



# Kloud Token

A Whitepaper on

Secure Trade

Using *Speculation-Free* Crypto Currency

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PLEASE READ THIS SECTION (AND THIS WHITEPAPER GENERALLY) CAREFULLY. YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX, AND OTHER PROFESSIONAL ADVISOR(S) BEFORE TAKING ANY ACTION IN CONNECTION WITH THIS WHITEPAPER.

This whitepaper is intended to present relevant information to potential purchasers (the “Purchasers” and each a “Purchaser”) in connection with the proposed offering (the “Token Launch”) by Kloud Token, an exempted company incorporated with limited liability in the Cayman Islands, (“the Company”, “we” or “us”) of cryptographic unique tokens on the Kloud Token blockchain Koin and Kent with the symbols ‘KOIN’ and ‘KENT’ respectively (the “Tokens”), including information about the decentralized platform described herein and developed, operated and maintained by the Brikchain Holdings being an exempted company incorporated in the Cayman Islands (“Brikchain Holdings”) and being the parent of the Company (or its delegates) (the “Kloud Token Platform”). The development and launch of the Kloud Token Platform by Brikchain Holdings will be funded by the Company using the proceeds of the sale of the Tokens.

The information contained in this whitepaper is not intended to be exhaustive and the statements included in this whitepaper are not intended to be relied upon or create or form part of a contractual relationship (unless the context otherwise requires).

Nothing in this whitepaper shall be deemed to constitute a prospectus of any sort, a solicitation for investment or investment advice nor does it in any way pertain to an offering or a solicitation of an offer to buy any securities in any jurisdiction. This whitepaper is not composed in accordance with, and is not subject to, laws or regulations of any jurisdiction which are designed to protect investors. To the maximum amount permitted by applicable law, each of the Company and [NAMES OF OTHER DISCLAIMING PARTIES] (collectively, the “Associated Parties” and each an “Associated Party”) expressly disclaim and shall not be liable for any and all

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All statements, estimates and financial information contained in this whitepaper, made in any press releases or in any place accessible by the public and oral statements that may be made by the Company or any Associated Party that are not statements of historical fact, constitute "forward-looking statements". Nothing contained in this whitepaper is or may be relied upon as a promise, representation or undertaking as to the future performance or policies of the Company.

Further, the Company disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future.

This whitepaper, and any sale of Tokens referred to in this whitepaper, will be subject to and governed by any terms and conditions of purchase of such Tokens. Such terms and conditions of purchase will be delivered by the Company to the prospective Purchaser after its receipt of a completed application form, and the completion of the Company's AML and KYC procedures (defined below).

Where there is any inconsistency between such terms and conditions of purchase and this whitepaper, the terms and conditions of purchase shall prevail and govern.

## IMPORTANT NOTICES

The acquisition of Tokens involves a high degree of risk. Before acquiring Tokens, it is recommended that each Purchaser conduct its own careful examination of all

relevant information and risks about the Company, the Kloud Token Platform and Tokens, Kloud Token's unique blockchain and, specifically, the disclosures and risk factors set out below and in this whitepaper. If any such risks actually occur, the Company, the Kloud Token Platform, the Tokens and the Purchaser's Tokens may be materially and adversely affected, including the Purchaser's Tokens being rendered worthless or unusable.

The acquisition of Tokens from the Company does not present an exchange of cryptocurrencies for any form of shares or equity interests in the Company, and a holder of any Tokens issued by the Company is not entitled to any guaranteed form of dividend or other revenue right. Holders of Tokens are only entitled to the use of the Kloud Token Platform (if and when developed) and certain other rights within the Kloud Token Platform in accordance with the terms set out herein.

The Tokens are available to Purchasers in exchange for certain other cryptographic tokens and currencies (subject to the Company's anti-money laundering ("AML") and "know your customer" ("KYC") procedures being satisfied (including as to source of funds)) and the Company does not provide any exchange of the Tokens for fiat currency. The Company also does not provide custodial or wallet services for the Tokens.

No regulatory authority has examined or approved any of the information set out in this whitepaper. No such action has been or will be taken under the laws, regulatory requirements or rules of any jurisdiction. The publication, distribution or dissemination of this whitepaper does not imply that any such applicable laws, regulatory requirements or rules have been complied with.

Any person or entity, including anyone acting on its behalf, being based, being a citizen or resident, domiciled, located or incorporated where applicable laws prohibit or restrict distribution or dissemination of the Company's materials, acquiring Tokens or accessing the Kloud Token Platform including, but not limited to, the United States of America and any of its lands, the Cayman Islands, New Zealand, Canada, People's

Republic of China, Singapore, Republic of Korea or any other country that prohibits the sale of Tokens shall not use the Kloud Token Platform or acquire Tokens, otherwise such person assumes all the responsibility arising from the continued use of the Kloud Token Platform and/or Tokens.

The Tokens may be placed on third-party exchanges, giving future Purchasers an opportunity to openly buy Tokens. A user seeking to acquire Tokens following the Token Launch may have to buy Tokens on such exchanges. Conversely, Tokens may be sold on such exchanges if the holder of Tokens would like to exit the Kloud Token Platform ecosystem.

Existing laws on the circulation of securities in certain countries, such as the United States of America, People's Republic of China, South Korea, Canada and Singapore, may prohibit the sale of the Tokens to the residents of those countries. In addition, proposed transfers of the Tokens (or the transferee's use of the Kloud Token Platform) may be blocked by the Company in circumstances where the proposed transferee has not already completed the Company's KYC and AML procedures (including, without limitation, verification of identity and source of funds) to its satisfaction. Purchasers should be aware of the restrictions on the subsequent sale of the Tokens.

The Tokens are not redeemable at the option of a Purchaser and are in essence "closed-ended". The Tokens are non-refundable save in the limited circumstances expressly set out in these terms.

The minimum aggregate Token purchase amount is 20 or the equivalent in US\$.

The Company is not currently required to register with the Cayman Islands Monetary Authority under the Mutual Funds Law (2020 Revision) of the Cayman Islands ("MFL") because the Tokens are not redeemable it would, be considered 'closed-ended'. Purchasers must appreciate that the Cayman Islands Monetary Authority has therefore not reviewed this whitepaper and have not passed any judgment on the merits of the Company or acquiring the Tokens. The Cayman Islands Monetary Authority will have no oversight of the operations of the Company or the Tokens. The

Tokens may be registered under the new Virtual Asset (Service Providers) Law (2020 Revision) of the Cayman Islands (“VASP Law”) when the relevant sections of that law become effective.

Each Purchaser should be aware that any new laws including the VASP Law imposed in the Cayman Islands (or amendments to the existing laws of the Cayman Islands, such as the MFL) could, among other things: (i) prohibit the sale, purchase or transfer of the Tokens or otherwise make holding them illegal, (ii) require the Company to register itself or the Tokens with the Cayman Islands Monetary Authority and become subject to its supervision, (iii) require the Company to cease operations or move to another jurisdiction and/or (iv) adversely affect or destroy the value of a Purchaser’s Tokens, and that such new laws or amendments could be imposed very quickly and without warning.

This whitepaper does not constitute an offer of the Tokens to the members of the Public in the Cayman Islands. “Public” for these purposes does not include a sophisticated person, a high net worth person, a company, partnership or trust of which the shareholders, unit holders or limited partners are each a sophisticated person, a high net worth person any exempted or ordinary non-resident company registered under the Companies Law (2020 Revision) or a foreign company registered pursuant to Part IX of the Companies Law (2020 Revision) or any such company acting as general partner of a partnership registered pursuant to the provisions of the Exempted Limited Partnership Law (2020 Revision) or any director or officer of the same acting in such capacity or the Trustee of any trust registered or capable of registering pursuant to the provisions of the Trusts Law (as Revised).

The Cayman Islands Monetary Authority issued a public advisory on virtual currencies on 23 April 2018 (“Advisory”). The Advisory can be accessed online using the following link ([https://www.cima.ky/upimages/noticedoc/1524507769PublicAdvisory-VirtualCurrencies\\_1524507769.pdf](https://www.cima.ky/upimages/noticedoc/1524507769PublicAdvisory-VirtualCurrencies_1524507769.pdf)). The Advisory advises potential Purchasers to

thoroughly research virtual currencies, digital coins, tokens and the companies behind them prior to purchase in order to protect themselves. All prospective Purchasers are advised to read the Advisory before proceeding with a purchase of the Tokens.

## NOTICES FOR PARTICULAR PURCHASERS

Notice to prospective Purchasers in the People's Republic of China: For residents of the People's Republic of China (which, for the purposes of this whitepaper, does not include Hong Kong, Macau, and Taiwan) only: the Tokens may not be marketed, offered or sold directly or indirectly to the public in the People's Republic of China (the "PRC") and neither this whitepaper nor any corresponding agreement for the purchase of the Tokens ("Purchase Documents"), which has not been submitted to the PRC Securities and Regulatory Commission, nor any offering material or information contained herein relating to the Tokens, may be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Tokens to the public in the PRC. The information contained in this whitepaper and the Purchase Documents will not constitute an offer to sell or an invitation, advertisement or solicitation of an offer to buy any Tokens within the PRC.

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Any person or entity subject to sanctions from the United States of America, the United Kingdom or the Cayman Islands from time to time including, without limitation, certain citizens of Belarus, Burundi, Central African Republic, Cuba, Iran, Libya, North Korea, Somalia, Sudan and Darfur, Mali, Republic of Guinea, Republic of Guinea-Bissau, Syria and Zimbabwe will not be permitted to enter into the Purchase Documents or otherwise purchase Tokens.

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### Accuracy of Information, No Consent of Parties Referenced in whitepaper

This whitepaper includes market and industry information and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Such surveys, reports, studies, market research, publicly available information and publications generally state that the information that they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information.

The Company may provide hyperlinks to websites of entities mentioned in this whitepaper, but the inclusion of a link does not imply that the Company endorses,

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Save for the Company and its respective directors, executive officers and employees, no person has provided his or her consent to the inclusion of his or her name and/or other information attributed or perceived to be attributed to such person in connection therewith in this whitepaper and no representation, warranty or undertaking is or purported to be provided as to the accuracy or completeness of such information by such person and such persons shall not be obliged to provide any updates on the same.

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To facilitate a better understanding of the Tokens being offered by the Company for purchase, and the businesses and operations of the Company, certain technical terms and abbreviations, as well as, in certain instances, their descriptions, have been used in this whitepaper. These descriptions and assigned meanings should not be treated as being definitive of their meanings and may not correspond to standard industry meanings or usage.

In this whitepaper, words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where

applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations. References to any law or regulation shall include references to any statutory modification or re-enactment thereof.

### Forward Looking Statements

All statements, estimates and financial information contained in this whitepaper, made in any press releases or in any place accessible by the public and oral statements that may be made by the Company or any Associated Party that are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “aim”, “target”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “would”, “will” or other similar terms. However, these terms are not the exclusive means of identifying forward-looking statements. All statements regarding the Company’s financial position, business strategies, plans and prospects and the future prospects of the industry which the Company is in are forward-looking statements. These forward-looking statements, including but not limited to statements as to the Company’s revenue and profitability, prospects, future plans, other expected industry trends and other matters discussed in this whitepaper regarding the Company are matters that are not historic facts, but only predictions.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual events or results, performance or achievements to differ materially from the estimates or the results implied or expressed in such forward-looking statements. These factors include, amongst others:

- changes in political, social, economic and stock or cryptocurrency market conditions, and the regulatory environment in the countries in which the Company conducts its respective businesses and operations;

- the risk that the Company may be unable to execute or implement its business strategies and future plans;
- changes in interest rates and exchange rates of fiat currencies and cryptocurrencies;
- changes in the anticipated growth strategies and expected internal growth of the Company or the Kloud Token Platform;
- changes in the availability and fees payable to the Company in connection with its respective businesses and operations and/or the Kloud Token Platform;
- changes in the availability and salaries of employees who are required by the Company to operate the respective businesses and operations and/or the Kloud Token Platform;
- changes in preferences of the customers of the Company or the Kloud Token Platform;
- changes in competitive conditions under which the Company operates, and the ability of the Company to compete under such conditions;
- changes in the future capital needs of the Company and the availability of financing and capital to fund such needs;
- war or acts of international or domestic terrorism;
- occurrences of catastrophic events, natural disasters and acts of God that affect the businesses and/or operations of the Company and/or the Kloud Token Platform;
- other factors beyond the control of the Company; and
- any risks or uncertainties associated with the Company and its business and operations, the Tokens, the Token Launch, the Kloud Token Platform and the underlying assets (each as referred to in this whitepaper).

Nothing contained in this whitepaper is or may be relied upon as a promise, representation or undertaking as to the future performance or policies of the Company. Further, the Company disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future.

#### No further information or update

No person has been or is authorised to give any information or representation not contained in this whitepaper in connection with the Company and its business and operations, the Tokens, the Token Launch and the underlying assets (each as referred to in the whitepaper) and, if given, such information or representation must not be relied upon as having been authorised by or on behalf of the Company. The Token Launch (as referred to in this whitepaper) shall not, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change, or development reasonably likely to involve a material change in the affairs, conditions and prospects of the Company or in any statement of fact or information contained in this whitepaper since the date hereof.

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#### Language of whitepaper

This whitepaper may have been prepared in multiple languages. In the event of any inconsistencies between one version and another, the English language version shall prevail.

## 1. Executive Summary

This Whitepaper serves to outlay a philosophical overview of how Kloud Token envisions blockchain provides humanity with a platform for secure trade using speculation-free crypto currency. Furthermore, it also serves to provide insight into the technical and functional requirements needed to meet Kloud Token's pioneering goals.

Although the interlacing of crypto currency and blockchain technologies have been publicized over the past decade, cryptos continue to demonstrate high volatility in the market as influenced by many complex factors. By side stepping the shifting price-differentials aside, crypto currencies today also exhibit many other inherent flaws; on an almost daily basis, tokens are being stolen, there continues to be lack of true capitalization from the exchange of these tokens for real and tangible commodities and services, miners who power the different blockchain networks encounter high difficulty resulting in low rewards and many publicly announced tribulations like ICO scams and crypto projects that never became reality or perish soon after being published.

At Kloud Token, we have a great appreciation for technology and the exciting innovations they bring to the world. Blockchain and crypto currency are no exception; one of the greatest technologies to meet the financial world is the development of a distributed, consensus-driven digital ledger system. Prior to the creation of blockchain, financial ledgers were traditionally managed by centralized entities; whether these entities be commercial banks, accounting departments or Finance Directors; the centralized management of financial data has always been vulnerable to ever-increasing cyber threats in the digital age.

Arising out of our in-depth analysis of crypto currencies, the foundation technology elements like blockchain do have real value in today's fast pace financial landscape. This has been affirmed by public adoption of blockchain projects by prominent banks, businesses and other entities, all attempting to build blockchain applications and software to take advantage of this still emerging technology. There are yet others who attempt to take advantage of this technology while those use cases may not significantly benefit from blockchain.

Within the walls of this Whitepaper, Kloud Token discusses many of the flaws that blockchain and crypto currency exhibit, and proposed counter-measures to fill these gaps with renewed hope. It also discusses provocative innovations to treat with time-immemorial problems which have faced currency historically, such as dealing with theft and unauthorized access; this Whitepaper goes beyond the seemingly mainstream methodologies used by many crypto makers today involving the use of current blockchain technology like those of Bitcoin and Ethereum to derive some tangible benefit through development of apps, decentralized applications (DAPPS), smart contracts and many more novel ideas.

These ideas have unfortunately seldom attended to the real use of currency – as a medium of exchange or trade for other currencies, commodities and services as users of crypto currency today mainly focus on the speculative value they can attain.

Within the Kloud Token philosophy, currency should empower, not limit humanity; it should bring new hope to citizens in need, not be guarded from them; it should open new possibilities to cross the boundaries of international trade, not restrict it; it should be used for the good of humanity, not be secluded by the wealthy.



The many features of the Kloud Token project such as 100% traceable currency ensures issues like theft become a thing of the past. As an example, Kloud Token will partner with local and international law enforcement to trace stolen tokens, while simultaneously shutting down those affected assets on the network and reimbursing the affected user with an equivalent amount, thus removing many risks of owning any currency.

Another great feature of our platform is the operation under a 50-year strategic period; this will allow Kloud Token currency, platform and ecosystem to become survivable and robust for the long-term, bringing the full Kloud Token vision to reality. Further, successor planning is critical to any business desirous of implementing continuity, thus the project also defines a 2-year period of activity to either revitalize the Kloud Token network or migrate into a newer platform with improvements and technology available at that time.

