

Wanchain Foundation Limited

Risk Factor and Disclaimer Statement

This Risk Factor and Disclaimer Statement (this “Statement”) is for “Wanchain”, an open-source blockchain project developed by Wanchain Foundation Limited (the “Foundation”). Persons who may purchase, use, trade or hold Wanchain’s native built-in crypto-tokens “WAN”, which are or will be sold by the Foundation, shall carefully read, comprehend and accept this Statement.

- (1) Before taking any action with respect to Wanchain or WAN, you shall peruse and understand:
 - (a) All the information published on the official site of Wanchain “wanchain.org”, as may be updated from time to time; and
 - (b) The whitepaper of Wanchain.

The information identified above are incorporated as integral parts to this Statement. If you have any question or doubt on anything contained or unaddressed in the information identified above, please communicate with the Foundation at your convenience. You shall refrain from participating in the crowdsale campaign of Wanchain or purchasing any WAN until answered to your satisfaction.

- (2) WAN by nature does NOT stand for or function as:
 - (a) equity interest (or its like) in or obligations of any entity in any jurisdiction;
 - (b) investment of any kind in any venture;
 - (c) any securities, no matter whether having intrinsic value or market price or not; or
 - (d) any commodity or asset that any person is obliged to redeem or purchase.
- (3) The Foundation expressly disclaim their liability, and shall in no case be liable to any person, for:
 - (a) any person who has been excluded from the WAN crowdsale as per any announcements, notices, posts, instructions or private communications (such as e-mails) of the Foundation purchases WAN from the Foundation

- in the WAN crowdsale or otherwise without the Foundation express or implied prior permission;
- (b) any person's purchase or holding of WAN in violation of any anti-money laundering, counter-terrorism financing or other regulatory requirements that are imposed in any jurisdiction;
 - (c) any person's purchase of WAN in violation of any representation, warranty, obligation, covenant or other provision under the agreement between him/her and the Foundation or any other relevant seller, and the resulting failure or inability to make his/her payment or to claim relevant purchased WAN;
 - (d) early termination of the WAN crowdsale for any reason;
 - (e) failure or abortion of Wanchain development and resulting failure to deliver WAN;
 - (f) delay or rescheduling of Wanchain development and resulting failure to meet any anticipated milestone;
 - (g) any error, bug, flaw, defect or otherwise of the source code of Wanchain;
 - (h) any malfunction, breakdown, collapse, rollback or hardforking of Wanchain or the blockchain of Ethereum;
 - (i) failure of Wanchain or WAN to meet any specific purpose, or unfitness for any specific use;
 - (j) utilization of the proceeds raised through the WAN crowdsale;
 - (k) failure to timely and completely disclose any information relating to the development of Wanchain;
 - (l) any purchaser's divulgence, loss or destruction of the private key of his/her crypto-currency or crypto-token wallet (inter alia, the private key of the wallet where that purchaser stores WAN);
 - (m) any default, breach, infringement, breakdown, collapse, service suspension or interruption, fraud, mishandling, misconduct, malpractice, negligence, bankruptcy, insolvency, dissolution or winding-up of any third party crowdfunding portal of WAN;
 - (n) any difference, conflict or contradiction between the information published by the Foundation and an agreement between any purchaser and any third party crowdfunding portal;
 - (o) trading or speculation of WAN by any person;

- (p) listing or delisting of WAN on or from any exchange or trading platform;
 - (q) WAN being classified or treated by any government, quasi-government, authority or public body as a kind of currency, securities, commercial paper, negotiable instrument, investment or otherwise that may be banned, regulated or subject to certain legal restrictions.
- (4) The crowdsale campaign of Wanchain, if any, may be early terminated, in case of which a purchaser may only be refunded with part of his/her payment as a result of the Ether price volatility and/or the expenses incurred by the Foundation;
- (5) Wanchain is at the stage of development as of the date of this Statement and its philosophy, consensus mechanism, algorithm, code and other technical specifications and parameters could be updated and changed frequently and constantly. While the whitepaper of Wanchain has contained certain information of Wanchain, it is not absolutely complete and is subject to adjustments and updates that the Foundation might make from time to time for certain purposes. The Foundation is not in a position, nor obliged, to keep each purchaser closely posted on every detail of Wanchain development (including its progress and expected milestones no matter whether rescheduled or not) and therefore will not necessarily provide the purchaser with timely and full access to all the information relating to Wanchain that may emerge from time to time. The insufficiency of information disclosure is inevitable and reasonable.
- (6) Crypto-tokens are being, or may be, overseen by the regulatory authorities of various jurisdictions. The Foundation may receive queries, notices, warnings, requests or rulings from one or more regulatory authorities from time to time, or may even be ordered to suspend or discontinue any action in connection with the crowdsale campaign of Wanchain, Wanchain's development or WAN. The development, marketing, promotion or otherwise of Wanchain or the crowdsale campaign of Wanchain may be seriously affected, hindered or terminated as a result. And since regulatory policies could change from time to time, existing regulatory permission or tolerance on Wanchain or the crowdsale campaign thereof in any jurisdiction could be just temporary. WAN could be defined from time to time as virtual commodity, digital asset or even securities or currency in various jurisdictions and therefore could be prohibited from being traded or held in certain jurisdictions pursuant to local regulatory requirements.
- (7) Cryptography is evolving and cannot guarantee absolute security at all times. Advances in cryptography, such as code cracking, or technical advances such as the invention/improvement of quantum computers, could present risks to all cryptography-based systems including Wanchain. This could result in theft, loss, disappearance, destruction or devaluation of the WAN held by any person. To a reasonable extent, the Foundation will be prepared to take

