

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

FORM 8-K  
CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 7, 2022 (December 7, 2022)

**AERKOMM INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction  
of incorporation)

**000-55925**

(Commission  
File Number)

**46-3424568**

(IRS Employer  
Identification No.)

**44043 Fremont Blvd., Fremont, CA 94538**

(Address of principal executive offices)

**(877) 742-3094**

(Registrant's telephone number, including area code)

**923 Incline Way #39, Incline Village, NV 89451**

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Emerging Growth Company

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

Securities registered pursuant to Section 12(b) of the Act: None

**Title of each class**

**Trading Symbol(s)**

**Name of each exchange on which registered**

**Item 1.01 Entry into a Material Definitive Agreement.**

On December 7, 2022, Aerkomm Inc. (the "Company") entered into an investment conversion and bond purchase agreement (the "Agreement") with World Praise Limited, a Samoa registered company ("WPL"). Pursuant to the terms of this agreement, a copy of which is attached hereto as Exhibit 10.1, (i) a subscription for the common stock of the Company in the amount of \$3,175,200 which was entered into between WPL and the Company on June 28, 2022 and funded (the "June Subscription"), (ii) a subscription for the common stock of the Company in the amount of \$5,674,000 which was entered into between WPL and the Company on September 15, 2022 and funded (the "June Subscription"), and (iii) a subscription for the capital stock of MEPA Labs, Inc. ("MEPA"), a wholly owned subsidiary of the Company, in the amount of \$3,175,200 which was entered into between MEPA and the Company on June 28, 2022 and funded (the "MEPA Subscription," and together with the June Subscription and the September Subscription, the "WPL Subscriptions"), the WPL Subscriptions in the aggregate totaling \$13,173,200, were converted into loans to the Company evidenced by that certain convertible bond of the Company in favor of WPL and dated December 7, 2022 (the "Convertible Bond"), a copy of which is attached hereto as Exhibit 10.2.

In addition, and as indicated in the Agreement, WPL agreed to lend an additional \$10,000,000 to the Company under the Convertible Bond (the "New Loan") and to cap the aggregate amount of loans to the Company under the Convertible Bond, including the New Loan, the WPL Subscriptions and any future advances under the Convertible Bond, at \$30,000,000.

The Convertible Bond allows for loans to the Company up to an aggregate principal amount of \$30,000,000 and acknowledges an aggregate principal amount of \$23,173,200 in loans under the Convertible Bond outstanding as of December 7, 2022. The Convertible Bond carries an annual interest rate of four percent (4%) which is due and payable, along with the then principal amount outstanding, on the Convertible Bond maturity date, December 7, 2024. The Convertible Bond is pre-payable in whole or in part at any time without penalty, on five days' prior written notice to WPL. In the event of a change of control of the Company (as that term is defined in the Convertible Bond), the Convertible Bond shall become immediately payable in full. The Convertible Bond, along with accrued interest, is convertible in whole or in part by WPL at any time into shares of common stock of the Company at a conversion price of \$6.00 per share.

The description above does not provide all of the terms and details of the Agreement or the Convertible Bond which documents are attached hereto as exhibits and incorporated herein by reference.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

Reference is made to the discussion in Item 1.01 above which is incorporated into this Item 2.03 by reference.

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**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS**

(d) Exhibits:

<b>Exhibit No.</b>	<b>Description</b>
10.1	<a href="#">Investment Conversion and Bond Purchase Agreement dated December 7, 2022 by and between Aerkomm Inc. and World Praise Limited</a>
10.2	<a href="#">Convertible Bond dated December 7, 2022</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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**SIGNATURES**

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

Date: December 7, 2022

AERKOMM INC.

/s/ Louis Giordimaina

Name: Louis Giordimaina

Title: Chief Executive Officer

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## AERKOMM INC.