Moreover, the Kloud Token platform brings new levels of equity to all stakeholders. Whether it's special funds to enable 10 million businesses worldwide, to accept electronic payments using our tokens, or over 30 million concurrent miners each bring rewarded \$10,000 each month for the duration of the strategic period, Kloud Token has developed a system to use its financial core to uplift societies throughout the world; there are special funds devoted to charity and aiding territories affected by natural and other disasters, yet other funds are dedicated to education and global ICT advancement to help close the digital divide.

To fully realize the Kloud Token ideology, we envision bringing the world many advances such as the establishment of a society, fully powered by blockchain technology, coupled with truly sustainable and renewable resources. The intent of this society is to lead the world with an eco-friendly model that countries can emulate, saving

our planet and reversing the effects of technology and our way of life, on the environment for generations to come.

By shifting our focus to aim at developing the ideal currency for real purpose rather than potential value, Kloud Token has envisioned a very bright future for humanity, proposing strategies to create equal opportunities to the citizenry of the planet; through the use of advanced technology, this project offers unprecedented levels of security and peace of mind to owners of the platform's native currency.

**Throughout the history of currency, there has never been a truly permanent solution to the centuries-old problems like theft and universal inclusion.**

**Kloud Token is set to become the industrious engine to enable that type of change; we welcome the active participation by stakeholders of all walks of life, as together we can envision a brighter future.**

## 2. Introduction

With the consistent crypto currency market fluctuations and recent crash witnessed during the tail end of 2017, as indicated by several complex factors, the level of uncertainty concerning the long-term survivability of crypto currency continues to loom in the minds of businesses, consumers, miners, minters and all crypto currency stakeholders, some of whom have highly vested interests. Despite this uncertainty and the high levels of risk associated with crypto currency, Bitcoin leads the way in perceived stability, social and economic acceptability and although its price soared to

unprecedented levels, which even the most versed financial analysts could not have predicted, it too has suffered short to long-term doubt as to its future viability.

For all of our readers of this Whitepaper who may be doubtful regarding our differentiation from other blockchain projects and ICOs, we invite you to skip ahead to our [closing statement](#) and technical reference which may alter your perception and posture about the Kloud Token project.

What is the future of cryptocurrency? Will it be viable in the long term as an acceptable financial instrument of trade? How do we ensure the balance among privacy, value for money and global acceptance of crypto currency are maintained and sustained?

While many experts agree that blockchain technology has brought new levels of security that are very advantageous for the financial sector, many others doubt their stability considering the continual market fluctuations and security threats that have plagued the crypto currency world during its relatively short history as compared to more established currencies.

Furthermore, during the conclusion of mining cycles when no more tokens are available for ‘mining’ or for instances where miners focus their resources elsewhere, how does the distributed security architecture persist when the consensus-driven transaction validation is no longer feasible or less secure with a small number of active nodes, except through revitalization, currency forking or equivalent of stock splitting to bring more mineable currency into play or more attractive rewards to miners? Continual growth of the blockchain can bring about issues such as unmanageable blockchain sizes or lengthy transaction delays; compared to light-weight blockchains; at the time of writing this Whitepaper, writing Bitcoin transactions to their blockchain take approximately 10 minutes to conduct.

Many financial experts agree however, that unregulated financial systems bring far greater risks than rewards while others believe that crypto currency brings about distributed, equitably shared financial instruments to solve many decades-old problems faced by humanity at a global scale, giving users of such the ability to purchase, trade or mine currency with the belief that the speculative nature of crypto currency, although risky, can bring high levels of financial security and reward as was the case with so many Bitcoin and other altcoin early adopters. The success stories of these early adopters have caused the publishing of a slew of crypto currencies to mimic the Bitcoin success story, while most of them have failed to bring similar levels of success over the past years and yet new coin makers continually try to find ways of creating new crypto currencies with some unique trait such as claims of ecosystems, short transaction times, integration with applications etc.

*Kloud Token promises to minimize the speculative nature of crypto currency by pairing the traditional decentralized blockchain with a centralized platform to enable the exchange of the native **Koin** crypto currency for tangible goods and services using fixed-value blockchain financial instruments that are ubiquitously acceptable globally in a future-proofed, equitable trading ecosystem with **unparalleled security and transaction agility**.*

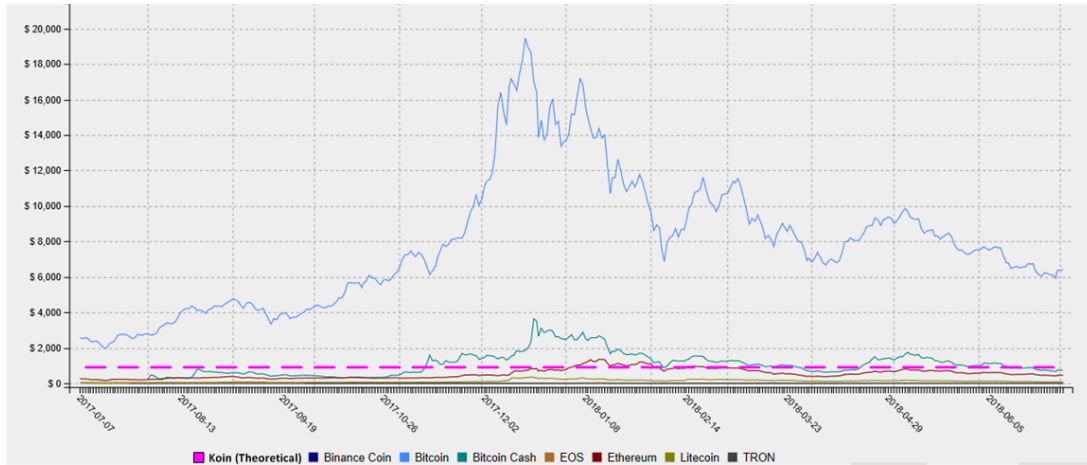


Figure – Theoretical Koin Performance Comparison

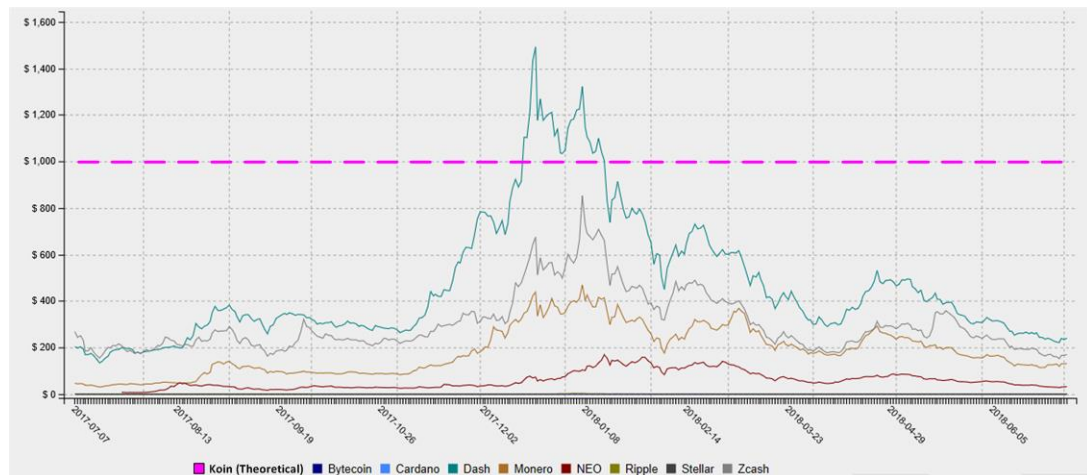


Figure – Theoretical Koin Performance Comparison Continued

To allow consumers the ability to use their accrued crypto currencies and other financial instruments for the acquisition of real goods and services, our platform utilizes both mined and minted tokens. Generally speaking, the global consumer exchanges a variety of crypto currencies whenever they sense that they can be rewarded with value or increased purchasing power for their mined or otherwise acquired crypto coins and tokens; rather than pay various percentages to convert between coins, **Kloud Token** instead promotes the use of Koin through various incentives, unprecedented in the industry today with zero direct fees; in place of fees, the Kloud Token platform

**rewards** all stakeholders including miners, investors, consumers and merchants; however, there may be external partners offering extended services to users of our platform that may introduce administrative or other fees for use of their systems; users may choose to use these services to enable applicable conveniences.

For merchants the world over, Koins acquired through the selling of goods and services can continually be re-introduced into the Kloud Token platform at subsidized rates, rather than strategically converting them to different forms of currencies. Predominantly, exchanging crypto currencies for Bitcoin and Ethereum is common today, in order to achieve some form of cash-out to realize their real and non-speculative value in an acceptable form, but there are limitations to this activity.

**Kloud Token, with its unique vision and architecture, is poised to revolutionize the way in which crypto currency and blockchain technology is viewed, used and developed through the use of traditional blockchain models along with innovations and re-engineered processes.**

At Kloud Token, we firmly believe in the evolution of technology to meet constantly changing and challenging demands. Resulting from this belief, it is anticipated that the Kloud Token architecture may itself, also evolve, continually increasing in functionality and integration into both modern and legacy systems in play today.

### 3. The Kloud Token Project

Since its inception, crypto currency has been painted with great skepticism and speculation; after coins have been mined or acquired, how do owners of this type of currency realize an actual capital gain? How is this type of currency regulated? For crypto currencies with which their transactions are anonymous, how can this be

regulated, and users as well as investors of the system, protected? How can a fair system be offered globally to ensure equal opportunity to acquire and utilize this currency for trade? How are disputes mediated? Who governs the system? How losses are recouped or are they lost forever?

**It is estimated that 30% of Bitcoin tokens will be lost forever due to broken wallets, system anomalies etc.** Whether this is true or not, time will tell, but a new strategy being considered by crypto makers is the burning of a small percentage of their tokens to decrease the supply and cause an increase in value – we believe this is a short-term measure that may not bring about lasting changes and Kloud Token does not adopt such measures that can be construed as fickle.

Although it has great potential and hope, the dubious nature of the crypto currency world has indeed clouded the future and sustainability of this type of currency.

***Kloud Token*** refers to an ecosystem of sustainable systems that seamlessly integrate innovative blockchain technology, each part of this ecosystem being synergistic with each other part;

***Koin*** refers to the serialized native currency used on the Kloud Token platform for the purpose of trading goods and services and is equivalent to a fixed value of \$1000 USD; different crypto currencies and traditional fiat currencies may also be exchanged for Koins prior to being used on the Kloud Token platform;

***Kent*** refers to the micro currency used on the Kloud Token platform representing value of one thousandth of a Koin. The Kent token is not serialized but similitude to fiat cents, or fractions of fiat notes.

The idyllic nature of the Kloud Token ecosystem and its tradeable crypto currency, Koin and Kent, resolve many of the issues and minimize several risks that crypto currency face today, and provides mitigation strategies to strengthen this exciting type of currency to pave the way for a **new era in financial trade** as enabled by a futuristic, globally adopted trade instrument to supplement already adopted instruments.

Where many of the already-developed crypto currency technologies available today will continue to form a substantial part of the Kloud Token eco-system, Koin will be positioned as the primary currency to enable global trade for physical and tangible goods and services.

**This project by no means intends to compete with or replace upcoming and established crypto currencies already in circulation or other forms of established financial instruments**, but merely provides the vehicle to enable their capitalization and stability. The Koin and Kent currency as well as the Kloud Token network and eco-system shall be developed through the parameters set within this Whitepaper using both currently adopted and exciting new innovations, to bring about a stable, sustainable, transparent and regulatory compliant digital, cryptographic trade instrument. In addition to the innovations to Koin and Kent currencies themselves, Kloud Token shall also establish innovative processes to govern the use of its native currencies and work within a hybrid framework of distributed and centralized architectures, employing the most effective solution for all its underlying components and structures – **a best of breed, robust architecture to stand the test of time.**

By providing an Initial Coin Offering (ICO) and pre-ICO activity for the Kloud Token project, all elements of the eco-system can be developed and thoroughly validated ahead of opening the doors to global trade and other activities on the platform. Through a series of incentives for investors, users, merchants, miners and other stakeholders, it is



anticipated that buy-in and immediate uptake will be inherent during the project rollout, especially from those who may share our vision for global betterment.

In addition to the technical platform development, as supported through the ICO and pre-ICO investment stages or otherwise, activities to protect stakeholders shall also commence quickly such as aligning with regulatory frameworks per territory we operate and formulating interoperability with other currencies both physical and digital.

Further, this ICO funding will also enable the commencement of highly beneficial programs such as implementing Centers of Excellence, Distribution and Access Centers in remote regions of many countries to enable the citizenry, even in regions with limited technology, to have the power of trade for their local goods and services within a global market place; to further support this type of initiative, Kloud Token shall also partner with a consortium of technology providers to increase the telecommunication reach and stability in these areas, with **an active focus on closing the digital divide.**

The Kloud Token ecosystem represents a program of closely interrelated projects to not only solidify the crypto currency world, but also aid in sustainable global development of societies, giving equal opportunity to the citizenry of the world resulting in **the ability to trade equitably as a basic human right.**

## 4. Core Values

The following core values will provide the overarching guiding light of Kloud Token and Koin currency and will be adhered to with all vigor:

- I. **Integrity** - To ensure Kloud Token fulfills its promises to its stakeholders, partners, associates and eco-systems in an honest, ethical and equitable manner;
- II. **Transparency** - To be open and accountable for all transactions we govern;
- III. **Innovation** - To promote evolution of technology, methods and processes to improve efficiency while opening the doors to the future by solving the problems of today;
- IV. **Sustainability** – Preserving the earth by using renewable and reusable resources; minimizing the environmental impact of crypto currency and its trade;
- V. **Creating Opportunity** – Enhancing the lives of citizens of the world by unlocking opportunities already enjoyed by developed nations;
- VI. **Enabling Technology Advancement in Developing Nations** - Closing the digital divide in societies of under-developed nations; and
- VII. **Global Unification** – Reigniting the bringing together of people with diverse cultural backgrounds, races, beliefs, languages, ideas and interests under the unifying theme of trade and a universal trading platform and currency.

## 5. Crypto Currency Problems and Applied Solutions

Below is a short discourse on generalized issues of crypto currencies today and methods Kloud Token uses to create solutions. This list is not exhaustive and does not reflect every single

crypto currency in existence. It also does not contemplate the minority of especially new and emerging currencies that may already possess mitigations to some of the issues outlined.

**Problem:** Large variance in market prices

**Kloud Token Solution:** Develop Koin – a fixed value crypto currency with equitable value relative to established financial instruments; provide full traceability of currencies among several other features to ensure purchasing power is of greater importance than the value of the currency itself;

**Problem:** Lack of tradability

**Kloud Token Solution:** Harmonize global eco-systems to allow trade among crypto currencies with each other or fiat currency as well as trade between crypto currency and tangible goods and services; several strategies will be employed to ensure stakeholders have the ability to exchange different commodities; strategies such as the establishment of subvention funds to incentivize consumers, merchants and investors to turn the wheels of sustained trade activity during the strategic period; similarly, strategies will be put into place to ensure voluminous numbers of miners are incentivized through equitably high rewards for their much needed service;

**Problem:** Lack of Transparency

**Kloud Token Solution:** Improve levels of accountability through the implementation of fully traceable financial instruments; working closely with Regulators in several jurisdictions to ensure all transactions on the Kloud Token network comply with international standards; provide a hybrid of decentralized systems with the value-add of centralized application intelligence resulting in new levels of transparency;

**Problem:** Inequitable distribution of mined and minted crypto currency

**Kloud Token Solution:** Allow specialized and traditional hardware to mine Kloud Token currency in an effort to foster efficiency while reducing the environmental impact of crypto mining; limiting the monthly number of mineable coins per user on the network to avoid over-participation; coins mined in excess of maximum allowed quantities shall be retained by the Kloud Token network and injected into reserve funds for special purposes and not form part of the Kloud Token net share value; mineable coins per defined period will be controlled and staggered in such a manner as to ensure long-term mining activities persist and prevent premature exhaustion of mineable Kloud Tokens throughout the strategic period as miners and their function as network nodes form an integral part of the distributed security architecture;

**Problem:** Increasingly large blockchain size

**Kloud Token Solution:** Employ blockchain compression and data deduplication; develop alternate methods for miners to download blockchain through the application of cloud computing architectures; apply unstructured data approach with redundant data sets for improved indexing and data management; miners and other stakeholders will retain the ability to download and view the full blockchain at any time for verification purposes; split of full blockchain into smaller segments allowing new users to immediately participate in network activities until the full blockchain is assembled on their local management computers. Kloud Token software applications shall have primarily indirect access to blockchain through the implementation of a consolidated database of unstructured data; this database shall interface directly with blockchain for validation and maintenance of system and data integrity to unparalleled accuracy, speed and efficiency regardless of blockchain or cloud-chain size while maintaining a multi-tiered data integrity approach;

**Problem:** Absence of long-term mining stability

**Kloud Token Solution:** Establishment of an equitable 50-year mining strategy; promote utilization of a wide array of traditional and specialized mining hardware; miners will each have a fixed maximum mineable volume along with other strategies to ensure mining efforts are rewarded to voluminous numbers of miners, each with attractive and fair distribution of returns;

**Problem:** Traceability

**Kloud Token Solution:** To address the matter of traceability, every Koin that is mined shall be marked with its own serialized identifier; this marking shall form part of the token itself and there shall be no ability to change this marking, otherwise making the coin rendered defunct as it shall be thereafter treated as a fraudulent duplicate. The hash of this serialized information and other raw details shall also be injected into the Merkle root along with other applicable data to ensure the footprint of each unique element of currency is imparted in several places, which are all closely integrated, resulting in the ability of multi-level validation;

Additionally, should the cost of the commodity being traded not be equal to a multiple of Koin value, the purchaser shall be automatically invoked to acquire a micro Kloud Token-minted, unit of trade called Kent which shall not be serialized; to prevent the widespread misuse of Kent, only a fixed number of Kent shall be minted by Kloud Token for the sole purpose of trading values below that of a single Koin. Conversions between Koin and Kent shall be solely provided by Kloud Token to ensure that no serialized currency shall ever be split into fractional equivalents. In the event that a buyer wishes to utilize Kent currency valued over 1 Koin, the Kloud Token network shall automatically exchange every 1000 Kents with exactly 1 serialized Koin and

subsequently complete the payment to the seller using this Koin token, a process that shall be seamlessly integrated into all merchant payment functions utilizing Kloud Token currency.

