. Qing Xu should pay RMB 56.7 million and interest (the "debts") to AM Advertising within 10 days of the effective date of the judgment. In addition, Chuangyi Technology and AirNet is jointly and severally liable for the debts to the AM Advertising. Linghang Shengshi, Mr. Herman Man Guo, Mr. Qing Xu and Chuangyi Technology has entered an appeal to the court. The original judgment is affirmed. As the payable of earnout commitment of RMB 152.6 million have been adjusted since 2019 and the total amount of RMB 95.9 million of other current asset have been recorded per book, the net amount of the contingent liability of \$7,639 was reflected under the other current liabilities in the consolidated financial statement of 2024, and no further adjustment was needed in a conclusion.

Franchise agreement dispute

Guangzhou Meizheng had a dispute with Shanghai Railway Culture Advertising Development Co., Ltd. ("Railway Culture") arising from a franchise agreement. On August 22, 2014, the two parties signed the Franchise Agreement for the Operation of WiFi Wireless Network Services on EMU Trains Under Shanghai Railway Bureau's Jurisdiction (the "Agreement"), which assigned the franchise right to Guangzhou Meizheng for three years ended on March 31, 2018. According to the Agreement, Guangzhou Meizheng paid security deposit of RMB 4,842,000 and first installment of RMB 24,210,000. In addition, Guangzhou Meizheng hired research people to develop the hardware and software system for the media platform for the trains. However, Railway Culture did not perform its obligations as stated in the Agreement. Even though it has returned the deposit and first installment back to Guangzhou Meizheng, it still caused Guangzhou Meizheng to incur material losses. On May 23, 2023, Shanghai Jing'an District People's Court made an original judgement that Railway Culture should compensate Guangzhou Meizheng for RMB 10 million. The two parties appealed, and Shanghai Intellectual Property Court made the final judgement which the original judgement is affirmed. Guangzhou Meizheng received the RMB 10 million compensation from Railway Culture in January 2025, and the compensation was recorded as non-operating income for the year of 2025.

19. RELATED PARTY TRANSACTIONS

Details of outstanding balances with the Group's related parties as of December 31, 2023 and 2024 were as follows:

Amount due from related parties:

| Name of related parties | Relationship | As of December 31, | |
|-------------------------|----------------------------|--------------------|--------|
| | | 2023 | 2024 |
| Xu Qing | Shareholder of the Company | \$ 191 | \$ 204 |

The amounts represent interest free advances to the related parties in a short-term basis for operation purpose.

Amount due to related parties:

| Name of related parties | Relationship | As of December 31, | |
|-------------------------|--------------|--------------------|-----------------|
| | | 2023 | 2024 |
| Man Guo | Shareholder | 918 | — |
| Dan Shao | Shareholder | 10,190 | 3,631 |
| | | <u>\$ 11,108</u> | <u>\$ 3,631</u> |

(1) The Group issued a total of 6,567,431 ordinary shares to the two related parties to repay \$7.6 million (RMB 54,374 million) debts on April 30, 2024.

20. SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after December 31, 2024 up through April 30, 2025 and identified the following subsequent events occurred that would require recognition or disclosure in the Company's consolidated financial statements.

The Company resumed the cryptocurrencies mining business starting in January 2025. The cryptocurrency mining business had already generated about \$6.5 million mining revenue from January to March 2025 for the Company.

On February 19, 2025, the Company entered into certain securities purchase agreement with certain non-U.S. persons as defined in Regulation S of the Securities Act of 1933, as amended, pursuant to which the Company agreed to sell up to an aggregate of 15,555,600 restricted ordinary shares of the Company, par value \$0.04 per share, at a price of \$0.45 per Share for an aggregate purchase price of approximately \$7 million. The net proceeds to the Company from the offering shall be used by the Company for working capital and general corporate purposes.

21. FINANCIAL INFORMATION OF PARENT COMPANY

(a) Balance sheet

| | As of December 31, | |
|--|--------------------|------------------|
| | 2023 | 2024 |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 2 | \$ 2 |
| Amount due from subsidiaries | 16,294 | 23,824 |
| Other current assets | 110 | 4,111 |
| Total current assets | <u>16,406</u> | <u>27,937</u> |
| Property and equipment, net | - | 24,278 |
| TOTAL ASSETS | <u>\$ 16,406</u> | <u>\$ 52,215</u> |
| Liabilities | | |
| Current liabilities | | |
| Accrued expenses and other current liabilities | \$ 4,557 | \$ 350 |
| Amount due to subsidiaries | — | 28,577 |
| Investment deficit in subsidiaries | — | 12,361 |
| Total liabilities | <u>4,557</u> | <u>41,288</u> |
| Equity | | |
| Ordinary shares (\$0.04 par value; 900,000,000 shares authorized; 4,525,643 and 15,639,877 shares issued as of December 31, 2023 and 2024, respectively; 4,474,836 and 14,332,648 shares outstanding as of December 31, 2023 and 2024, respectively) | 181 | 575 |
| Additional paid-in capital | 298,750 | 311,740 |
| Treasury shares (24,818 and 1,307,229 shares as of December 31, 2023 and 2024) | (1,148) | (1,517) |
| Deferred share compensation | — | (814) |
| Accumulated deficits | (318,813) | (332,464) |
| Accumulated other comprehensive income | 32,879 | 33,407 |
| Total equity | <u>11,849</u> | <u>10,927</u> |
| TOTAL LIABILITIES AND EQUITY | <u>\$ 16,406</u> | <u>\$ 52,215</u> |

(b) Statements of operations

| | For the years ended December 31, | | |
|---|----------------------------------|----------|-------------|
| | 2022 | 2023 | 2024 |
| Operating expenses | | | |
| Selling and marketing | \$ — | \$ — | \$ — |
| General and administrative | (1,231) | (531) | (1,759) |
| Total operating expenses | (1,231) | (531) | (1,759) |
| Other income (loss), net | 41 | 8 | (567) |
| Investment loss in subsidiaries | (12,145) | (51) | (11,325) |
| Net loss attributable to holders of ordinary shares | \$ (13,335) | \$ (574) | \$ (13,651) |

(c) Statements of cash flow

| | For the years ended December 31, | | |
|---|----------------------------------|----------|-------------|
| | 2022 | 2023 | 2024 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net loss | \$ (13,335) | \$ (574) | \$ (13,651) |
| Investment loss in subsidiaries | 12,145 | 51 | 11,325 |
| Share-based compensation | 60 | 5 | 518 |
| Changes in operating assets and liabilities: | | | |
| Other current assets | — | — | (4,001) |
| Accrued expenses and other current liabilities | 1,130 | 518 | (4,207) |
| Amount due from subsidiaries | — | — | 4,316 |
| Net cash used in operating activities | — | — | (5,700) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issuance of ordinary shares through private offerings | — | — | 5,700 |
| Net cash provided by financing activities | — | — | 5,700 |
| Net decrease in cash, cash equivalents and restricted cash | — | — | — |
| Cash, cash equivalents and restricted cash, at beginning of year | 2 | 2 | 2 |
| Cash, cash equivalents and restricted cash, at end of year | \$ 2 | \$ 2 | \$ 2 |
| SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES: | | | |
| Share issuance for purchase of property and equipment | \$ 34,179 | \$ — | \$ — |