## INVESTMENT CONVERSION AND BOND PURCHASE AGREEMENT

This Investment Conversion and Bond Purchase Agreement (this “*Agreement*”) is made and entered into as of \_\_\_\_\_, 2022 (the “*Effective Date*”), by and between Aerkomm Inc., a Nevada corporation with its principal office at 44043 Fremont Blvd., Fremont, CA 94538 (“*Aerkomm*” or the “*Company*”), and World Praise Limited, a Samoa registered company with an address at Vistra Corporation Services Center, Ground Floor NFP Building, Beach Road, Apia, Samoa (“*WPL*”).

## Recitals

A. On June 28, 2022, Aerkomm and WPL entered into a subscription agreement (the “*June Aerkomm Agreement*”) pursuant to which WPL agreed to purchase 516,666 shares of Aerkomm’s common stock, \$0.001 par value per share (the “*Common Stock*”), at a purchase price per share of Euro 6.00 for an aggregate of EURO 3,100,000, at an agreed upon exchange rate of EUR/USD 1.0584. Under this June Aerkomm Agreement, WPL paid to Aerkomm a first installment of US \$3,175,200 (the “*June Aerkomm Investment*”), and to date, no shares of Common Stock have been issued and delivered to WPL under the June Aerkomm Agreement.

B. On September 15, 2022, Aerkomm and WPL entered into an additional subscription agreement (the “*September Aerkomm Agreement*”) pursuant to which WPL agreed to purchase 966,669 shares of the Common Stock at a purchase price per share of Euro 6.00 for an aggregate of EURO 5,800,000, at an agreed upon exchange rate of EUR/USD 0.9982. Under this September Aerkomm Agreement, WPL paid to Aerkomm a first installment of US \$5,674,000 (the “*September Aerkomm Investment*”), and to date, no shares of Common Stock have been issued and delivered to WPL under the September Aerkomm Agreement.

C. On June 28, 2022, WPL and MEPA Labs, Inc., a California corporation and now a wholly owned subsidiary of Aerkomm (“*MEPA*”), entered into a subscription agreement (the “*June MEPA Agreement*,” and together with the June Aerkomm Agreement and the September Aerkomm Agreement, the “*WPL Investment Agreements*”) pursuant to which WPL agreed to purchase 4,400,000 shares of MEPA’s common stock at a purchase price per share of US \$1.00 for an aggregate of US \$4,400,000. Under this June MEPA Agreement, WPL paid to MEPA a first installment of US \$4,324,000 (the “*June MEPA Investment*,” and together with the June Aerkomm Investment and the September Aerkomm Investment, the “*WPL Investments*”), and to date, no shares of MEPA common stock have been issued and delivered to WPL under the June MEPA Agreement. For the avoidance of doubt, it is understood by the parties that the WPL Investments, in the aggregate, total US \$13,173,200.

D. The Company and MEPA now desire to convert the WPL Investments from obligations to issue shares of Aerkomm and MEPA common stock to loans to the Company convertible into shares of Aerkomm Common Stock according to the terms of the convertible bond, a copy of which is attached hereto in final form as Exhibit A (the “*Convertible Bond*”).

E. Additionally, WPL now wishes to be able to invest additional funds up to a maximum of US \$30,000,000, which number includes the existing WPL Investments (the “*Maximum Loan Amount*”), in the Company, with an initial additional loan of US \$10,000,000 (the “*Initial Additional Loan Amount*”), under, and pursuant to the terms of, the Convertible Bond.

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**Now Therefore**, in consideration of the mutual promises and covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**1. Outstanding Aggregate WPL Investment.** The Company and WPL hereby acknowledge and agree that the WPL Investments itemized in the recitals above are accurately reflected and that the Company has received all of the \$13,173,200 constituting the WPL Investments.