**Problem:** Generic accounting for crypto coins by quantity

**Kloud Token Solution:** In addition to documentation of quantities in the Kloud Token blockchain, several other strategies are employed to improve management and tracking of crypto currency on our network including multi-compartment wallets which shall hold users' coins for specific purposes, some of which will be non-spendable until certain criteria are met, and clear display of token marking details for low-level accounting of all funds a Kloud Token user possesses; further, a significant magnitude of functionality shall be offered through centralized databases which shall hosts a slew of supplemental information about each block, with several correlations being formed through unstructured, cloud-enabled data storage and management and applied data intelligence;

**Problem:** Lack of real-world application using blockchain technology

**Kloud Token Solution:** Rather than single out individual applications, the Kloud Token platform has developed a strategy to build an entire eco-system that does not compete with but **enhances** the ability to trade and drive sustainable development globally. Kloud Token has also innovated the underlying blockchain technology with key enhancements to allow full traceability through serialized currency, improved stability through its valuation relative to a universally adopted fiat currency and has intertwined the relationship between advanced technology and a practical approach to business use, accountability, sustainability and survivability.

Further, Kloud Token has developed an approach to fair trade and value for money proposition to consumers, merchants, miners and all other stakeholders, harmonizing the way in which we trade crypto currencies for tangible goods and services while maintaining the purchasing power of their held currencies.

Kloud Token has gone even further to **develop strategies for the integration of socio-economic upliftment across the globe through a series of activities such as global ICT advancement, especially devised to connect developing nations to the mainstream world of trade, education and many other activities that embellish the Kloud Token ideology of ‘*Envisioning a Brighter Future*’.**

## 6. Terms of Reference

The details hereunder form a representation of the guidelines and specifications within which the Kloud Token system shall operate. These guidelines are derived from both technical and functional requirements to meet the objectives of the project. For the purpose of technical development of any specification herein, the low-level planning activities shall guide the entities establishing these requirements and set the parameters that any developed systems shall operate within.

### a. Technical Specification

- I. Each unique Kloud Token financial transactions shall be transparent, public and traceable and stored on the Kloud Token network as enabled through Koin and Kent crypto currency, the native Kloud Token currencies;

- II. Each transaction on the Kloud Token blockchain shall, in addition to having details about volumes and users associated with this transaction, shall also include details on the tokens themselves used for that transaction including any serial numbers used to conclude such; the actual token serial numbers and/or related hash details shall be imprinted permanently into each block containing the transaction data along with nonce, and other details, some of which may be written in either their raw form or hashed to reduce transaction data size and improve transaction speed;
- III. Each Koin created by the Kloud Token network shall be identified by a unique serialized marking which will form part of the inherent nature of the coin and which shall never be altered;
- IV. Each Koin can only be traded as a whole, singular and unique entity on the Kloud Token network; for traded values that fall below the value of one whole Koin token, a Kloud Token minted, non-serialized crypto currency, **Kent** shall be used to represent this smaller value of trade;
- V. Each Koin shall be valued at exactly one thousand Kents;
- VI. The exchange between Koins into Kents shall be solely conducted by the Kloud Token platform; for entities in possession of voluminous amounts of Kents, they may freely exchange this currency for tradable articles on the Kloud Token network or merchants accepting Kloud Token currencies; the serialized markings of Koins shall remain unchanged during all conversion processes in their entirety;
- VII. The elemental nature of each Koin created on the platform shall be preserved and under no circumstance be reduced without itself becoming repudiated; the micro-level Kent currency shall be used to represent value



of one thousandth of a Koin; there shall be no dust or other fragments of the Kloud Token native currencies;

- VIII. There shall be a finite number of Kents minted by Kloud Token for the sole purpose of preserving the integrity of the Koin currency and prevent the fractionization of Koin; from time to time, additional Kents may be minted as required by the global demand, however the supply of Kents in existence shall managed by Kloud Token solely to prevent excessive surpluses of this currency and ensure sufficient volumes are in existence to support transaction amounts of less than one Koin;
- IX. All Koin currencies traded whether physical, virtual or digital shall be fully traceable using the Kloud Token public blockchain ledger;
- X. To maintain manageable digital ledger sizes, the Kloud Token blockchain shall be compressed and deduplicated or apply other technologies to ensure blockchain sizes remain manageable at all times; indexing and other supplemental techniques shall be developed and applied to preserve low transaction times regardless of blockchain size; implementation of unstructured and redundant data sets over cloud computing architectures for efficient data management; further enhancements shall include utilization of cloud computing architecture for hosting blockchain which shall be used solely for storing and validating previous transactions on the blockchain as well as provide currency volumes and details owned by stakeholders including Koin serial numbers; other future enhancements shall be applied as necessary, to solve real world problems associated with finance and trade and may be supplemented to the functionality of the Kloud Token platform; the primary blockchain for writing public

transaction data shall be the public blockchain stored on network nodes while the Kloud Token cloud chain shall simultaneously written to as a secondary form of transaction data validation;

- XI. Kloud Token applications shall interact both directly with the public blockchain and indirectly through a centralized cloud database system to enable functionality and intelligence of a diverse data set while maintaining low transaction times despite the size the blockchain may grow to;
- XII. For overall increase in the manageability of the blockchain size as it continues to grow, Kloud Token shall create subsets of the blockchain similar to data archives where historic data can be searched; these segments of blockchain data may also be used to increase the speed of searching data through multi-volume, concurrent searching functionality over several sources; Kloud Token shall also implement forms of data caching to further enhance search and other functionality performed over the blockchain through high-speed data storage systems such as RAM or cached SSD;
- XIII. Although several systems shall allow Kloud Token users to participate in the blockchain activity including archived blockchain sets, cloud-based blockchain and other avenues, the primary source of blockchain data on the Kloud Token platform shall remain the full public digital ledger as imprinted and stored on a multitude of nodes which participate in the distributed consensus security architecture; in circumstances where there may be disparity among these different sources of data, the principal validation source shall be the full public digital ledger, as the most trusted

and truest source of transactional and other data on the Kloud Token network;

- XIV. Only registered users shall be authorized to utilize services on the Kloud Token platform; verified email addresses shall be the primary method of identification which shall also be supplemented by two-factor authentication or other security mechanisms to protect all users; some of these protection mechanisms shall remain mandatory according to the associated risks of the functions and processes they are applied to;
- XV. All merchants shall be required to provide a list of statutory documentation related to registration within their localized jurisdictions and shall only conclude registration upon verification and other stipulations;
- XVI. As applicable, all merchants, investors and other stakeholders shall be required to comply with Kloud Token's policies relating to KYC, AML and other frameworks that constitute Kloud Token own compliance within the regulatory and legal frameworks it operates under;
- XVII. All transactions on the Kloud Token network shall be secured by two-factor authentication and other mandatory security mechanisms to safeguard all financial transactions and minimize unauthorized activity;
- XVIII. The principal currency utilized on the platform shall be native Kloud Token cryptographic currencies;

- XIX. All accepted non-native currencies on the Kloud Token platform whether physical or digital (including other crypto currencies) shall be exchanged for Kloud Tokens to enable use on the platform;
- XX. As one of the most well-known and universally adopted currencies, the value of Kloud Tokens shall be fixed relative to United States dollars; all non-native currencies shall be converted directly into Kloud Tokens without the need of intermediary third parties; administrative fees and/or subsidies may be applied for each transaction on the Kloud Token network and if any are applied, details of these shall constitute part of the blockchain data per transaction in addition to all other data required to maintain full public transparency;
- XXI. Each Koin issued on the Kloud Token platform shall not represent voting in, or ownership rights to the Kloud Token issuing or operating entities; with the exception of the Kloud Token business entity, no single registered user shall possess greater than exactly 1% of maximum supply of Kloud Token currency at any time; every registered, non-compliant user shall be granted a specific time frame in which to dispose of excess Kloud Token currency they may possess through whichever means; failure to comply with this requirement shall result in revocation of excess currency; other such policies may be developed from time to time and be applicable to maintain fairness, equitable standing and the distributed security architecture of Kloud Token and its governance framework;
- XXII. The Kloud Token platform shall be developed using the most advanced security architecture to protect the platform, financial trade and all stakeholders;

- XXIII. The ICT architecture that the Kloud Token platform is built upon shall be continually improved for efficiency, capacity, scalability, future-proofing and security; Kloud Token shall reserve special funding to maintain this continued improvement and reserves the right, from time to time, to improve these technology infrastructures on demand or proactively as it deems appropriate;
- XXIV. The Kloud Token platform shall demonstrate conformance to all well-adopted technical compliances for data security, best practice and quality; there may be some innovative mechanisms employed and developed to further enhance the effectiveness and efficiency of the Kloud Token platform which may not be fully adopted globally, but which may bring significant benefit to the platform from security, usability, ubiquity and functional standpoint to improve the value proposition of interacting with the platform for financial trade purposes;
- XXV. The use cases of Kloud Tokens include but are not limited to:
- i. Currency exchange whether physical or digital;
  - ii. Acquisition of goods and services from registered merchants;
  - iii. Zero transfers shall be allowed between registered users with exception of transactions between consumers and merchants, merchants and merchants or between both consumers and merchants with Kloud Token; transfer from consumer to consumer shall be prohibited;

- iv. Storing for future use;
  - v. Financial Securities may be contemplated in future as defined or refined by the regulatory frameworks Kloud Token operates within; the use of crypto currencies as securities may not be applicable in all territories that Kloud Token operates and is subject to the legal and other frameworks in these territories; until such time as Kloud Token currency is considered a security token, it shall operate within the confines of a utility token; the project notes that there still exists no clear distinction between security and utility tokens but shall make every effort to work with the relevant bodies to ratify such;
  - vi. Strengthening the distributed security architecture associated with all crypto currencies and the technology that drives them;
  - vii. Strengthening the crypto currency proposition as a solution for fair, secure, transparent and ubiquitous global financial trade;
  - viii. Transfer within compartments of a user's multi-compartment wallet to manage spendable and non-spendable states as permitted and required;
- XXVI. For users on the network, management and administration of Kloud Token currencies shall be performed within multi-compartment wallets;
- XXVII. The user's Kloud Token multi-compartment wallet shall store information about Koin and Kent currencies for specific purposes and aid

users to manage which currencies can be utilized at any point in time; if any currencies are deemed non-spendable, they shall be stored in an identifiable wallet compartment and shall become spendable only upon specific compliances are met, which will in turn, invoke transfer to a compartment containing spendable currency; the multi-compartment wallet shall operate similitude to a conventional physical wallet in which multiple credit cards, cash, coins and other forms of currency can be stored; the user can then spend from whichever compartments that possess spendable currencies; an instance of a non-spendable wallet compartment is the storing information about tokens issued to a merchant upon signup; this currency shall not be spendable until certain criteria are met by that merchant; in some instances, Kloud Token currencies may be transferrable between compartments to enable spendable or non-spendable states, while in other instances, this transfer may be automatic and system-generated;

XXVIII. Token issuing servers shall be distinct from the primary blockchain server nodes;

XXIX. Some elements of the Kloud Token blockchain technology may be primarily developed by Kloud Token and in some instances, details about these technologies may become either part of public domain and freely available or become part of the intellectual property of Kloud Token in which case the necessary registrations shall be filed;

XXX. Mining on the Kloud Token platform shall simultaneously support several hash algorithms; miners may utilize a multitude of compatible hash algorithms concurrently and related mining equipment, with mining

rewards being derived from each, as relatively predefined according to the algorithm difficulties automatically or otherwise determined; through the use of a single or multiple hash algorithms and related hardware, any miner shall be limited by either their monthly maximum permitted or the monthly maximum their resources can produce, whichever is less;

- XXXI. The feature of the Kloud Token platform supporting several hash algorithms simultaneously is referred to as the miner abstraction layer, which shall operate between the blockchain and an innovated proof of mining system which neither exactly resembles Proof of Work nor Proof of Stake commonly adopted today; a new process called ‘proof of mining’ is introduced to bring new levels of equity to miners;
- XXXII. Each mining process shall be presented with the current block of transactions to be written to the blockchain; each miner shall have their individual requirement to solve the block, and, on conclusion of proof of mining, that miner shall be rewarded with the relevant number of tokens; the miner completing their solution may not necessarily be selected to write transaction data into the blockchain; it may not be essential to acquire large farms of mining equipment nor join resources into mining pools as the solo mining technique is expected to allow even the smallest mining operations to acquire significant rewards each month;
- XXXIII. The basis of this mining functionality is to bring a high level of equity to miners in a more inclusive fashion, while concurrently enabling sustainable and ecofriendly processes to minimize resource wastage such as electrical requirements;



XXXIV. The proof of mining is enabled through the following process

- i. A set of miners, defined as nodes (excluding the primary nodes managed by Kloud Token) on the network that process mathematical calculations to solve the current block of transactions to be written to the blockchain, shall each be presented with the current block to be solved, with potentially varying difficulty, in accordance with the strength and type of hardware they use for this purpose;
- ii. Within a predefined instance of time, several miners are expected to solve the current block; miners solving the block within the 'initial timeframe' estimated at 120 seconds are referred to as 'eligible block writers'; a single user belonging to the eligible block writers group shall be randomly selected, and him or herself shall subsequently select another random member of that group to write the current block as agreed to by consensus; the more miners solving blocks within the specified timeframe, the more likelihood of a different user writing to the blockchain each block cycle, and theoretically, the stronger the distributed security architecture becomes;
- iii. The initially random miner selected by the Kloud Token network, shall again randomly select the writer of the current block, and under no circumstance shall both randomly selected miners, result in the same user being selected;

- iv. The minimum number of eligible block writers for any block is two (2); in the case where there are exactly two (2) members in the group, the initial randomly selected user shall continue to randomly select a miner until the selected miner to write to the blockchain is distinct from him or herself;
- v. In the event only a single user belongs to the eligible block writer group for any current block, the specified timeframe shall be increased by exactly the initial timeframe to include all miners solving the current block within that new timeframe; if only a single miner again belongs to the eligible block writer group, the process shall continually iterate, increasing the timeframe by exactly the initial timeframe period, until such time as the minimum number of eligible block writer members is achieved;
- vi. This process starts over with the initial timeframe for each current block to be written to the blockchain;
- vii. The time required to write any block on the Kloud Token blockchain shall be approximately 120 seconds or a multiple of 120 seconds, whichever is smaller, to comply with the requirements of selecting the miner to write to the public blockchain record;
- viii. The miners that solve any particular block shall be rewarded inclusive of those miners not belonging to the eligible block writers' group; all users solving the block shall receive reward as recompense for the time, energy and resources they utilized throughout the Kloud Token mining process;

- ix. For those miners who may have solved any block during or after the specified timeframe, only the current block of transactions to be written shall be presented for solving next, unless that miner has attained their maximum permitted mining activity, in which case the hardware they registered for mining under their Kloud Token account shall be not be permitted to continue mining activity until the subsequent month has commenced;
- x. For the purpose of tracking and auditing any time interval on the Kloud Token network, the Kloud Token platform time shall be defined as the incumbent system clock which shall follow a stipulated time zone;