proactive or remedial steps to update the protocol underlying Wanchain in response to any advances in cryptography and to incorporate additional reasonable security measures where appropriate. The future of cryptography or security innovations is unpredictable while the Foundation will, together with other Wanchain community members, try to accommodate continuing changes in the domains of cryptography and security.

- (8) Wanchain is still in the process of development, rather than a finished product ready to launch. Due to the technological complexity of Wanchain, the Foundation could be faced with unforeseeable and/or insurmountable difficulties from time to time. Accordingly, the development of Wanchain could fail or abort at any time for any cause (including insufficiency of funds). The development failure or abortion would result in non-availability of WAN to any participant of the crowdsale campaign of Wanchain.
- (9) There may be attempts to steal the crowdsale proceeds of Wanchain (including the fiat currency amount converted therefrom). Such a theft or attempted theft may compromise the Foundation's ability to fund the development of Wanchain. While the Foundation will adopt cutting-edge technical solutions to keep the crowdsale proceeds safe, certain cyberthefts could be hardly unpreventable.
- (10) Nobody can guarantee the source code of Wanchain to be flaw-free. It may contain certain flaws, errors, defects and bugs, which may disable some functionality for users, expose users' information or otherwise. Such flaws, if any, would compromise the usability, stability, and/or security of Wanchain and consequently bring adverse impact on the value of WAN. Open source codes rely on transparency to promote community-sourced identification and solution of problems within the code. The Foundation will work closely together with other members of the Wanchain community to keep improving, optimizing and perfecting the source code of Wanchain onwards.
- (11) There are three prevailing categories of distributed ledger adopted among the contemporary blockchain projects, namely, unpermissioned ledger, consortium ledger and private ledger. Wanchain is an unpermissioned distributed ledger, which means it is publicly accessible and useable to everyone on a permission-free basis. While Wanchain is initially developed by the Foundation, it is not owned, operated or otherwise controlled by the Foundation. The community of Wanchain, which is spontaneously formed and is open, decentralized and admission-free to join, is composed of users, fans, developers, WAN holders and other participants worldwide who are mostly not connected with the Foundation in any manner. Such a community will be decentralized and autonomous as to the maintenance, governance and even evolution of Wanchain while the Foundation will merely be an active player in the community peer to others without supreme or arbitrary authority,

irrespective of its earlier efforts and contributions to the genesis of Wanchain. As a result, it is not at the mercy of the Foundation how Wanchain would be governed or evolve after its launch.

- (12) The source code of Wanchain is open and could be updated, amended, altered or modified from time to time by any member of the community of Wanchain. Nobody is able to foresee or guarantee the precise result of an update, amendment, alteration or modification. As a result, any update, amendment, alteration or modification could lead to an unexpected or unintended outcome that adversely affects Wanchain's operation or WAN's value.
- (13) The blockchain of Wanchain rests on open-source software and is an unpermissioned distributed ledger. Regardless of The Foundation's effort to keep the Wanchain secure, anyone may intentionally or unintentionally introduce weaknesses or bugs into the core infrastructural elements of Wanchain which the security measures adopted are unable to prevent or remedy. This may consequently result in the loss of WAN or any other digital tokens held by a person.
- (14) Wanchain is designed to be public and unpermissioned and therefore may suffer cyber-attacks of "distributed denial of service" from time to time. Such attacks will adversely affect, stagnate or paralyze the network of Wanchain and accordingly render the transactions thereon delayed to be recorded or included in the blocks of Wanchain's blockchain or even temporarily unable to be performed. The operation of Wanchain will be affected, suspended or discontinued as a result.
- (15) Any person who gains access to the WAN purchaser's registered email or registered account by deciphering or cracking the purchaser's password will be able to claim in bad faith such WAN as purchased in the crowdsale campaign of Wanchain. As such, the WAN purchased in the crowdsale campaign of Wanchain may be missent to the person whoever claims that the same through the purchaser's registered email or registered account, which sending is not revocable or reversible. Each purchaser shall take care of the security of his/her registered email and registered account throughout by taking such actions as: (i) using a highly secure password; (ii) refraining from opening or responding to any scam emails; and (iii) keeping strictly confidential all the secret or personal information about himself/herself.
- (16) The loss or destruction of a private key required to access WAN may be irreversible. WAN are controllable only by possessing both the relevant unique public and private keys through local or online wallet. The holder of WAN is required to safeguard the private keys contained in his/her own wallet(s) where his/her WAN is stored. Where such private key of the holder