**2. WPL Investments Conversion; Additional Loan.**

**(a) Conversion of the WPL Investments.** Effective upon the execution and delivery of the Convertible Bond by Aerkomm and WPL on the Effectives Date, the Company and WPL acknowledge and agree that (a) each of the WPL Investments shall be automatically converted into a loan to the Company under, and in accordance with the terms of, the Convertible Bond (the “*Conversion*”), such aggregate loan amount (the “*Conversion Amount*”) to be reflected in the Convertible Bond as a component of the Base Amount, as that term is defined in the Convertible Bond, and that by virtue of such Conversion, the obligations of the Company under the WPL Investment Agreements are terminated, and all rights, title and interest arising under the WPL Investment Agreements are hereby cancelled, released, extinguished and of no further force and effect, and (b) the cancellation, release and extinguishment of each of the WPL Investment Agreements is effective whether or not such agreement is delivered to and cancelled by the Company. Each of the WPL Investment Agreements is hereby amended to the extent necessary to allow for such Conversion as contemplated by this Agreement.

**(b) Additional Loans.** On the Effective Date, WPL agrees to deliver to the Company the Initial Additional Loan Amount, such amount to be reflected in the Convertible Bond as a component of the Base Amount. Any additional loan amounts to be advanced to the Company at future dates as may be agreed upon by the parties, up to, in the aggregate, the Maximum Loan Amount, shall be recorded on Schedule 1 to the Convertible Bond in accordance to the terms of the Convertible Bond.

**3. Representations, Warranties and Covenants of the Company.** The Company hereby represents and warrants to WPL as of the date of execution of this Agreement and as of the conversion date of the Convertible Bond as follows:

**(a) Organization, Good Standing and Qualification.** The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada. The Company has the requisite corporate power to own and operate its properties and assets and to carry on its business as now conducted and as proposed to be conducted. The Company is duly qualified and is authorized to do business and is in good standing as a foreign corporation in all jurisdictions in which the nature of its activities and of its properties (both owned and leased) makes such qualification necessary, except for those jurisdictions in which failure to do so would not have a Material Adverse Effect on the Company or its business. For purposes of the Convertible Bond, “**Material Adverse Effect**” means (a) a material adverse change in, or a material adverse effect upon, the operations, business, assets, properties, liabilities (actual or contingent), condition (financial or otherwise) of the Company, or the Company taken as a whole; (b) a material impairment of the rights and remedies of WPL under the Convertible Bond, or of the ability of the Company to perform its obligations under any such document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Company of the Convertible Bond to which it is a party.

**(b) Corporate Power.** The Company shall have all requisite corporate power to execute and deliver the Convertible Bond and to carry out and perform its obligations under the terms of the Convertible Bond. The Company’s Board of Directors has approved the Convertible Bond based upon a reasonable belief that the Convertible Bond is appropriate for the Company after reasonable inquiry concerning the Company’s financing objectives and financial situation.

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**(c) Authorization.** All corporate action on the part of the Company necessary for the authorization, execution, delivery and performance of the Convertible Bond by the Company and the performance of the Company's obligations hereunder, including the issuance and delivery of the Convertible Bond and the reservation of the equity securities issuable upon conversion of the Convertible Bond (collectively, the "**Conversion Securities**") has been taken or will be taken prior to the issuance of such Conversion Securities. This Agreement and the Convertible Bond, when executed and delivered by the Company, shall constitute valid and binding obligations of the Company enforceable in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency, the relief of debtors and, with respect to rights to indemnity, subject to federal and state securities laws. The Conversion Securities, when issued in compliance with the provisions of this Agreement or the Convertible Bond, will be validly issued, fully paid and nonassessable and free of any liens or encumbrances and issued in compliance with all applicable federal and securities laws.

**(d) Governmental Consents.** All consents, approvals, orders, or authorizations of, or registrations, qualifications, designations, declarations, or filings with, any governmental authority, required on the part of the Company in connection with the valid execution and delivery of the Convertible Bond, the offer, sale or issuance of the Convertible Bond and the Conversion Securities issuable upon conversion of the Convertible Bond or the consummation of any other transaction contemplated hereby shall have been obtained and will be effective as of the date of the Convertible Bond.