XXXV. As a scenario of this distributed mining technique, Miner A can be presented with the current block to be written with difficulty 100 using the SHA-256 hash algorithm, which upon successfully solving be rewarded with 50 Kents in, for instance, 240 seconds. Concurrently, Miner B also using SHA-256 hash algorithm may be presented with the same block at difficulty 1000 due to the strength of their mining resources being 10x more powerful than Miner A's resources; Miner B is rewarded with 500 Kents in, for instance, 90 seconds for the same solution, to result in equitable returns to all miners; only miners solving the current block of transactions within the specified timeframe shall be allowed to participate in a random draw of eligible miners to start the election process; the initially randomly selected miner is then invoked to randomly select the member of that group to write the current block of transactions to the blockchain; the miners completing their solutions after the specified

timeframe has expired shall continue to be rewarded without the ability to write that block of transactions to the blockchain;

XXXVI. In another scenario, Miner A is presented with the current block to be written with difficulty 1,000 using the CryptoNote hash algorithm, and solve in, for instance, 300 seconds, resulting in mining reward of 75 Kents, while Miner B solves the same block in 60 seconds using SHA-256 algorithm at difficulty 10,000, resulting in mining reward of 500 Kents; yet another Miner C solves the same block in 100 seconds using Ethash hash algorithm resulting in mining reward of 1125 Kents; in this scenario, while all miners receive their rewards, only Miners B and C are eligible block writers. Should Miner B be randomly selected to him or herself randomly select the blockchain writer, Miner B shall continually iterate random selection until Miner B is not the resulting selected miner to write to blockchain; at the end of this process, it is expected that Miner B was randomly selected by the Kloud Token network to randomly select Miner C to write to the blockchain;

XXXVII. Each miner on the Kloud Token network shall compete with their own ability to solve any block with the limitation of a specified monthly maximum mining reward, while also competing with all other miners who can solve the block within the specified time for the consensus right to add the current block of transactions to the blockchain;

XXXVIII. Details of the miner chosen to write to the blockchain in any instance, along with details on the rewards gained by all miners shall be also be recorded as part of the block data being appended to the existing blockchain; for miners solving the block after the current block is already

written, details of their rewards shall be written to a subsequent block once their proof of mining is validated;

XXXIX. To protect against fraudulent activity and protect users on the Kloud Token network, details of any unauthorized activity flagged by a user supplying substantial evidence or evidence otherwise generated automatically through proactive system monitoring, shall be investigated by the Kloud Token fraud prevention team; should sufficient evidence be found to substantiate the allegations of unauthorized access to currency, the fraud prevention team shall submit the necessary information to the local and/or international law enforcement agency/agencies for their necessary action; during this period where fraudulent activity is confirmed, the affected user shall be reimbursed the affected volume of tokens by the Kloud Token network through special reserve funds, while concurrently those unique Kloud Token assets affected shall be disbarred from further participation on the Kloud Token network for a period of time;

At some subsequent time, the Kloud Token platform shall reassign those tokens lost by the user during the fraudulent activity to replenish the relevant reserve fund, as conducted through careful audit and risk assessment guidelines supplemented by multiple levels of approval and vigilant governance.

This process is intended to protect all Kloud Token users on the network and establish a procedure to impart the full vigor of the law against individuals conducting fraudulent activity on the Kloud Token network, in an effort to protect users' financial assets while curtailing this type of illicit activity globally;

This process is similitude to attaching a GPS tracker on each Koin on the Kloud Token network, with procedures to retrieve the affected tokens should some fraudulent activity be conducted; at the same time, the necessary information is imparted to law enforcement entities to pursue the perpetrators and bring accountability for unlawful actions, and again at the same time, removing many risks of theft from users of the network by reimbursing them accordingly;

#### **XL. Multi-compartment Wallet for Koins and Kents**

The Kloud Token blockchain may not necessarily store Compartment information, only details on Kents by volume and Koins by volume and individual serial markings for each Koin owned. The Compartment information is designed for management purposes and specific use of Koin and Kent currencies only and provides rules regarding which currency can be stored in which Compartment for what defined purpose. Compartments of the Kloud Token Wallet are analogous to physical wallets containing fiat notes, Savings Cards and Credit Cards from traditional financial institutions. The following four (4) wallet compartments shall be defined, allowing for additional compartments to be added in future as use cases may require -

##### **i. Savings Compartments**

1. Holding currency that cannot be spent directly;
2. Currency in this Compartment may be self-transferred to the Transaction Compartment prior to spending;

3. Ideally used for long-term storage of financial assets;
4. Prevents stored tokens from being accidentally spent;

ii. Transaction Compartment

1. All currency to be spent on merchant facilities or otherwise must emanate from this Compartment;
2. Currency in this Compartment may be self-transferred only to the user's Savings Compartment;
3. Currency in this Compartment shall not be transferred to other users with exception of registered merchants or directly converted to fiat or other currency at the time when those types of facilities are ratified and commissioned;
4. The primary function is to explicitly host assets intended to be spent;
5. Ideally used for temporarily storing assets prior to purchases;
6. Not designed for long-term storage of assets;

iii. Received Compartment

1. All currency received is deposited into this Compartment automatically;

2. Currency in this Compartment may be transferred to Savings for storage or transferred to Transaction for spending;
3. Adds new level of financial asset management for all received tokens;
4. Prevents received tokens from being accidentally spent;

iv. Reserved Compartment

1. All Kloud Token-generated currency and currencies derived through some other circumstances are deposited into the Reserved Compartment until specified criteria are met; subsequent to meeting all criteria, the relevant currency is transferred to the Received Compartment; Kloud Token automatically transfers currency from Reserved to the Received Compartment when criteria are met;
2. Once transferred to the Received Compartment, assets can be stored there, or transferred to either Savings or Transaction Compartments accordingly;

XLI. The follow processes and architectures are pictographically described in the figures below

- i. Architecture of the Koin creation process;
- ii. Consumer (or merchant) purchase process with Koin exchange;



- iii. Consumer (or merchant) purchase process with Kent;
- iv. Kloud Token Multi Compartment Wallet;
- v. Kloud Token Theft Mitigation Process;

# KLOUD TOKEN WHITEPAPER – ENVISION A BRIGHTER FUTURE

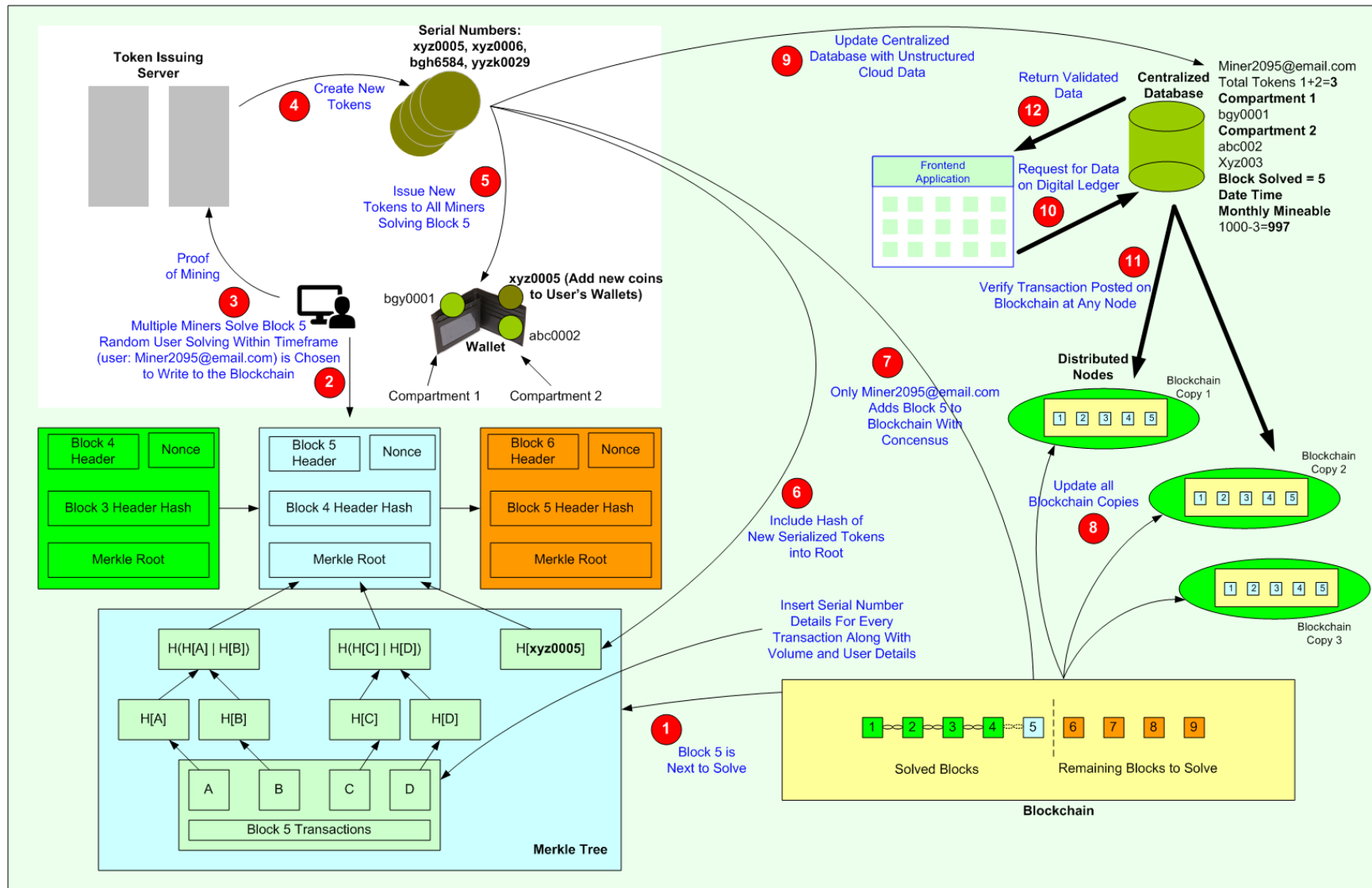


Figure – Architecture of the Koin Creation Process

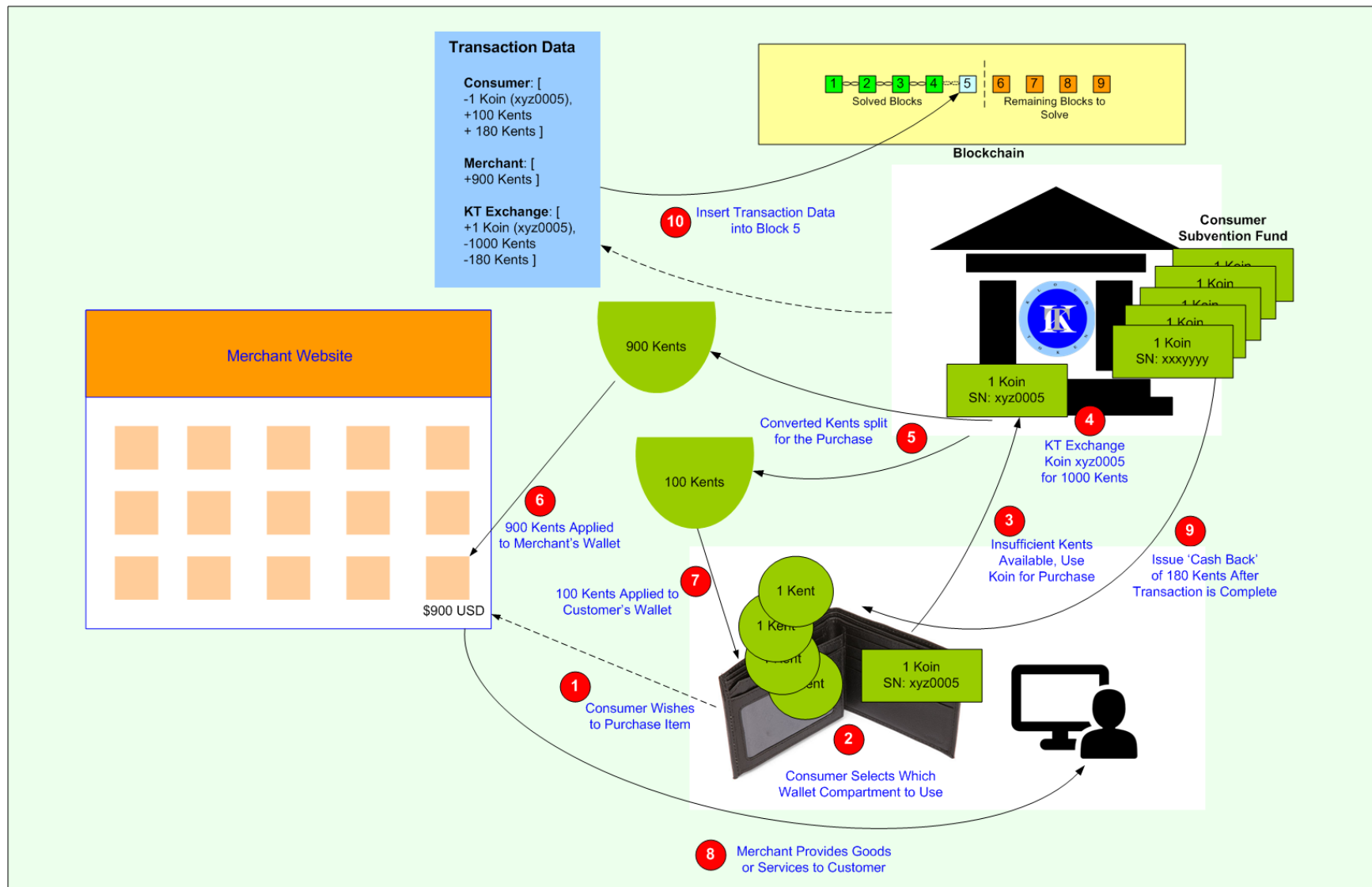


Figure – Consumer Purchase Process with Koin Exchange

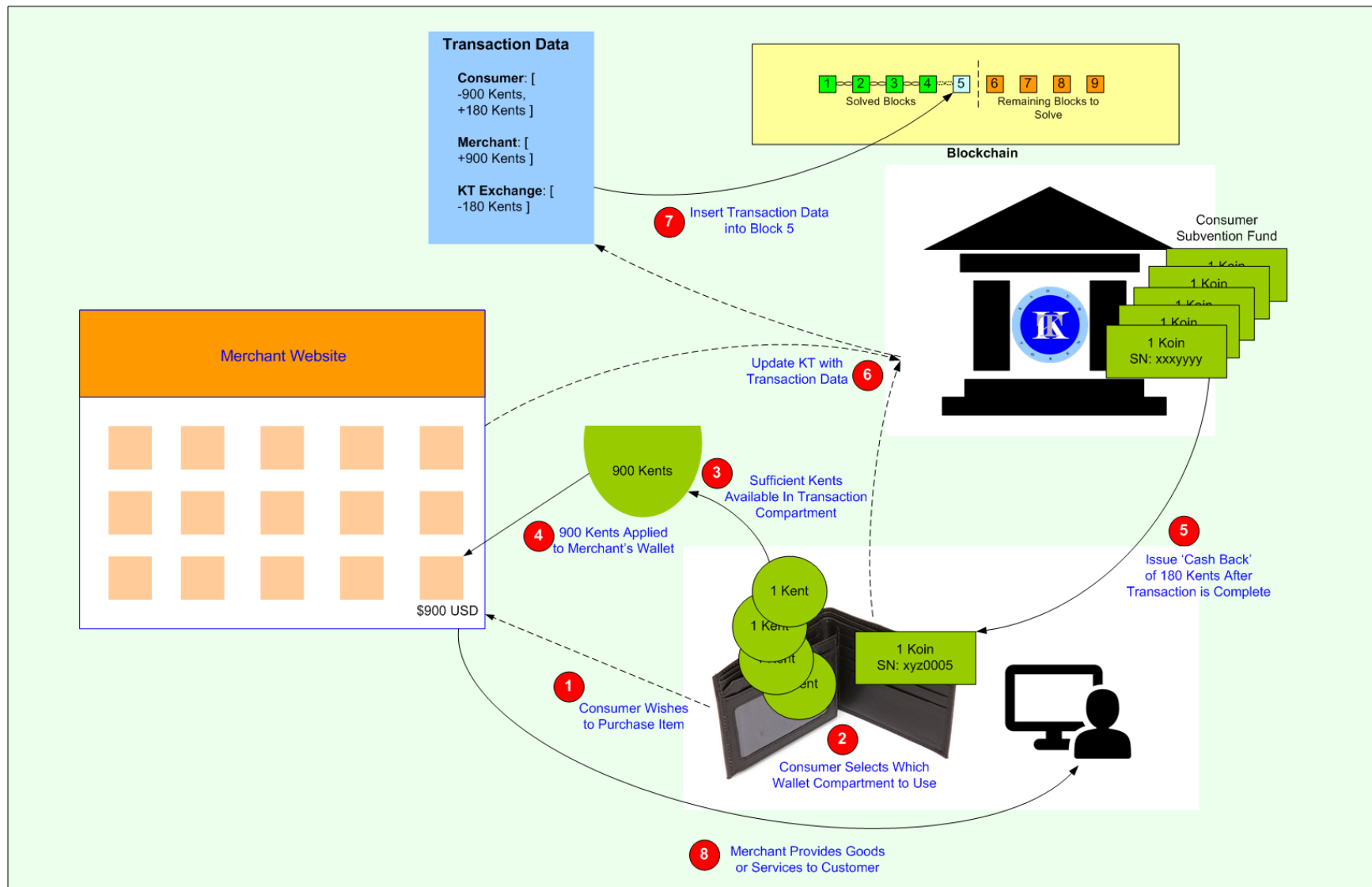


Figure - Consumer Purchase Process with Kent

## KLOUD TOKEN MULTI-COMPARTMENT WALLET

Savings	Transaction	Received	Reserved
<ul style="list-style-type: none"> <li>• Used for storing assets</li> <li>• Cannot be used for transactions</li> <li>• Best place to safeguard from accidental spending</li> </ul>	<ul style="list-style-type: none"> <li>• Used for spending</li> <li>• Only compartment for paying for transactions</li> <li>• Temporary storage of assets specifically for purchases</li> </ul>	<ul style="list-style-type: none"> <li>• Received assets default to this compartment</li> <li>• Allows lower level management of all received assets</li> <li>• Cannot be used for transactions but can be moved to Savings or Transaction compartments</li> </ul>	<ul style="list-style-type: none"> <li>• System reserved</li> <li>• Cannot be moved by user</li> <li>• Automatically moves to Received compartment when criteria are met</li> </ul>