is lost, missing, divulged, destroyed or otherwise compromised, neither the Foundation nor anyone else will be able to help the holder access or retrieve the related WAN.

(17) Subject to the specific underlying protocol at the launch of Wanchain, the total quantity of WAN may increase over time, and could further increase as a result of the adoption of a patch or upgrade of Wanchain source code. The resulting inflation of WAN supply could lead to the drop of market price, and consequently WAN holders could suffer economic losses. It is not guaranteed that a purchaser or holder of WAN would be compensated or made good somehow for the WAN inflation.

(18) The value of WAN hinges heavily on the popularity of Wanchain. Wanchain is not expected to be popular, prevalent or widely used soon after the launch. The worst-case scenario is that Wanchain may even remain marginalized in the long run, appealing to only a minimal portion of the users. By contrast, a significant portion of WAN demand could be of speculative nature. The lack of users may result in increasing volatility of WAN's market price and consequently compromise Wanchain's long-term development. The Foundation will not (nor has the responsibility to) stabilize or otherwise affect WAN's market price if there is any such price.

(19) WAN is not a currency issued by any individual, entity, central bank or national, supra-national or quasi-national organization, nor is it backed by any hard assets or other credit. The circulation and trading of WAN on the market are not what The Foundation is responsible for or pursues. Trading of WAN merely depends on the consensus on its value between the relevant market participants. Nobody is obliged to redeem or purchase any WAN from any WAN holder. Nor does anyone guarantee the liquidity or market price of WAN to any extent at any time. To divest his/her WAN, a WAN holder would have to locate one or more willing buyers to purchase the same at a mutually agreed price, which attempt could be costly and time-consuming and does not necessarily bear fruit. Moreover, there could be no crypto-currency exchange or other marketplace having WAN listed thereon for trading.

(20) Cryptographic tokens, if traded on public markets, usually have extremely volatile prices. Fluctuations in price over short periods of time frequently occur, which price may be denominated in Bitcoin, Ether, US Dollars or any other fiat currency. Such fluctuations could result from market forces (including speculations), regulatory changes, technical innovations, availability of exchanges and other objective factors and represent changes in the balance of supply and demand. The Foundation is not responsible for any secondary market trading of WAN, no matter whether or not there would be such markets for WAN. Therefore, the Foundation neither is obliged to tame

the price volatility of WAN nor cares about that. The risks associated with WAN trading price have to be taken by the WAN traders themselves.

(21) Wanchain's underlying protocol is based on an open-source computer software such that nobody claims copyright or any other type of intellectual property right of the source code. As a result, anyone can legally copy, replicate, reproduce, engineer, modify, upgrade, improve, recode, reprogram or otherwise utilize the source code and/or underlying protocol of Wanchain in an attempt to develop a competing protocol, software, system or smart contract, which is out of the Foundation's control and may consequently compete with or even overshadow or overtake Wanchain. Besides, there have been and will be various competing blockchain-based platforms that compete with Wanchain. The Foundation will in no case be capable of eliminating, preventing, restricting or minimizing such competing efforts that aim to contest with or overtake Wanchain.

(22) Wanchain may provide application interfaces to accommodate all kinds of external application that are developed by third parties (especially the members of the Wanchain community). All such external applications can tap into Wanchain subject to no censorship, restriction, control, pre-qualification or admission requirement. The Foundation neither intends nor is able to act as a censor to scrutinize to any extent any applications to be developed on or connected with Wanchain. Therefore, programs banned or restricted in certain jurisdictions, such as those relating to gambling, betting, lottery, sweepstake, pornography and otherwise, could take advantage of the permissionlessness of the Wanchain to develop, promote, market or operate. The regulatory authorities of certain jurisdictions could accordingly take administrative or judicial actions against the very programs or even the developers or users thereof. Any punishment, penalty, sanction, crackdown or other regulatory effort made by any governmental authority may more or less frighten or deter existing or potential users away from using Wanchain and holding WAN, and consequently bring material adverse impact on the prospect of Wanchain.