**(e) Compliance with Laws.** The Company is not in violation of any applicable statute, rule, regulation, order or restriction of any domestic or foreign government or any instrumentality or agency thereof in respect of the conduct of its business or the ownership of its properties, which violation of which would materially and adversely affect the business, assets, liabilities, financial condition, operations or prospects of the Company.

**(f) Litigation.** There is no action, suit, proceeding or investigation pending or, to the Company's knowledge, currently threatened against the Company, threatened against any of the officers or directors of the Company with respect to such duties and activities with respect to the Company that would have a Material Adverse Effect.

**(g) Compliance with Other Instruments.** The Company is not in violation or default of any term of its Amended and Restated Articles of Incorporation, or bylaws, or of any provision of any mortgage, indenture or contract to which it is a party and by which it is bound or of any judgment, decree, order or writ, other than such violation(s) that would not have a Material Adverse Effect on the Company. The execution, delivery and performance of the this Agreement and the Convertible Bond, and the consummation of the transactions contemplated hereby and thereby will not result in any such violation or be in conflict with, or constitute, with or without the passage of time and giving of notice, either a default under any such provision, instrument, judgment, decree, order or writ or an event that results in the creation of any lien, charge or encumbrance upon any assets of the Company or the suspension, revocation, impairment, forfeiture, or nonrenewal of any material permit, license, authorization or approval applicable to the Company, its business or operations or any of its assets or properties. Without limiting the foregoing, the Company has obtained all waivers reasonably necessary with respect to any preemptive rights, rights of first refusal or similar rights, including any notice or offering periods provided for as part of any such rights, in order for the Company to consummate the transactions contemplated hereunder without any third party obtaining any rights to cause the Company to offer or issue any securities of the Company as a result of the consummation of the transactions contemplated hereunder.

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**(h) Offering.** Assuming the accuracy of the representations and warranties of WPL contained in Section 4 hereof, the offer, issue, and sale of the Convertible Bond and the Conversion Securities are and will be exempt from the registration and prospectus delivery requirements of the Securities Act of 1933, as amended (the "**Act**"), and have been registered or qualified (or are exempt from registration and qualification) under the registration, permit, or qualification requirements of all applicable state securities laws.

**(i) Capitalization.** The authorized capital stock of the Company, immediately prior to the date hereof, consists of 90,000,000 shares of Common Stock (the "Common Stock"), \$0.001 par value per share, 9,869,165 shares of which are issued and outstanding and 50,000,000 shares of Preferred Stock (the "Common Stock"), \$0.001 par value per share, zero (0) shares of which are issued and outstanding.

**4. Representations and Warranties of WPL.** WPL hereby represents and warrants as of the date of execution of this Agreement the following:

**(a) Purchase for Own Account.** WPL represents that it is acquiring the Convertible Bond and the Conversion Securities (collectively, the "**Securities**") solely for its own account and beneficial interest for investment and not for sale or with a view to distribution of the Securities or any part thereof, has no present intention of selling (in connection with a distribution or otherwise), granting any participation in, or otherwise distributing the same, and does not presently have reason to anticipate a change in such intention.

**(b) Information and Sophistication.** Without lessening or obviating the representations and warranties of the Company set forth in Section 3, WPL hereby: (i) acknowledges that it has received all the information it has requested from the Company and it considers necessary or appropriate for deciding whether to acquire the Securities, (ii) represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Securities and to obtain any additional information necessary to verify the accuracy of the information given WPL and (iii) further represents that it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risk of this investment.

**(c) Ability to Bear Economic Risk.** WPL acknowledges that investment in the Securities involves a high degree of risk, and represents that it is able, without materially impairing its financial condition, to hold the Securities for an indefinite period of time and to suffer a complete loss of its investment.