Figure – Kloud Token Multi Compartment Wallet

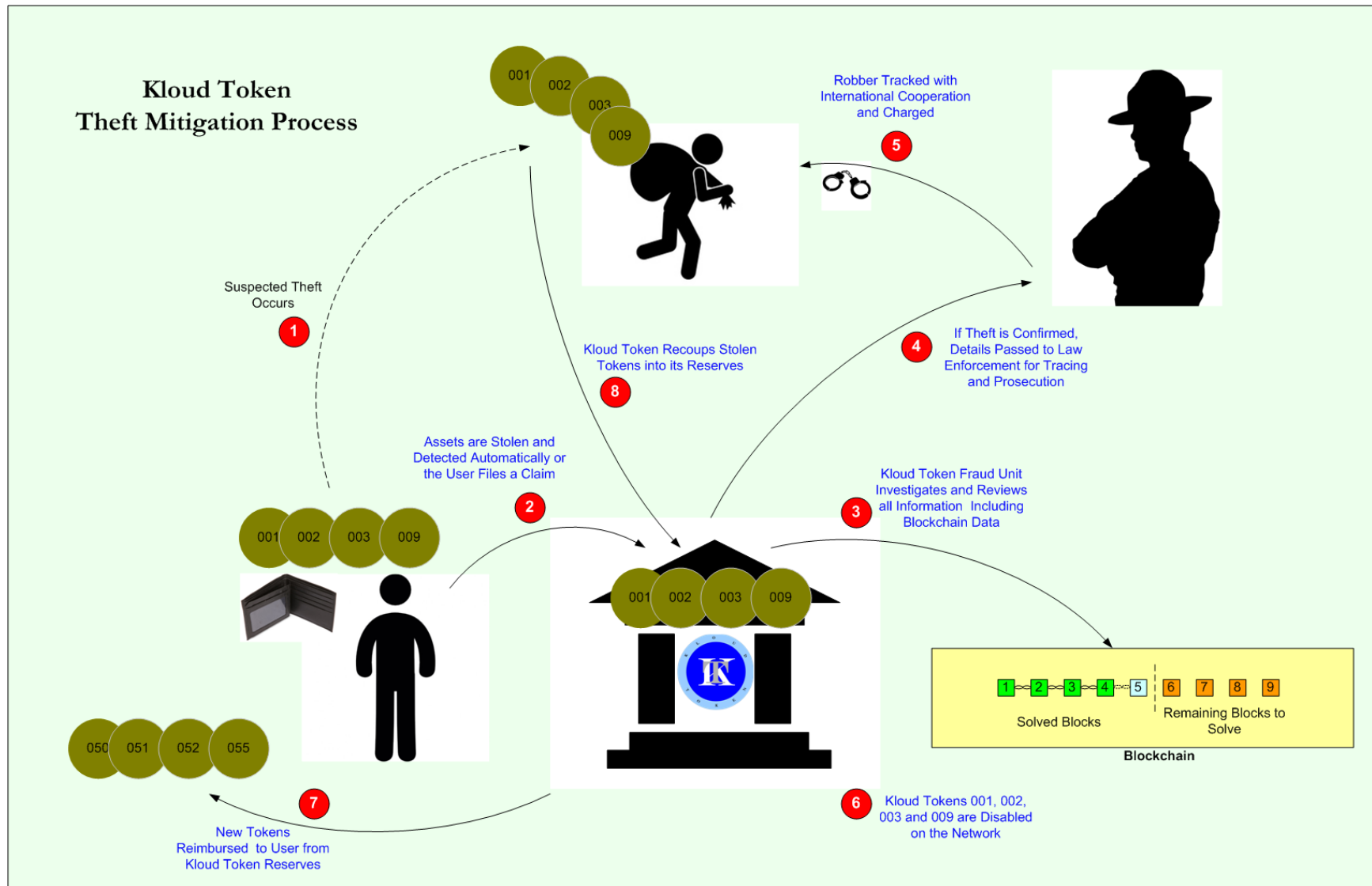


Figure – Kloud Token Theft Mitigation Process

## b. Kloud Token Ecosystem Components

The Kloud Token ecosystem is very large scale and complex in its nature. It reaches out to several vertical and horizontal markets throughout the world. Many of these components are closely interrelated and may also share resources such as ICTs to host their services. Furthermore, it is expected that different elements of the various components shall be delivered and advanced strategically, to ensure the overall project delivers on its mandate. It is to be noted that priority may take place for certain components and their elements in accordance to world affairs at any point in time; in the event any component element must be delayed, paused or refocused, the change management process shall apply to determine the feasibility, impact and risks associated.

Kloud Token shall rely on a global consortium of partners to deliver many elements of the ecosystem to foster cooperation and further synergy. While there are some territories in which rolling out services may be challenging, the Kloud Token team shall work diligently to find solutions to these problems in partnership with the relevant governing bodies and entities. We fully appreciate that an undertaking such as this project will likely take several years to reach critical mass and reach an ideal state, however each component shall be managed with a view of the holistic vision and goals of the project to accelerate the project's agenda with high efficiency and effective resource utilization.

### I. Crypto currencies

- i. Koin – serialized native currency on the Kloud Token platform;
- ii. Kent – non-serialized native currency on the Kloud Token platform;

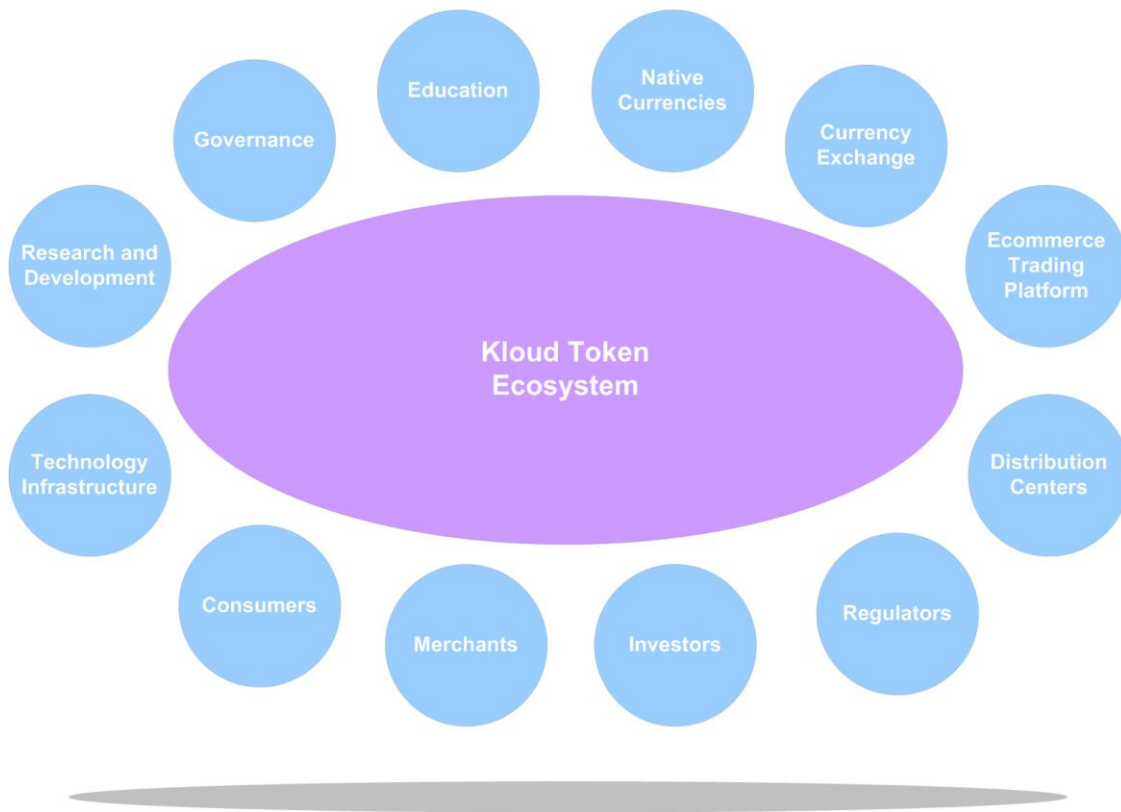


Figure – Kloud Token Ecosystem

## II. Crypto currency Exchange

- i. Represents the financial hub of the Kloud Token platform;
- ii. Kloud Token native currencies;
- iii. Kloud Token non-native crypto currencies;
- iv. Other digital assets;



- v. Physical currencies through banks, ATMs and other financial entities;
- vi. Partner with relevant financial institutions for the disbursement of smart cards to store currencies and simplify the ability to use Kloud Token currencies for trade globally;
- vii. Payments with Kents valued over 1 Koin shall in every instance be exchanged at Kloud Token for Koins to facilitate payments to regulate the volume of Kent in circulation; this process shall be performed automatically and form part of the integration process between all merchants and the Kloud Token platform;

### III. Global trade e-commerce application

- i. Multi-linguistic;
- ii. Common language of trade;
- iii. Trade localization per country;
- iv. Global trade facility;
- v. Accept many forms of regulated payment;
- vi. Kloud Token integration for direct eCommerce functionality;
- vii. Merchant eCommerce integration;

IV. Authorized Distribution Centers

- i. Centralized warehousing per country/territory to facilitate drop-off/pick-up service for sold commodities in exchange for Kloud Token currency;
- ii. Minimize shipping/delivery costs;
- iii. Global distribution channels for merchandise;

V. Information and Communication Infrastructures (ICTs)

- i. Enable the Kloud Token platform to deliver services to its stakeholders;
- ii. Enable digital trade in underdeveloped territories;
- iii. Community Access Centers;
- iv. Centers of Excellence to support the growing Kloud Token ecosystem and external systems including incubators for innovation;
- v. Improve global communications through diverse paths;
- vi. Enable redundancy and service uptime and availability;

- vii. Business hubs;
- viii. Enable technology in developing nations to aid in closing the digital divide;

## VI. Research and Development

- i. Evolution of blockchain technology;
- ii. Development of applications that use cryptographic technology to enhance security, integrity and efficiency;
- iii. Development of blockchain middleware platforms for public consumption including e-Services;
- iv. Green technology;
- v. Using blockchain to advance research in various fields including medicine, indexing tacit knowledge globally and refining renewable energy sources;

## VII. Education

- i. Crypto University;
- ii. Advancing technology prototype theory;
- iii. Cryptography integration in real world application;
- iv. Green technology;

- v. Comparative study of technology;
- vi. ICT architectures;
- vii. Tele-services;
- viii. Enable Cryptography theory accreditation into mainstream education centers;

c. Other Ecosystem Components

I. Charitable Causes

- i. Charities picked every day during the 50-year span of the Kloud Token project;
- ii. Reserved fund with specific purpose of helping entities that require assistance;
- iii. Bringing aid to natural and other disasters;
- iv. Fully audited activities to ensure assistance reaches intended recipients; fraudulent activities in the guise of charitable causes shall be treated as any other fraudulent activity on the Kloud Token network and appropriate actions shall be taken to remedy any resulting negative effects;

II. Reducing national burdens

- i. Kloud Token shall, as part of its upliftment philosophies, work closely with various governing bodies globally to reduce long-standing burdens weighted on the shoulders of its citizens; the Kloud Token team shall additionally work closely with these bodies to aid in preventing future occurrences that may be possible through blockchain technology;
- ii. Kloud Token shall attempt to bring nationals from both developing and developed nations onto a neutral plane with equitable resources and opportunities; although we understand this to be in some instances, a highly politicized activity, **Kloud Token shall make every effort possible to maintain a politically neutral stance in world affairs;**

## 7. Regulatory Compliance

- I. The Kloud Token platform shall comply with regulatory requirements or make necessary concessions to ensure same;
- II. Performing self-assessments to determine gaps;
- III. Conducting internal and external audits;
- IV. Establishment of clear processes and accountabilities;
- V. Establishing a governance framework;
- VI. Developing effective corporate governance policies and procedures;

- VII. Establishing technological approach to reporting and analysis to enable effective Executive oversight;
- VIII. Ensuring financial transactions conducted on its platform are guided by FATCA, CRS, AML, KYC and other necessary internationally adopted laws, legislations and regulations;
- IX. The Executive of Kloud Token platform shall ensure that transparency and fairness is applied to all transactions conducted on the platform;
- X. The Executive of Kloud Token shall collaborate closely with Regulatory bodies to continually strengthen the frameworks that govern crypto and other currencies;
- XI. The Executive of the Kloud Token platform shall collaborate closely with global law enforcement bodies to conduct all criminal investigations related to Kloud Token trade;
- XII. Regulatory compliance shall be adhered to per country/territory which utilize the Kloud Token platform;
- XIII. All Kloud Token investors participating in the ICO activity shall be subject to all AML, KYC and other due diligences;

## 8. Financial Risk Management and Tax Compliance

- I. Establish a risk-based approach to all elements of the project including finance;
- II. Financial risk identification and analysis of the level of impact;
- III. Ensuring portfolio diversification includes investment and development of the Kloud Token ecosystem;
- IV. Deploying sufficient reserves and general funds comprising crypto currencies and fiat;
- V. Diversifying income sources through profit realization of ecosystem activity;
- VI. Steering profits within the ecosystem to sustain and advance other parts of the ecosystem and establish new ecosystem components;
- VII. Defining strategies to perpetuate reserve fund allocations;
- VIII. Performing frequent financial risk assessments;
- IX. Ensuing all due diligence protocols are adhered to for all financial activities;
- X. Monitor the quality, liquidity and volume of investment securities;
- XI. Frequent assessment of the crypto currency market;

- XII. Developing investor profiles for all allowed investment funding including source of funds, tax and other compliances by investors;
- XIII. Alignment to adopted guidelines from established bodies such as CIMA;

## 9. Kloud Token Valuation

As the Kloud Token platform is set to solve a slew of global financial issues, its benefits will be far reaching in harmonizing global trade and as such, its fixed currency valuation of **USD \$1000 per Koin** and **USD \$1 per Kent** is based on factors including but not limited to:

- i. Fully recorded, publicly accessible and traceable transactions;
- ii. *Fully traceable currency*; each Koin created on the platform is unique; likeness to a tracker being placed on every single Koin issued on the platform;
- iii. The elemental nature of each Koin created on the platform shall under no circumstance be reduced without itself becoming repudiated;
- iv. Enabling single currency trade;
- v. Simplification of the acquisition of currency;
- vi. Providing sufficient capitalization to enable macro-level global development and substantial world-wide socio-economic programmes;



- vii. Providing the catalyst for and incentivizing supply and demand to develop sustainable, self-enduring trade activity over a **50-year** strategic period;
- viii. Removing speculation from crypto currency value via fixed-valuation financial instruments;
- ix. Fixed value currency relative to USD currency;
- x. Finite mined currency per miner;
- xi. 1% total Koin volume cap can be owned by any entity outside the Kloud Token foundation company and its shareholders;
- xii. Opening of previously inaccessible and difficult to reach markets and industries;
- xiii. Simplifying the process of trade;
- xiv. Regulatory compliant financial system;
- xv. Decentralized security architecture with key centralized components with value-add data intelligence;
- xvi. Equitable value proposition for goods and services;
- xvii. Long-term strategy to stabilize trade especially in developing countries;
- xviii. Increase in the standard of living globally;

- xix. Significant improvements in ICT in a connected world for numerous industries;
- xx. Economic and social advancement;
- xxi. Use of green technology;
- xxii. Significant concessions to merchants and purchasers through establishment of voluminous pools of subsidy and subvention funding;
- xxiii. Increased buying power of citizenry worldwide; until subvention funding is depleted; platform succession planning for business continuity;

## 10. Promoting Supply and Demand

Kloud Token has several strategies to promote continuous utilization of its resources to result in the optimal exchange of its currencies for tangible goods and services. By offering our stakeholders the peace of mind they deserve, users of the Kloud Token ecosystem can avoid speculation, uncertainty as well as hyperactive buying and selling of their financial future while pitching in to build a brighter world.