**(d) Further Limitations on Disposition.** Without in any way limiting the representations set forth above, WPL further agrees not to make any disposition of all or any portion of the Securities unless and until:

- (i) There is then in effect a registration statement under the Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or
- (ii) WPL shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and if reasonably requested by the Company, WPL shall have furnished the Company with an opinion of counsel, that such disposition will not require registration under the Act or any applicable state securities laws, provided that no such opinion shall be required for dispositions in compliance with Rule 144, except in unusual circumstances.
- (iii) Notwithstanding the provisions of paragraphs (i) and (ii) above, no such registration statement or opinion of counsel shall be necessary for a transfer by WPL to shareholder of WPL, or transfers by gift, will or intestate succession to any spouse or lineal descendants or ancestors, if all transferees agree in writing to be subject to the terms hereof to the same extent as if they were parties hereto and holders under the Convertible Bond.

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**(e) Accredited Investor Status.** WPL is an "accredited investor" as such term is defined in Rule 501 under the Act.

**(f) Foreign Investors.** If WPL is not a United States person (as defined by Section 7701(a)(30) of the Code), WPL hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Securities or any use of the Convertible Bond, including (i) the legal requirements

within its jurisdiction for the purchase of the Securities, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale, or transfer of the Securities. WPL's subscription and payment for and continued beneficial ownership of the Securities will not violate any applicable securities or other laws of WPL's jurisdiction.

**(g) Further Assurances.** WPL agrees and covenants that at any time and from time to time it will promptly execute and deliver to the Company such further instruments and documents and take such further action as the Company may reasonably require in order to carry out the full intent and purpose of the Convertible Bond and to comply with state or federal securities laws or other regulatory approval

## 5. Miscellaneous.

**(a) Governing Law; Venue.** This Agreement shall be governed by and construed under the laws of the State of California in all respects without giving effect to conflict of law principles thereof. The parties agree that any action brought by either party under or in relation to this Agreement, including without limitation to interpret or enforce any provision of this Agreement, shall be brought in, and each party agrees to and does hereby submit to the jurisdiction and venue of, any state or federal court located in the state of California.

**(b) Notices.** All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by electronic mail or confirmed facsimile if sent during normal business hours of the recipient, if not, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Company and WPL at the addresses as set forth on such party's signature page hereof or at such other address as the Company or WPL may designate by ten (10) days advance written notice to the other parties hereto.

**(c) Expenses.** The Company shall pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of this Agreement and Convertible Bond.

**(d) Successors and Assigns.** The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

**(e) Severability.** In the event one or more of the provisions of this Agreement should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

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**(f) Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**(g) Modification; Waiver.** No modification or waiver of any provision of this Agreement shall be effective unless in writing and approved by the Company and WPL.

**(h) Entire Agreement.** This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof and no party shall be liable or bound to any other in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein.

**(i) Further Assurances.** Each party hereto agrees to execute and deliver, or cause to be executed and delivered, such further instruments or documents or take such other actions as may be reasonably necessary to consummate the transactions contemplated by this Agreement.

*(Signature Page Follows)*

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**In Witness Whereof**, the parties have executed this **Investment Conversion and Bond Purchase Agreement** as of the date first written above.

**Aerkomm Inc.**

By: /s/ Louis Giordimaina  
Name: Louis Giordimaina  
Title: Chief Executive Officer

Address:  
44043 Fremont Blvd.  
Fremont, CA 94538

**World Praise Limited**

By: /s/ Leroy Yau  
Name: Leroy Yau  
Title: Director

Address:  
Vistra Corporation Services Center, Ground Floor NFP Building,  
Beach Road, Apia, Samoa

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**Exhibit A Convertible Bond**

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## AERKOMM INC.

## CONVERTIBLE BOND

December 7, 2022

FOR VALUE RECEIVED Aer Komm Inc., a Nevada corporation (the “**Company**”), with an office at 44043 Fremont Blvd., Fremont, CA 94538, hereby promises to pay to World Praise Limited, a Samoa registered company (the “**Holder**”), with an address at Vistra Corporation Services Center, Ground Floor NFP Building, Beach Road, Apia, Samoa, the principal sum of **Twenty-One Million One Hundred Seventy-Three Thousand Two Hundred U.S. Dollars** (US \$23,173,200) (the “**Base Amount**”), such Base Amount to be comprised of the Conversion Amount plus the Initial Additional Loan Amount, plus the aggregate unpaid principal amount of all additional advances that may be made to the Company after the date hereof over and above the Base Amount up to a maximum aggregate principal amount, including the Base Amount, of Thirty Million U.S. Dollars (\$30,000,000), to the Holder (together, “**Advances**”) outstanding on the second anniversary of the date of this convertible bond (the “**Maturity Date**”) when all amounts due hereunder shall be due and payable in lawful money of the United States of America and in immediately available funds.

In no event shall the amount payable by the Company as interest or other charges on this convertible bond (this “**Bond**”) exceed the highest lawful rate permissible under any law applicable hereto.

This Bond is being issued under, and in accordance with the terms of, that certain Investment Conversion and Bond Purchase Agreement by and between the Company and the Holder dated of even date herewith (the “**Agreement**”). Capitalized terms not otherwise defined herein shall have the meanings given to them in the Agreement.

If any payment under this Bond shall be specified to be made on a day which is not a business day, it shall be made on the next succeeding day which is a business day. For purposes of this Bond, a “business day” shall mean any day other than Saturday, Sunday or other day in which banks are authorized to close in the State of New York.

The Company and the Holder shall each endorse on Schedule 1 annexed to this Bond all Advances hereafter made to the Company and all payments of the principal amounts in respect of such Advances or in respect of the Base Amount, which endorsements shall, in the absence of manifest error, be conclusive as to the outstanding principal amount of all Advances and as to the outstanding principal amount of the Base Amount; provided, however, that the failure to make such notation with respect to any Advances or payment shall not limit or otherwise affect the obligations of the Company under this Bond. The Holder shall promptly deliver a copy of Schedule 1 to the Company for its approval and signature each time that Schedule 1 is modified.

1. Payment of Base Amount and Advances under the Bond. The outstanding portion of the Base Amount plus the outstanding portion of all Advances shall be payable in one lump sum due on the Maturity Date. Payments of principal are to be made to the Holder at the Holder’s address designated above or at such other place as the Holder shall have notified the Company in writing.

2. Payment of Interest on this Bond. Interest shall accrue on the unpaid portion of the Base Amount and the unpaid portion of all Advances outstanding from time to time at a fixed rate of interest equal to four percent (4%) per annum and shall be payable in one lump sum due on the Maturity Date. Payments of interest hereunder are to be made to the Holder at the Holder’s office address designated above or at such other place as the Holder shall have notified the Company in writing.

3. Prepayment.

(a) The outstanding portion of the Base Amount and the interest thereon and the outstanding portion of any Advances hereunder and the interest thereon may be prepaid in whole or in part at any time without penalty or premium of any kind; provided, however, that the Company shall give the Holder at least five (5) days advance written notice of the Company’s intention to make a repayment and provide the Holder with the opportunity to convert this Bond in accordance with Section 5 below prior to such prepayment if the Bond is, at such time, convertible. The amount of each prepayment of such principal shall be applied in the order that such principal becomes due hereunder.