The funding to drive the supply and demand cycle as well as development shall be derived from ICO investments, pre-mining approximately 35% of maximum supply and other sources of funding using both fiat and crypto currency. Although there is a significant declaration of estimated funding for each key component of the supply and demand cycle, there also exists significant volume of currency in several special reserves for charitable works, research and development, education, technology advancement

and many other purposes. The Kloud Token stake in this activity remains below 5%, while over 95% of all tokens shall be used for propagating global agendas of the ecosystem.

## Miners

To ensure a highly rewarding proposition is offered to miners who will continue to form an essential part of the Kloud Token distributed security architecture, an estimated maximum of \$375B worth of crypto currency can be mined monthly.

The initial interest of Kloud Token currency by miners shall be derived from three (3) main sources using a shared risk model

- a. Conversion of already-mined currencies accrued over the past decade of mining activity which shall be exchangeable over the network for more secure Kloud Token currency; only the most impacting crypto currencies shall be considered for exchange on the Kloud Token platform;
- b. Revitalized mining focus on Koin mining for substantially better rewards and mining efficiency;
- c. Acquisition of supplemental Koin currency through fiat currency exchange;

Kloud Token anticipates that a significant amount of global mining power and resources shall be focused on acquiring Koin instead other crypto currencies presently being mined, primarily due to the non-speculative proposition we offer and open avenues that facilitate exchange of Kloud Token currency for tangible goods and services as well as the high rate of financial reward they can achieve.

The Kloud Token platform is expected to exhibit a maximum mining performance of over 35 million miners, each acquiring a maximum of \$10k each month over the 50-

year period. It is also estimated that not all miners may accrue the maximum allowed mined tokens, therefore the upper limit of total monthly miners may increase significantly over time.

## Consumers

To circumvent excessive accrual of Koin by any miner or consumer who has acquired Kloud Token currency through any means, a subvention fund shall be setup to the estimated order of \$20T to serve as reward for each Koin spent on the Kloud Token platform; this reward for each Koin spent shall be realized in the form of 200 Kents valued at \$200 USD issued to that consumer, in other words a perpetuated 20% ‘cash back’ program that runs until the exhaustion of the fund monthly and by extension, at the end of the 50-year strategic period.

**The actual performance in purchasing power of Kloud Token currency is factored by an approximately 25% increase when considering ‘cash back’ tokens can also be spent until they are fully depleted.** In other words, spending 1 Koin returns 200 Kents back to the user; spending those 200 Kents returns 40 Kents back to the user and so on. A single Koin therefore inherently bestows 1 Koin and 25 Kents in purchasing power.

To further extend this special funding setup to invigorate the spending cycle, alternative means of injecting further funding to this reserve may be achieved through profits gained via different ecosystem components as well as excess currency mined by any one user beyond their permitted monthly limit; all efforts will be made to continually distribute the returns gained throughout the ecosystem for a holistic and equitable approach to a revenue-sharing model enjoyed by all stakeholders.

## Merchants

Several strategies shall be employed to ensure merchants acquire their fair share of value for joining the Kloud Token network. Another special subvention fund shall be setup specifically for helping merchants to get started and begin accepting Kloud Token currency on their platforms. **This special fund can help facilitate over 10 million merchants to accept Kloud Token currency, resulting in the key strategic objective of opening an immense number of avenues for consumers to buy merchandise and services across the globe.**

By offering such attractive incentives to merchants, the latter themselves can almost immediately conduct B2B trade for raw materials and services to further boost their service offering to consumers.

To further propagate merchant activity on the network, all merchants will also enjoy a 20% ‘cash back’ for their own purchases in order to extend a similar benefit that consumers realize; this method of subvention shall ensure that merchants continually find ways of acquiring goods and services to perpetuate their businesses and perhaps one day, offer both fiat and crypto currencies to cover operational and other expenses such as salaries which may aid in reducing some of their own financial risks and realize more effective cash flows.

Kloud Token is well acquainted with the fact that some territories may have significantly more merchants than others; for developing nations or those with smaller populations, the incentives offered by Kloud Token are expected to fuel investments in these territories by foreign nationals and other similar activity to boost economies in developing countries as well as cause technological advancement of localized businesses to offer ecommerce solutions and other technology-driven forms of trade.

To prevent merchants from quickly flooding the Kloud Token network through new business registrations, some of which may not be legitimate, several criteria shall be met including but not limited to:

- a. Validated registration documentation in the relevant jurisdiction;
- b. Minimum company operation period;
- c. Minimum merchant activity on the Kloud Token network for both sales and purchases;
- d. Ability for merchants to conduct ecommerce trade;

Until all merchant requirements have been met, subvention funding shall be stored in the Reserved Compartments of the merchant user's wallet to ensure these funds cannot be spent until such time as registration is deemed complete and subsequently, these funds shall be automatically be transferred to the Received wallet compartment administered by that merchant. In the event any merchant fails to comply with these requirements, the tokens issued and held in that merchant's Reserved Compartment shall be revoked and returned to the relevant subvention fund.

## Investors

Through ICO and other investment opportunities, this key element of the Kloud Token ecosystem shall provide the funding required to build and initiate supply and demand harmony as well as catalyze and accelerate the Kloud Token ecosystem agenda while also reducing some of the risks especially during the early stages of the project.

**Ideally, the investors who are expected to participate in Kloud Token efforts may not only have interest in a phenomenal ROI, but also have a passion for the socio-economic impact and upliftment offered by a platform such as this.**

Kloud Token views all investors as strategic partners and shall diligently work toward the stabilization and global adoption of its native currencies to ensure protection of their investments along with the investments of all other stakeholders, whether merchants, consumers or miners, is achieved.

There may be some stipulations to participate in ICO funding rounds at any stage such as validation of source of funds and compliance with anti-bribery and anti-corruption policies etc. As early adopters, the earlier the stage of the ICO, the higher the return on their investments which shall become fully activated on the Kloud Token network upon launch.

To boost the project forward, it is estimated that 50 million Koins shall be offered for sale during the ICO activity and spread over several months to ensure simplified management and usage of accrued investment funds. Because of the vast nature of this project, Kloud Token shall implement all necessary measures to ensure successful management of the project is closely tied to funding that is spread effectively. In the ideal state, the accrual of excessive funding that cannot be spent or the backlog of development activities due to lack of funding is avoided, and part of the Kloud Token philosophy of lean methodologies is set to achieve such an ideal state with minimal wastage.

## 11. About the Founder

**Kevin Ramcharitar**

Founder and Managing Director

Kloud Token

Kevin, born in the Republic of Trinidad and Tobago, has a professional record of over two decades in ICT, with specialism and proficiency in many facets of technology including networking, security and many new exciting technologies like Cloud Computing used in our everyday lives. He has contemplated the inner workings of cryptography and blockchain technologies as a viable security architecture and has holistically shaped an entire ecosystem to set a new standard for universal trade and global development under a common platform, by harnessing the power of innovative blockchain and cryptographic currency.

Having managed many highly complex projects, he has embraced the value of technology as an enabler to solve intricate business challenges; his unique focus on efficiency and quality has driven an extraordinary level of effectiveness in both technology and strategic ideologies he develops, with an adept ability to combine traditional solutions with innovative but strategic re-engineering to make systems better. Many of the methodologies he practices daily such as Lean Six Sigma often result in his personal ambition of 90% efficiency in 50% less time.

Despite the highly academic nature of crypto currency since its inception, and the mass speculation that has ensued, Kevin has acquired tremendous insight into the propagation, stabilization and inevitable mainstream adoption of this exciting technology and its future development and real-world use, including providing real solutions to problems such as currency theft experienced from ancient times to the present.

Identifying as an INFJ personality, Kevin has a passion to bring about global change and equity among all of humanity, and with the KLOUD TOKEN Project, he has brought his visions to life through the strategic planning of vast socio-economic upliftment globally to bring equity to the citizenry of the world.



...with a unique perspective and philosophy on world affairs, Kevin has the ability and motivation to succeed in a project of this dimension and stature where many have previously attempted with limited success.

## 12. Crowdsales

The purpose of this Crowdsale is to provide Kloud Token the ability to advance the full ecosystem agenda forward in a phased approach, under careful strategic planning for a blockchain project of this magnitude and impact. There will be a soft cap of USD\$10M and hard cap of USD\$1B for this ICO.

To reduce financial risk and accelerate immediate development of key elements of the ecosystem, Crowdsales shall also include a pre-ICO funding drive. **According to their background and talents, Crowdsale investors may also be given the opportunity to play an active role in this historic event and shall be subject to approval by the Kloud Token Executive.**

Some of the rollout strategies include:

- a. Strategic planning to enable all ecosystem activities;
- b. Project management planning to align with Kloud Token goals, objectives and stakeholder expectations;
- c. Innovative blockchain technology and crypto currency development;
- d. Rollout of Kloud Token network and security architecture;
- e. Completion of the core platform to support the stakeholder community;

- f. Completion of legal and compliance framework to support long-term sustainability and survivability;
- g. Execution of our marketing strategy;
- h. Development and rollout of Ecommerce platforms in strategic territories;
- i. Assist in building legal and regulatory frameworks in territories that lack same;
- j. Ensure appropriate teams have access to only authorized aspects of the business with audit controls;
- k. Employing a risk-based approach to activities and finances;
- l. Employing lean methodologies to increase efficiency and minimize wastage;
- m. Provide a suitable reward structure for employees of the project to keep motivation high, including token ownership options;
- n. Provide a healthy work atmosphere to ensure employees' wellness are preserved;
- o. Kloud Token platform is expected to launch within 12 months of ICO completion date;**

From time to time, any Koins not sold during the ICO rounds or other tokens under the governance of Kloud Token, may be put up for sale during the operational phase of the project. The public will be made aware of such activities through the Kloud Token website or other communication methods.

Ideally, investors should have a passion for our vision and emanate from every continent to portray a common drive for the good of all of humanity.

Round	Purpose	Funding (USD)	Return
1	Institutional Round	\$500M (\$20K minimum)	5000%
2	Pre-Sales Round	No Limit (\$100K minimum)	3000%

3	ICO 1 <sup>st</sup> Round	No Limit (\$100K minimum)	2000%
4	ICO 2 <sup>nd</sup> Round	No Limit (20K minimum)	1500%

Figure - Kloud Token ICO Crowdsales

To demonstrate investor performance, an investor funding \$10M USD in the Pre-sales round shall receive Kloud Token currency in the form of 300,000 Koins, spendable upon launch; should that same investor fund \$10M USD in the ICO 1<sup>st</sup> Round, 200,000 additional Koins shall be issued; that investor will therefore realize a return of 500,000 Koins valued at \$500M for an investment of \$20M USD in the participated rounds of the Kloud Token Crowdsale event.

The full Terms of Sale shall be published prior to the completion of any Crowdsales. Should the soft cap not be met, investors shall opt to have their full capital returned without penalty. Should the soft cap not be met, all investors shall also have the opportunity to continue their investment with Kloud Token and any acquired funding shall be applied for scaled down activity with specific priority on completion of blockchain innovation and re-engineering as well as Kloud Token trading platform to prepare for supply/demand catalyzation and cloud architecture deployment.

With limited funding, commencement of developing additional elements of the Kloud Token ecosystem shall be conducted on a best-effort basis; the works required to conclude all elements of the ecosystem shall be completed with alternate sources of financing either through self-funding or other avenues.

To protect investor's interests, Kloud Token shall offer an opt-out agreement during the Crowdsale event, such that the return of 50% of the investor's funding shall be guaranteed in exchange for 50% less tokens offered in any round of the ICO invested. To diversify risks of the investment, any investor may split their investment between

Crowdsale different rounds; any funds invested in any round shall remain specific to the terms of that round and not be interchangeable between rounds.

**The private and pre-sales funding will indeed accelerate the ICO-readiness of Kloud Token; while this activity it is not critical, it does provide a phenomenal investment return for early adopters and investors with a passion for our vision of global socio-economic development and unified secure trade, while at the same time add strength to the Kloud Token vision.**

The issuance of Kloud Token currency during and after Crowdsale shall be managed through assignment of serialized Koins in accordance with investment volumes. Each Koin shall have a unique marking which shall be permanently imprinted into the public blockchain record to form part of the transactions posted on the digital ledger, once commissioned, inclusive of all transactions conducted during the ICO Crowdsale.

### 13. Token Issue and Ownership

A total of **350,000,000,000 unique Koins** shall be issued by the Kloud Token legal entity responsible for issuing tokens and token volume distribution shall be allocated as follows unless otherwise advised. From time to time, there may be tweaks to the token volume distribution to ensure the strategic objectives of the project are continually met.

<b>Fund</b>	<b>Assigned Vol</b>	<b>% Vol</b>
ICO	50,000,000	0.01429%
Merchant Registration	10,500,000,000	3.000%
Merchant Subvention	12,000,000,000	3.429%
Consumer Subvention	20,000,000,000	5.714%
Reserve	25,500,000,000	7.286%
Miner Community	225,000,000,000	64.286%
Crypto Currency Exchange	10,000,000,000	2.86%
Kloud Token Ecosystem		
Global Outreach Programme	1,850,000,000	0.5286%

Worldwide ICT Advancement	3,500,000,000	1.000%
Education	1,000,000,000	0.28571%
Research and Development	2,500,000,000	0.7143%
Charity Programmes	21,100,000,000	6.029%
Kloud Token Net	17,000,000,000	4.86%

## Kloud Token Share Assignments

Less than 5% volume in Koin shall be retained by Kloud Token to ensure governance is maintained to the highest level while preventing instances where deviations to the philosophies of the project may occur or other such activities which may affect the Kloud Token vision adversely; no other single user on the Kloud Token network shall be permitted to own more than 1% of maximum native currency supply. The Kloud Token Exchange shall serve to regulate the distribution of Kent currency to minimize its unnecessary or inefficient distribution across the network.

To demonstrate how these various reserved and subvention funds work, the Merchant Registration fund shall allow for over and estimated 10,000,000 businesses worldwide to participate in accepting Kloud Tokens on their e-Commerce sites, while the Miner Community fund can sustain over 35 million miners simultaneously, each earning \$10K per month during the 50-year strategic period. As it is anticipated that the maximum sustained miners to earn the monthly cap simultaneously may take some time to be realized, there may be temporary changes to that monthly cap from time to time to ensure a harmonized spread of tokens is rewarded to miners during the project period, allowing the maximum volume of mining activity to be sustained.

Additionally, funding for many projects that drive the closing of the digital divide shall be channeled using both fiat and crypto currency from the Worldwide ICT Advancement fund and in some cases, from other funds fit for purpose. Each fund

shall have specific terms of reference dictating how these funds shall be spent, as verified by different levels of financial auditing which shall become mandatory in a project of this nature.

For the Charity Programme Fund, numerous activities shall be targeted including donations to charities every single day throughout the duration of the project. Additionally, this fund may be used to help rebuild territories which have been devastated by natural and other disasters. Careful accounting shall be made to ensure that all charitable funds are used for their intended purpose. In the event of misaligned use of charitable funds, a similar process used to combat theft on the Kloud Token platform shall be used to trace and restore any lost funds to protect its users.

To prevent premature exhaustion of any one fund, Kloud Token may utilize Tokens from various sources such as those excessively mined by any single miner to be revitalized into any particular fund, or there may be introduction of fixed monthly caps on activities such as the 20% cash back to ensure the goal of 50-year operation is met.

The issue and ownership of Kloud Token currency and its governance is a critical event, allowing stakeholders from all walks of life to enjoy a higher standard of living and global inclusion. Through several strategies to protect users of the network and their financial assets, Kloud Token firmly believes that ownership of its native currency Koin may be one of the most secure currencies they can possess.

## 14. Conclusion

Kloud Token provides a guiding light in the sea of crypto currency uncertainty that has manifested over the past decade. With so many of these coin makers promising

the delivery of state-of-the-art applications and ecosystems built on blockchain technology, the skepticism, speculation and inherent volatility of existing crypto currencies perpetuate major fluctuations in value and adoption. By delving deep into the ideologies presented by all major and upcoming crypto currencies in existence, Kloud Token has concluded that the apparent short-sightedness that prevails, cannot provide sustainable solutions to the needs of humanity.

**Within the Kloud Token philosophy on cryptographic currencies lies a higher purpose than simple financial gain;** there must be a more substantive gain to be realized by not only miners who toil daily with the most impressive computing power available in the industry, but also by the global citizenry at large.

Kloud Token has architected blockchain technology with the ultimate application of sustainable solutions within the context of mankind's needs and basic human rights.

While each element of the ecosystem itself plays a significant part, **the real benefit of Kloud Token lies with greater synergistic and holistic roles that preserve and strengthened purchasing power.**

Commencing this historic event enabled by exciting, innovative and re-engineered blockchain technology and processes, we graciously welcome each stakeholder with unrivaled levels of commitment and poise.

*As we ignite the engine to establish equal opportunity for all, we look forward to your participation on this journey...together we can*

***‘Envision a Brighter Future’***



## **The Kloud Token Team**

### **RISK FACTORS AND DISCLOSURES<sup>1</sup>**

**IMPORTANT NOTICE: PROSPECTIVE PURCHASERS SHOULD CAREFULLY CONSIDER THE RISKS INVOLVED IN DETERMINING WHETHER PURCHASING THE TOKENS IS SUITABLE FOR THEM, CERTAIN OF WHICH ARE SUMMARISED BELOW. THE COMPANY RESERVES THE RIGHT TO UPDATE THIS LIST OF RISK FACTORS AND DISCLOSURES FROM TIME TO TIME.**

### **DISCLOSURES REGARDING TOKENS**

#### **Nature of Tokens**

Except as explicitly set out in this whitepaper, Tokens do not have any rights, uses, purpose, attributes, functionalities or features, express or implied, including, without limitation, any uses, purpose, attributes, functionalities or features on the Kloud Token Platform. The Company does not guarantee and is not representing in any way to a Purchaser that the Tokens have any rights, uses, purpose, attributes, functionalities or features. The purchase of Tokens does not provide a Purchaser with rights of any form with respect to the Company or its revenues or assets, including, but not limited to, any voting, distribution, redemption, liquidation, proprietary (including all forms of intellectual property), or other financial or legal

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<sup>1</sup> **Note:** Risk factors to be reviewed in their entirety with any specific risks of the Kloud Token Platform or Tokens being included.



rights; is not a loan to the Company; and does not provide the Purchaser with any ownership or other interest in the Company.

A high degree of technical expertise is needed to understand the Tokens, the Kloud Token Platform and the Token Launch. A prospective Purchaser should not proceed with a purchase of the Tokens unless they fully understand the technical aspects involved.

### **Tokens are non-refundable**

Other than instances described in this whitepaper related to the non-completion of the Token Launch, the Company is not obliged to provide Token holders with a refund for any reason and Token holders will not receive money or other compensation in lieu of a refund. The Tokens are also not redeemable at the option of the Purchaser. Statements set out in this whitepaper are merely expressions of the Company's objectives and desired work plan to achieve those objectives and no promises of future performance or price are or will be made in respect to Tokens, including no promise of inherent value, and no guarantee that Tokens will hold any particular value.

### **Tokens are provided on an 'as is' basis**

The Tokens are provided on an "as is" basis. The Associated Parties and each of their respective directors, officers, employees, shareholders, affiliates and licensors make no representations or warranties of any kind, whether express, implied, statutory or otherwise regarding the Tokens, including any warranty that the Tokens and the Kloud Token Platform will be uninterrupted, error-free or free of harmful components, secure or not otherwise lost or damaged. Except to the extent prohibited by applicable law, the Associated Parties and each of their respective directors, officers, employees, shareholders, affiliates and licensors disclaim all warranties, including any implied warranties of merchantability, satisfactory quality, fitness for

a particular purpose, non-infringement, or quiet enjoyment, and any warranties arising out of any course of dealings, usage or trade.

### **Tokens may have no value**

The Tokens may have no value and there is no guarantee or representation of liquidity for Tokens. The Company is not and shall not be responsible for or liable for the market value of the Tokens, the transferability and/or liquidity of the Tokens and/or the availability of any market for Tokens through third parties or otherwise.

### **Lack of development of market of Tokens**

There are no warranties that Tokens will be listed or made available for exchange for other cryptocurrency and/or fiat money. It shall be explicitly cautioned that if Tokens are made available on an exchange, such exchange, if any, may not be subject to regulatory oversight, and the Company does not give any warranties in relation to any exchange services providers. Because there has been no prior public trading market for Tokens, the Token Launch may not result in an active or liquid market for Tokens. Token holders may not be able to dispose of Tokens easily and where no secondary market develops, a Token holder may not be able to liquidate at all. Proposed transfers of the Tokens may be blocked by the Company in circumstances where the proposed transferee has not already completed the Company's KYC and AML procedures (including, without limitation, verification of identity and source of funds) to its satisfaction. Purchasers should be aware of the restrictions on their subsequent sale.

The viability of the Kloud Token Platform and the usability of the Tokens depends on the establishment of partnerships with other platforms, apps, merchants, retailers, dApp stores etc. Accordingly, if there is a low or limited development of such partnerships, the Tokens may be unusable and become worthless with the entire amount contributed by a Purchaser being at risk.

## **Risks relating to highly speculative prices**

The valuation of cryptocurrency in a secondary market is usually not transparent, and highly speculative. The Tokens do not hold any ownership rights to the Company's assets and, therefore, are not backed by any tangible asset. The value of Tokens in the secondary market will be fixed without fluctuation.

## **Force Majeure**

The Token Launch and the performance of the Company's activities set out in this whitepaper and the development roadmap may be interrupted, suspended or delayed due to force majeure circumstances. For the purposes of this whitepaper, "**force majeure**" shall mean extraordinary events and circumstances which could not be prevented by the Company and shall include: changes in market forces or the technology, acts of nature, wars, armed conflicts, mass civil disorders, industrial actions, epidemics, lockouts, slowdowns, prolonged shortage or other failures of energy supplies or communication service, acts of municipal, state or federal governmental agencies, other circumstances beyond the Company's control, which were not in existence at the time of Token Launch.

## **Insurance**

Unlike bank accounts or accounts at financial institutions, Tokens are uninsured unless you specifically obtain private insurance to insure them. Thus, in the event of loss or loss of utility value, there is no public insurer or private insurance arranged by the Company to offer recourse to a Purchaser.

## **GOVERNMENTAL DISCLOSURES**

### **The Company is not a regulated mutual fund**

The Company is not currently required to register with the Cayman Islands Monetary Authority under the Mutual Funds Law (2020 Revision) of the Cayman Islands (“MFL”) because the Tokens are not redeemable it would, be considered ‘closed-ended’. Purchasers must appreciate that the Cayman Islands Monetary Authority has therefore not reviewed this whitepaper and have not passed any judgment on the merits of the Company or acquiring the Tokens. The Cayman Islands Monetary Authority will have no oversight of the operations of the Company or the Tokens. The Tokens may be registered under the new Virtual Asset (Service Providers) Law (2020 Revision) of the Cayman Islands (“VASP Law”) when the relevant sections of that law become effective.

Each Purchaser should be aware that any new laws including the VASP Law imposed in the Cayman Islands (or amendments to the existing laws of the Cayman Islands, such as the MFL) could, among other things: (i) prohibit the sale, purchase or transfer of the Tokens or otherwise make holding them illegal, (ii) require the Company to register itself or the Tokens with the Cayman Islands Monetary Authority and become subject to its supervision, (iii) require the Company to cease operations or move to another jurisdiction and/or (iv) adversely affect or destroy the value of a Purchaser’s Tokens, and that such new laws or amendments could be imposed very quickly and without warning.

### **Risk of unfavourable regulatory action in one or more jurisdictions**

The regulatory status of cryptographic tokens, digital assets, and blockchain technology is undeveloped, varies significantly among jurisdictions and is subject to significant uncertainty. It is possible that certain jurisdictions may adopt laws, regulations, policies or rules directly or indirectly affecting the Kloud Token blockchain, or restricting the right to acquire, own, hold, sell, convert, trade, or use Tokens. Developments in laws, regulations, policies or rules may alter the nature of the operation of the blockchain network upon which the Tokens are dependent. There can be no assurance that governmental authorities will not examine the operations of Associated Parties and/or pursue enforcement actions against Associated Parties. All of this may subject Associated Parties to judgments, settlements, fines or penalties, or cause Associated Parties to restructure their operations and activities or to cease offering certain products or services, all of which could harm Associated Parties’ reputations or lead to higher operational costs, which

may, in turn, have a material adverse effect on the Tokens and/or the development of the Kloud Token Platform.

### **Purchaser bears responsibility of legal categorization**

There is a risk that Tokens might be considered a security in certain jurisdictions, or that they might be considered to be a security in the future. The Company does not provide any warranty or guarantee as to whether the Tokens will be a security in the jurisdiction of the Purchaser. Each Purchaser will bear all consequences of Tokens being considered a security in their respective jurisdiction. Every Purchaser is responsible to confirm if the acquisition and/or disposal of Tokens is legal in its relevant jurisdiction, and each Purchaser undertakes not to use Tokens in any jurisdiction where doing so would be unlawful. If a Purchaser establishes that the purchase or use of Tokens is not legal in its jurisdiction (or would only be legal if the company had taken additional steps such as registration or licensing), it should not acquire Tokens and immediately stop using or possessing Tokens.

Acquiring Tokens in exchange for cryptocurrency will most likely continue to be scrutinized by various regulatory bodies around the world, which may impact the usage of Tokens. The legal ability of the Company to provide or support Tokens in some jurisdictions may be eliminated by future regulation or legal actions. In the event that the Company determines that the purchase or usage of Tokens is illegal in a certain jurisdiction, the Company may cease operations in that jurisdiction, or adjust Tokens in a way to comply with applicable law.

### **Purchaser bears responsibility for complying with transfer restrictions**

Tokens may be placed on third-party exchanges, giving future purchasers and users an opportunity to openly buy Tokens. User to user transfer of Tokens is prohibited on the Kloud Token network, however from time to time, Kloud Token or its shareholders may themselves transfer Tokens to various users. Existing laws on the circulation of securities in certain countries, such as the United States of America,

China, South Korea, Canada and Singapore, may prohibit the sale of the Tokens to the residents of those countries. When buying Tokens, Purchasers should be aware of the restrictions on their subsequent sale.

## **GENERAL SECURITY RISKS**

### **Risk of theft and hacking**

Token generation events and initial coin offerings are often targeted by hackers and bad actors. Hackers may attempt to interfere with the Purchaser's digital wallet, whether located on the Kloud Token Platform or otherwise, (the "**Purchaser's Wallet**"), or the availability of Tokens in any number of ways, including without limitation denial of service attacks, Sybil attacks, spoofing, smurfing, malware attacks, or consensus-based attacks. Any such attack may result in theft of a Purchaser's Tokens. Kloud Token will enable its theft-mitigation features upon or after launch of the platform and partnership with law enforcement and other relevant agencies.

### **Private keys**

Tokens purchased by a Purchaser may be held by a Purchaser in the Purchaser's Wallet or vault, which requires a private key, or a combination of private keys, for access. Accordingly, loss of requisite private key(s) associated with Purchaser's Wallet or vault storing the Tokens may result in loss of such Tokens. Moreover, any third party that gains access to such private key(s), including by gaining access to login credentials of a hosted wallet or vault service Purchaser uses, may be able to misappropriate Purchaser's Tokens. The Company is not responsible for and shall be held harmless in respect of any such losses but will make efforts within its abilities to reverse the effects of such losses.

### **Failure to map a public key to Purchaser's Wallet**

Failure of the Purchaser to map a public key to such Purchaser's Wallet may result in third parties being unable to recognize buyer's Token balance on the Kloud Token blockchain when and if they configure the initial balances of a new blockchain based upon the Kloud Token Platform.

### **Risk of incompatible wallet service**

The wallet or wallet service provider used for the acquisition and storage of the Tokens has to be technically compatible with the Tokens. The failure to assure this may result in the Purchaser not being able to gain access to its Tokens.

### **Risk of weaknesses or exploitable breakthroughs in the field of cryptography**

Advances in cryptography, or other technical advances such as the development of quantum computers, could present risks to cryptocurrencies, the Kloud Token blockchain and Tokens, which could result in the theft or loss of Tokens.

### **Internet transmission risks**

There are risks associated with using Tokens including, but not limited to, the failure of hardware, software, and internet connections. The Company shall not be responsible for any communication failures, disruptions, errors, distortions or delays you may experience when using the Kloud Token Platform and Tokens, howsoever caused. Transactions in cryptocurrency may be irreversible, and, accordingly, losses due to fraudulent or accidental transactions may not be recoverable. Cryptocurrency transactions are deemed to be made when recorded on a public ledger, which is not necessarily the date or time when the transaction is initiated.

## **Kloud Token PLATFORM DISCLOSURES**

### **No guarantee that the Kloud Token Platform will be developed**

Each Purchaser acknowledges, understands and agrees that such Purchaser should not expect and there is no guarantee or representation or warranty by the Company that:

- the Kloud Token Platform will ever be adopted;
- the Kloud Token Platform will be adopted as developed by the Company and not in a different or modified form;
- a blockchain utilizing or adopting the Tokens will ever be launched; and
- a blockchain will ever be launched with or without changes to the Kloud Token Platform and with or without a distribution matching the fixed balance of Initial Tokens (as defined below).

Furthermore, the Tokens initially generated upon the Token Launch (“**Initial Tokens**”) will not have any functionality or rights on the Kloud Token Platform and holding Initial Tokens is not a guarantee, representation or warranty that the holder will be able to use the Kloud Token Platform, or receive any tokens utilized on the Kloud Token Platform, even if the Kloud Token Platform is launched and adopted, of which there is no guarantee, representation or warranty made by the Company.

### **Risks associated with the Kloud Token Platform and associated software and/or infrastructure**

The Kloud Token Platform is based on a unique blockchain. As such, any malfunction, unintended function or unexpected functioning of the blockchain protocols may cause the Tokens and/or the Kloud Token Platform to malfunction or function in an unexpected or unintended manner.



The Kloud Token blockchain rests on open source and/or proprietary protocol/s for value exchange, and accordingly there is the risk that the Kloud Token Platform may contain intentional or unintentional bugs or weaknesses which may negatively affect Tokens or result in the loss or theft of Tokens or the loss of ability to access or control Tokens. In the event of such a software bug or weakness, there may be no remedy and Token holders are not guaranteed any remedy, refund or compensation unless and until Kloud Token theft-mitigation features are deployed and able to effectively mitigate the risks.

On the Kloud Token blockchain, timing of block production is determined by proof of work so block production can occur at random times. For example, Koin transferred to the Company's recipient digital wallet address in the final seconds of a distribution period may not get included for that period.

Purchaser acknowledges and understands that the Kloud Token blockchain may not include the Purchaser's transaction at the time the Purchaser expects, and the Purchaser may not receive the Tokens the same day the Purchaser sends payment. The Kloud Token blockchain may be prone to periodic congestion during which transactions can be delayed or lost. Individuals may also intentionally spam the Kloud Token network in an attempt to gain an advantage in purchasing cryptographic tokens. The Purchaser acknowledges and understands that Kloud Token block producers may not include the Purchaser's transaction when the Purchaser wants or the Purchaser's transaction may not be included at all.

### **Risks associated with the Company's Business.**

The Kloud Token Platform's success depends on its continued innovation to provide new, and improve upon existing, products and services that make the Kloud Token Platform useful for users. As a result, the Company must continually invest significant resources in research and development to improve the attractiveness and comprehensiveness of its products and services and effectively incorporate new mobile, internet, blockchain and other technologies into them. If the Company is unable to continue offering high-quality, innovative products and services, it may be

unable to attract additional users or retain current users, which could harm its business, results of operations and financial condition.

In addition, the Company's success depends on its ability to continue to attract users to its Kloud Token Platform and enhance their engagement with its products and services. The Kloud Token Platform's existing and potential competitors include, but are not limited to, companies that operate, or could develop similar mobile applications and websites. These companies could devote greater technical and other resources than the Company has available, have a more accelerated timeframe for deployment and leverage their existing user bases and proprietary technologies to provide products and services that users might view as superior to the Kloud Token Platform's offerings. Any of the Kloud Token Platform's future or existing competitors may introduce different solutions that attract users or provide solutions similar to the Kloud Token Platform's but with better branding or marketing resources. If the Company is not able to continue to attract users to the Kloud Token Platform, its business, results of operations and financial condition would be harmed.