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(b) In the event of a Change of Control (as defined below), the Company shall, contemporaneously with the closing of such Change of Control, prepay the entire outstanding portion of the Base Amount and any Advances hereunder and accrued and unpaid interest thereon; provided, however, that the Company shall give the Holder at least ten (10) days’ advance written notice of the Change of Control and provide the Holder with the opportunity to convert this Bond in accordance with Section 5 below prior to the Change of Control. For purposes of this Bond, “**Change of Control**” means (i) a liquidation, dissolution or winding up of the Company, (ii) an acquisition of the Company by another person or entity by means of any transaction or series of related transactions to which the Company is a party (including, without limitation, a merger, consolidation or other corporate reorganization), other than an acquisition in which the capital stock or other voting securities of the Company immediately prior to such acquisition continue to represent, or are converted into or exchanged for capital stock (or other voting securities) that represent, immediately after such acquisition and by virtue of the acquisition, a majority of the total outstanding voting power of the surviving or acquiring person or entity; (iii) a sale, lease, exclusive license (unless granted in the ordinary course of business) or other disposition of all or substantially all of the assets of the Company, except where such sale, lease, exclusive license or other disposition is to a wholly owned subsidiary of the Company; or (iv) a transaction or series of related transactions to which the Company is a party (whether by merger, consolidation, stock acquisition or otherwise) in which a majority of the total outstanding voting power of the Company is transferred. Notwithstanding the foregoing sentence, a transaction shall not constitute a Change of Control if the primary purpose is to change the jurisdiction of the Company’s incorporation, create a holding company that will be owned in the same proportions by the persons who held the Company’s securities immediately before such transaction, change the corporate form of the Company from a corporation to a limited liability company or other form, or engage in a bona fide equity financing transaction.

4. Events of Default. The existence of any of the following conditions shall constitute an event of default hereunder (an “**Event of Default**”):

(a) The failure by the Company to pay when due any portion of the Base Amount or any Advance, or the failure by the Company to pay when due any interest under this Bond; or

(b) If the Company:

(i) shall commence any case or proceeding under any bankruptcy, insolvency or other similar law or seek reorganization, arrangement, readjustment of its debts, dissolution, liquidation, winding-up, composition or any other relief under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or any other similar act or law, of any jurisdiction, domestic or foreign, now or hereafter existing; or

(ii) shall admit the material allegations of any petition or pleading in connection with any such case or proceeding; or

(iii) makes an application for, or consents or acquiesces to, the appointment of a receiver, conservator, trustee or similar officer for the Company or for all or a substantial part of the Company’s property; or

(iv) makes a general assignment for the benefit of the Company’s creditors; or

(v) is unable or admits in writing its inability to generally pay the Company's debts as they mature; or

(c) The (i) commencement of any case or proceeding against the Company under any bankruptcy, insolvency, or other similar law or seeking reorganization, arrangement, readjustment of its debts, liquidation, dissolution, winding-up, composition or any other relief under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or any other similar act or law of any jurisdiction, domestic or foreign, now or hereafter existing, (ii) appointment of a receiver, trustee or similar officer for the Company or for all or a substantial part of the Company's property, or (iii) issuance of a warrant of attachment, execution or similar process against any substantial part of the property of the Company, and such case, proceeding, receiver, trustee, officer, warrant, execution or process shall not be dismissed, bonded or discharged, as applicable, within sixty (60) days of the commencement, appointment or issuance thereof.

5. Conversion. The Holder may, at any time while this Bond is outstanding, elect to convert the outstanding portion of the Base Amount, plus all outstanding Advances, plus accrued, but unpaid interest thereon, into the Company's common stock, par value \$0.001 per share (the "**Common Stock**"), at a conversion price that is equal to \$6 per share, subject to equitable adjustments for stock splits, stock combinations, recapitalizations or similar transactions (the "**Conversion Price**"). The number of shares of Common Stock issuable upon conversion is equal to the quotient of the amount to be converted divided by the Conversion Price. The Holder may make such election by notifying the Company of the same in writing. The date of such notice shall be the conversion date. On the conversion date, the outstanding principal amount of and all accrued but unpaid interest on this Bond through the date of conversion shall be converted without any further action by the Holder and whether or not the Bond is surrendered to the Company. The Company shall be obligated to issue and deliver to the Holder certificates representing the securities issuable upon conversion unless the securities are generally in uncertificated form. Unless otherwise agreed to by the Company, no fractional securities shall be issued upon conversion of this Bond. In lieu of such fractional securities, the Company shall round up any fractional share into one additional share.