The Kloud Token Platform's future success also substantially depends on the continued use of the internet as the primary medium for its proposed operations. For any number of reasons, internet use may not continue to develop as the Company anticipates. If users begin to build communities outside of the Kloud Token Platform and the Company fails to innovate, its business, results of operations and financial condition may be negatively impacted. Further, the Kloud Token Platform's market, especially using blockchain technology, is in the early stages of development, and significant shifts in custom and use habits occur constantly and rapidly. The Company continues to learn a great deal about the market participants as the industry evolves. The Company may not successfully anticipate or keep pace with industry changes, and it may invest considerable financial, personnel and other resources to pursue strategies that do not, ultimately, prove effective such that its business, results of operations and financial condition may be harmed.

The potential users of the Kloud Token Platform are affected by local, regional, national and international economic conditions and other events and occurrences that affect the use of the Kloud Token Platform.

## **Irreversible nature of blockchain transactions**

Transactions involving Tokens that have been verified, and thus recorded as a block on the blockchain, generally cannot be undone. Even if the transaction turns out to have been in error, or due to theft of a user's Tokens, the transaction is not reversible. Further, at this time, there is no governmental, regulatory, investigative, or prosecutorial authority or mechanism through which to bring an action or complaint regarding missing or stolen cryptocurrencies and digital tokens. Consequently, the Company may be unable to replace missing Tokens or seek reimbursement for any erroneous transfer or theft of Tokens unless or until certain risk mitigation features may be deployed on the Kloud Token platform.

## **Amendments to protocol**

The development team and administrators of the source code for Kloud Token blockchain could propose amendments to such network's protocols and software that, if accepted and authorized, or not accepted, by the network community, could adversely affect the supply, security, value, or market share of Tokens.

## **Risk of mining attacks**

As with other decentralized cryptocurrencies, the Kloud Token blockchain, which is used for the Tokens, may be susceptible to mining attacks, including but not limited to double-spend attacks, majority mining power attacks, "selfish-mining" attacks, and race condition attacks.

Any successful attacks present a risk to the Tokens, expected proper execution and sequencing of Tokens, and expected proper execution and sequencing of Kloud Token contract computations in general. Despite the efforts of the Company, the risk of known or novel mining attacks exists. Mining attacks, as described above, may

also target other blockchain networks, with which the Tokens interact with and consequently the Tokens may be impacted also in that way to the extent described above. Kloud Token will attempt to mitigate these threats to minimize their impact as far as possible, without negatively altering the integrity of the system.

## **COMPANY DISCLOSURES**

### **Legal structure of Token generator**

The Company is an exempted company incorporated in the Cayman Islands pursuant to the Companies Law (Revised) of the Cayman Islands. An exempted company is a body corporate which has separate legal personality capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, and having perpetual succession. The constitution of an exempted company is contained in two documents, the memorandum of association and the articles of association (the “**Articles**”). The Articles typically provide that there must be at least one director of a Cayman company. Generally, the Articles will specify that the management of a Cayman company is the responsibility of, and is carried out by, its board of directors. If the Articles permit it, a Cayman company may indemnify officers and directors of the company from all liabilities and expenses incurred by search persons in the performance of their duties.

The memorandum of association of a Cayman Islands company must specify the authorised share capital of such company (if limited by shares) or the level of the guarantee (if limited by guarantee). The memorandum of association will state how the membership of the company operates and what the members’ respective rights are. As a Token holder, you are not a party to the memorandum of association or the Articles, are not a member of the Company and are not entitled to any right or interest in or to shares of the Company and have no rights to appoint or remove the board of directors of the Company.

Because Tokens confer no governance rights of any kind with respect to the Kloud Token Platform or the Company, all decisions involving the Company's products or services within the Kloud Token Platform or the Company itself will be made by the Company at its sole discretion. These decisions could adversely affect the Kloud Token Platform and the value and/or utility of any Token you own.

### **Dependence on management team**

The ability of the Kloud Token Platform project team which is responsible for maintaining competitive position of the Kloud Token Platform is dependent to a large degree on the services of a senior management team. The loss or diminution in the services of members of such senior management team or an inability to attract, retain and maintain additional senior management personnel could have a material adverse effect on the Kloud Token Platform and the value of the Tokens. Competition for personnel with relevant expertise is intense due to the small number of qualified individuals, and this competition may seriously affect the Company's ability to retain its existing senior management and attract additional qualified senior management personnel, which could have a significant adverse impact on the Kloud Token Platform.

### **Risks related to reliance on third parties**

Even if completed, the Kloud Token Platform will rely, in whole or in part, on third-parties to adopt and implement it and to continue to develop, supply, and otherwise support it. There is no assurance or guarantee that those third-parties will complete their work, properly carry out their obligations, or otherwise meet anyone's needs, any of which might have a material adverse effect on the Kloud Token Platform.

### **Insufficient interest in the Kloud Token Platform and the Tokens**

It is possible that the Kloud Token Platform or Tokens will not be used by a large number of individuals, businesses and organizations and that there will be limited public interest in the creation and development of its functionalities. Such a lack of interest could impact the development of the Kloud Token Platform.

### **Kloud Token Platform development risks**

The development of the Kloud Token Platform may be abandoned for a number of reasons, including lack of interest from the public, lack of funding, lack of commercial success or prospects, or departure of key personnel.

### **Changes to the Kloud Token Platform**

The Kloud Token Platform is still under development and may undergo significant changes over time. Although Associated Parties intend for the Kloud Token Platform to have the features and specifications set forth in this whitepaper, changes to such features and specifications may be made for any number of reasons, any of which may mean that the Kloud Token Platform does not meet the expectations of the Purchaser.

### **Other projects**

The Kloud Token Platform may give rise to other, alternative projects, promoted by parties that are affiliated or unaffiliated with the Associated Parties, and such projects may provide no benefit to the Kloud Token Platform.

### **Disclosures relating to conflicts of interest**

Any of the Associated Parties may be engaged in transactions with related parties and conflicts of interest may arise, potentially resulting in the conclusion of transactions on terms not determined by market forces.



## **ACKNOWLEDGEMENTS AND WARRANTIES BY PURCHASERS**

### **ACKNOWLEDGEMENTS**

By (i) accessing or accepting possession of any information in this whitepaper (or any part thereof) or (ii) transferring payment (whether in fiat currency or cryptocurrency) and agreeing to purchase the Tokens, each Purchaser agrees and acknowledges that:

1. the Tokens do not and are not intended to constitute securities in any jurisdiction. This whitepaper does not constitute a prospectus or offer document of any sort and is not intended to constitute an offer of securities or a solicitation for investment in securities in any jurisdiction;
2. the Tokens are not intended as securities or other assets to be used for speculative trading purposes. The Company does not operate an exchange for Tokens and Tokens will be of fixed value. The Company does not take any responsibility for any trade in Tokens in or through third-party exchanges. The possibility exists that the Tokens could be worth nothing;
3. this whitepaper does not constitute or form part of any opinion on, any advice to buy or sell, or any solicitation of any offer to purchase any Tokens nor shall it or any part of it nor the fact of its presentation form the basis of, or be relied upon in connection with, any contract or any investment or purchase decision;
4. no regulatory authority in any applicable jurisdiction has examined or approved of the information set out in this whitepaper and the publication, distribution or dissemination of the whitepaper to you does not imply that any applicable laws, regulatory requirements or rules have been complied with;
5. any agreement as between the Company and a Purchaser, and in relation to any sale and purchase, of Tokens is, in the absence of Purchase Documents, to be governed by this whitepaper;
6. notwithstanding any other section of this whitepaper, and to the extent permissible by applicable laws, the Company shall not be liable for any indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including but not limited to loss of revenue, income or



profits, and loss of use or data), arising out of or in connection with any acceptance of or reliance on this whitepaper or any part thereof by a Purchaser;

7. no information in the whitepaper should be considered to be business, legal, financial or tax advice regarding the Company, the Tokens or the Token Launch;
8. they should consult their own legal, financial, tax or other professional adviser regarding the Company and its respective businesses and operations, the Tokens and the Token Launch;
9. that Company may collect information from the operation of the Kloud Token Platform sent by the Purchaser's computer, mobile phone, or other access device. This information may include the Purchaser's IP address, device information including, but not limited to, identifier, name, and type, operating system, mobile network information and standard web log information, such as the Purchaser's browser type, and the pages the Purchaser accessed on the Company's website. When the Purchaser uses a location-enabled device with the Company's website, the Company may collect geographical location data or use various means to determine the location, such as sensor data from the Purchaser's device that may, for instance, provide data on nearby cell towers and wi-fi access spots. When the Purchaser accesses the website or Kloud Token Platform, the Company or its applicable third party service providers on behalf of the Company may place small data files called cookies on the Purchaser's computer or other device. The Company may share the Purchaser's personal data with third parties in order to complete the Token Launch, reveal or suppress fraud, fix technical bugs or eliminate security problems. The Company will disclose the Purchaser's personal data in so far as is necessary to complete the Token Launch and fulfil the purposes set out above. The processing of the Purchaser's personal information shall otherwise be in accordance with the terms of the Company's privacy policies in effect from time to time;
10. the Company will process the Purchaser's personal data to market, conduct and perform technical analysis on the completion of the Token Launch. Processing of the Purchaser's personal data will also be carried out in order to: (a) fulfil the Company's obligations under this whitepaper and under applicable law (including to comply with its AML and KYC policies and

procedures); (b) complete the Purchaser’s registration; (c) provide technical support and (d) to assist the Company in the development of the Kloud Token Platform and the performance of the activities set out in this whitepaper;

11. it may receive commercial electronic messages and advertising materials from Company or third parties by order of the Company on the email address and the mobile phone number that the Purchaser provided to the Company throughout the use of the website or Kloud Token Platform. At any time, the Purchaser will be entitled to withdraw its consent to receive such materials by following the instructions provided in such materials; and
12. all agreements, notices, disclosures and other communication that the Company provide pursuant to this whitepaper or in connection with or related to the Purchaser’s acquisition of Tokens, may be provided by the Company, in its sole discretion, to the Purchaser, in electronic form.

## **WARRANTIES**

By (i) accessing or accepting possession of any information in this whitepaper (or any part thereof) or (ii) transferring payment (whether in fiat currency or cryptocurrency) and agreeing to purchase the Tokens, each Purchaser represents and warrants to the Company as follows:

1. that they have read, understood and accepted sole responsibility for the disclosed and undisclosed risks, disclaimers and other disclosures inherent in participating in the Token Launch and the purchasing of Tokens as set out in this whitepaper;
2. that they are not a citizen or resident of any jurisdiction or territory into which a sale or distribution of the Token would be unlawful (each a “**Prohibited Territory**”) and are not purchasing the Tokens on behalf of, whether directly or indirectly, a citizen of any Prohibited Territory;
3. that they have the power to enter into, exercise any rights and perform and comply with their obligations under this whitepaper and their entry into, exercise of their rights and/or performance of or compliance with their obligations under this whitepaper including accessing, distribution or

dissemination of this whitepaper, is not prohibited or restricted by the applicable laws, regulations or rules in the Purchaser's jurisdiction or country of residence, and where any restrictions in relation to the aforementioned are applicable, the Purchaser:

- a. accepts sole liability for non-compliance with such applicable laws, regulations and rules in the Purchaser's jurisdiction or country of residence; and
  - b. has observed and complied with all such applicable laws, regulations and rules in the Purchaser's jurisdiction or country of residence at the Purchaser's own and sole expense;
4. that all actions, conditions and things required to be taken, fulfilled and done:
  - a. in order to enable the Purchaser to lawfully enter into, exercise their rights and perform and comply with their obligations imposed by this whitepaper and to ensure that those obligations are legally binding and enforceable; and
  - b. for the issue of the Tokens on the terms and conditions set out in this whitepaper, have been taken, fulfilled and done;
5. that all the Purchaser's obligations under this whitepaper are valid, binding and enforceable on such Purchaser in accordance with their terms;
6. that the Purchaser has adequate understanding of the operation, functionality, usage, storage, transmission mechanisms and other material characteristics of cryptocurrencies, blockchain-based systems, cryptocurrency wallets or other related coin/token storage mechanisms and blockchain technology;
7. that the Purchaser is not exchanging cryptocurrencies for Tokens for the purpose of speculative investment or for the purpose of exchanging one form of virtual currency for another, with the present intention of delivering the Tokens to another person, in a coordinated series of steps intended to complete a single transaction; and
8. that all of the above representations and warranties are true, complete, accurate and non-misleading from the time of the Purchaser's pre-registration (where applicable) and purchase of Tokens pursuant to the Token Launch.

## **OTHER NOTICES**

### **AML AND KYC**

Measures aimed at the prevention of money laundering and terrorist financing will require a Purchaser to verify their identity and/or the source of funds to the Company. This procedure may apply on all or any of (i) the initial purchase of the Tokens, (ii) the use of the Kloud Token Platform, (iii) the transfer of the Tokens, (iv) the receipt of any Tokens via the Kloud Token Platform or (v) as the Company deems necessary or desirable in connection with its AML and KYC policies and procedures.

By way of example, an individual may be required to produce the original passport or identification card or copy duly certified by a public authority such as a notary public, the police or the ambassador in his country of residence, together with two original documents evidencing his address such as a utility bill or bank statement or duly certified copies. In the case of corporate applicants this may require production of a certified copy of the Certificate of Incorporation (and any change of name) and of the Memorandum and Articles of Association (or equivalent), and of the names and residential and business addresses of all directors and beneficial owners.

The details given above are by way of example only and the Company will request such information and documentation as it considers is necessary to verify the identity and source of funds of a prospective Purchaser.

Each Purchaser acknowledges that the Company shall be held harmless against any loss arising as a result of a failure to provide such information and documentation as has been requested by the Company.

Each Purchaser further acknowledges and agrees that any failure by them to comply with the Company's requests in relation to measures aimed at the prevention of

money laundering and terrorist financing, may result in action being taken against the Purchaser in respect of the Tokens including, without limitation, the suspension or withdrawal of the Purchaser's account on the Kloud Token Platform or the Tokens held by them.

### **Tax Information Exchange Obligations**

The Purchaser acknowledges that the Company may be subject to certain obligations (the “**Tax Information Exchange Obligations**”) to gather and disclose to the competent authorities information relating to purchasers of Tokens under: (i) the United States Foreign Account Tax Compliance Act provisions enacted under the United States Hiring Incentives to Restore Employment Act and any guidance, or regulations relating thereto (“**FATCA**”); (ii) any other legislation, regulations, or guidance enacted in any jurisdiction which seeks to implement similar tax reporting, tax information exchange, reporting, and/or withholding tax regimes (including the OECD Common Reporting Standard on the automatic exchange of financial account information); (iii) any intergovernmental Application between the Cayman Islands (or any Cayman Islands government body) and the U.S. or any other jurisdiction (including any government bodies in any other such jurisdiction), entered into, in order to comply with, facilitate, supplement, or implement the legislation, regulations or guidance described in (i) and (ii), including the OECD Multilateral Competent Authority Application; and (iv) any legislation, regulations or guidance in the Cayman Islands that give effect to the foregoing.

The Purchaser hereby agrees to execute properly and provide to the Company in a timely manner any documentation or other information that the Company or its agents may request in writing from time to time in connection with the Tax Information Obligations. The Purchaser waives any provision under the laws and regulations of any jurisdiction that would, absent a waiver, prevent or inhibit the Company's compliance with applicable law as described in this paragraph, including but not limited to by preventing either (i) the Purchaser from providing any requested information or documentation, or (ii) the disclosure by the Company and its agents of the provided information or documentation to applicable regulatory authorities.

Without limitation, the Purchaser hereby agrees to provide any documentation or other information regarding the Purchaser and the Purchaser's beneficial owners requested by the Company or its agents in connection with the Tax Information Exchange Obligations. If the Purchaser provides information and/or documentation that is in anyway misleading, or the Purchaser fails to provide the Company or its agents or delegates with the information and documentation that has been requested, (whether or not such action or inaction leads to compliance failures by the Company, or a risk of the Company or its Token holders being subject to withholding tax or other penalties), the Company reserves the right:

- to take any action and/or pursue all remedies at the Company's disposal including, without limitation, compulsory reversion of Purchaser's acquisition of Tokens in full or in part; and
- to hold back from any reversion proceeds in respect of the Tokens so reverted, any liabilities, costs, expenses, or taxes arising (directly or indirectly) from such action or inaction.

Further, the Purchaser shall have no claim against the Company, or any of the Company's agents or delegates, for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Company in order to comply with the Tax Information Exchange Obligations.