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6. Rights and Remedies. In the event that one or more Events of Default shall have occurred and be continuing, the Holder may at the Holder's option by written notice to the Company declare the Base Amount and all Advances hereunder and the accrued and unpaid interest on this Bond to be immediately due and payable, and thereupon the same shall become so due and payable, without presentment, demand, protest or further notice, all of which are hereby waived by the Company. No course of dealing or delay on the part of the Holder in exercising any right under this Bond shall operate as a waiver thereof or otherwise prejudice the right of the Holder. Subject as aforesaid, no remedy conferred hereby shall be exclusive of any other remedy referred to herein or now or hereafter available at law, in equity, by statute, other agreement or instrument, or otherwise.

7. Lost Documents. Upon receipt by the Company of (i) evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Bond, (ii) in the case of loss, theft or destruction, indemnification satisfactory to the Company, and (iii) in the case of mutilation, surrender and cancellation of this Bond, the Company will cancel this Bond on its books and make and deliver in its place a new Bond in the then unpaid principal amount of this Bond, of like tenor to this Bond, dated and bearing interest from the date next following the date through which interest has been paid on the unpaid principal amount of this Bond.

8. Costs and Expenses. Upon the occurrence of any Event of Default, the Company shall pay all fees, costs and expenses incurred by the Holder (including, without limitation, court costs and attorneys' fees) in preserving, protecting, maintaining or enforcing the Holder's rights and remedies hereunder, including, without limitation, all costs and expenses of collection.

9. Assignment. This Bond may not be sold, offered for sale, pledged, hypothecated or otherwise encumbered, transferred or disposed of by the Holder without the prior written consent of the Company. The Company shall not assign any or all of its obligations hereunder without the prior written consent of the Holder.

10. Cancellation. After the principal balance of this Bond and all accrued interest thereon has been satisfied, the Holder shall surrender this Bond to the Company for cancellation.

11. Miscellaneous.

(a) Parties in Interest. All covenants, agreements and undertakings in this Bond by and on behalf of the Company and the Holder hereof shall, subject to the provisions of Section 9 hereof, bind and inure to the benefit of the parties hereto and their respective permitted successors and assigns, whether so expressed or not.

(b) Notices. All notices, requests, communications, consents and demands shall be made in writing and shall be (i) sent by registered or certified mail, first class, postage prepaid, return receipt requested or (ii) delivered by hand, electronic mail, facsimile transmission or messenger to the Company or to the Holder hereof, as the case may be, at their respective addresses set forth at the beginning of this Bond, or at such other respective addresses as may be furnished in writing to each other. All such notices, requests, communications, consents and demands shall be deemed given if mailed, three business days after mailing, and if personally delivered, the day so delivered.

(c) Governing Law. This Bond shall be governed by, and construed and interpreted in accordance with, the laws of the State of California.

(d) Submission To Jurisdiction. Each of the Company and the Holder hereby irrevocably and unconditionally submits in any legal action or proceeding relating to this Note, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of any state or federal court sitting in the county nearest to where the Company's executive office is then based; consents that any such action or proceeding may be brought in such courts, and waives any objection that such party may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same; agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party, at the address set forth in the preamble hereof; and agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

(e) WAIVERS OF JURY TRIAL. EACH OF THE COMPANY AND THE HOLDER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS NOTE AND FOR ANY COUNTERCLAIM THEREIN.

[Signature Page Follows]

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IN WITNESS WHEREOF, this Note has been executed and delivered on the date set forth at the beginning of this Bond by duly authorized representatives of the Company and the Holder.

THE COMPANY  
AERKOMM INC.



