



NEO ENERGY ASSET

NEA TOKEN

TOKENIZATION OF INVESTMENT ON THE BLOCKCHAIN

APRIL 2024



ABSTRACT

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This Whitepaper outlines the progression towards digitizing and tokenizing assets, starting with currencies and expanding into tangible assets like private equity and investment. Its goal is to explore innovative approaches for converting private equity into digital tokens. This process aims to create a novel digital asset class that serves as both a store of value and a security, facilitating growth companies in securing funding for expansion via decentralized methods, leveraging blockchain technology and cryptography, and providing investors with opportunities to shift their investments from traditional stock markets to more lucrative asset classes.

NEA's primary objective is to foster a comprehensive agreement among key financial and investment stakeholders—including major banks, institutional investors, pension funds, venture capitalists, retail investors, the cryptocurrency sector, and burgeoning companies. This consensus aims to clarify the technologies, investment prospects, and objectives of these entities, and to suggest a resilient, regulation-compliant framework for developing this ecosystem on a regulated blockchain platform.

The initiative seeks to catalyze a worldwide shift of capital from conventional stock markets to futuristic asset classes, featuring a decentralized private equity framework that encompasses both tangible and digital assets. Central to NEA's philosophy is creating a balance that shields investors from significant future market downturns, integrating all participants into a novel, blockchain-enhanced investment environment where contributions are duly recognized and rewarded.

Moreover, NEA is dedicated to establishing guidelines for regulatory authorities and developing compliance and governance structures. These efforts aim to safeguard privacy for both individuals and corporations, eradicate financial crimes such as money laundering and tax evasion, and assist traditional banks and governmental bodies in transitioning to and embracing the financial and investment paradigms of the future.

Through a mix of theoretical, technical, and policy-driven approaches, this Whitepaper intends to demonstrate how the digitalization and tokenization of private equity can address the challenges faced by various ecosystem players, thereby shaping the landscape of future investments.



AGENDA

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|----|--|----|-----------------------------|
| 01 | Principal Participants in the Tokenization of Private Equity | 06 | NEA Token Economics |
| 02 | Introducing NEA Ecosystem | 07 | Future Of NEA |
| 03 | Macro Perspectives on The Need for Tokenized Equity | 08 | Jurisdiction |
| 04 | NEA Investment Strategies | 09 | Corporate Governance Of NEA |
| 05 | NEA'S CRYPTOAL AND DIGITAL ASSET INVESTMENT | 10 | Compliance Of NEA |



01 Principal Participants in the Tokenization of Private Equity

Developing an enduring and collectively agreed-upon structure for the tokenization of private equity necessitates a clear identification and comprehension of the involved key stakeholders, their motivations, and the benefits they stand to gain by engaging in such endeavors. This is particularly relevant in the realm of tokenization and investment in private equity.

Regulatory and Governmental Outlook

Globally, a notable majority of countries, with the exception of a few like Singapore, Gibraltar, and Bermuda, lack precise and all-encompassing regulations regarding digital assets. Despite a widespread readiness to adopt Fintech innovations, clear directives regarding the regulation, policymaking, and cryptocurrency taxation are missing. Taxation bodies worldwide are contending with how to levy taxes on digital assets and address decentralization and privacy issues. This regulatory ambiguity has prompted many governments to adopt a cautious approach toward digital currencies, with nations such as China and India showing significant resistance in the past. However, global organizations like the OECD are in the process of reevaluating profit allocation and nexus regulations to better reflect user contribution, the role of intangible assets, and significant economic activity.

Current regulatory suggestions in many regions include introducing supplementary taxes that might limit deductions or levy extra taxes on certain activities, only recognizing treaty benefits for payments subject to a minimum tax rate.

France, for instance, has proposed imposing a 3% tax on services like online marketplaces. The US, through its 2017 Gilti rules, taxes earnings that surpass a 10% return on tangible assets of foreign subsidiaries. The UK has applied a 2% tax on digital platforms like social media sites and online marketplaces.

Main objectives include ensuring transparency, compliance, public safety, countering terrorism, safeguarding national currencies, establishing regulation, curtailing illegal activities, preventing money laundering, reducing deficits, and fostering economic growth.

Banks

Given the rise of mobile banking and the cryptocurrency sector, traditional banks worldwide are at risk of being overshadowed. Various indicators, including share prices and market cap analyses in the Fintech sector, suggest a significant disruption is underway globally, at a rate previously unseen. Despite having dominated the banking industry for centuries, traditional banks are finding it challenging to adapt to new Fintech business models. Even as they strive toward digital transformation, they face losses as both private and business customers move toward novel mobile banking and cryptocurrency banking solutions. A survey of major banks reveals a general reluctance to serve crypto-related customers. Existing clients engaging in cryptocurrency transactions often face account closures, a stance taken by many in the traditional banking sector. However, banks of the future must learn to collaborate with the cryptocurrency industry to remain viable.

Main goals: Maintain control, achieve competitive edge, profitability, superiority, and maximize investor returns.



Investment Banks

Investment banks seem more open to embracing Fintech innovations, focusing on maximizing investment returns regardless of the sector. Increasingly, these banks are incorporating digital assets into their investment portfolios.

Main goal: Return on Investment (ROI).

Pension Funds

Most pension funds currently avoid digital assets, adhering to internal policies that favor investments in stocks, private debt, investment, and other traditionally secure assets with moderate returns. Despite a tendency to stick with traditional investment strategies, there's a growing acknowledgment among fund managers of the need for new portfolio allocation strategies as attaining desired ROIs from the stock market becomes more challenging.

Main goal: ROI, financial security, ensuring retirement/pension.

Retail Investors

Retail investors, often more vulnerable to market manipulations, traditionally seek higher returns to compensate for investment amounts. Although regulations and legal frameworks aim to protect these investors, their protection within both the cryptocurrency community and the broader stock market remains inadequate.

Main goal: Moderate to high ROI.

The Crypto Community

The crypto community champions total independence, financial freedom, and privacy, staunchly opposing government oversight and the threat of criminalization. This diverse group includes IT professionals, academicians, and investors, all united by a belief in the non-political, mathematical, and programmable nature of cryptocurrencies and the potential of underlying technologies to democratize value creation and distribution.

Main goal: Personal and corporate privacy, freedom of speech and trade.

Digital Custodians

Digital custodians aim to be regulated similarly to traditional global custodians and are awaiting clear regulatory guidelines on digital asset management. Despite current regulatory uncertainties from bodies like the SEC and CFTC, digital custodians advocate for regulations that consider the technological nuances of digital asset storage.

Main goal: Establishment of clear regulations and technological frameworks.

Accountants

Leading accounting firms now recognize cryptocurrencies as an asset class but remain wary of them. These professionals play a crucial role in bridging the gap and developing frameworks that can be applied globally, across different economic systems and jurisdictions.

Main goal: To maintain billable hours across the sector.



Central Banks

Central banks from over 90 countries are exploring how blockchain technology can enhance the safety, soundness, and efficiency of financial markets and payment systems worldwide. These institutions seek real-time transparency and compliance monitoring, with many actively developing their centralized digital currencies.

Main goal: Control, transparency, compliance.

Growth Companies

For growth companies, the primary aim is to protect corporate privacy, including safeguarding intellectual property against theft, leaks, and infringements by domestic and international entities. These companies seek access to capital markets with fewer restrictions and more favorable terms, moving away from traditional banking and FIAT currency systems which have historically dominated funding avenues.

Main goals: Attract funding, retain control, achieve freedom, and garner government support.

Methodological Approach

Developing a system that fosters agreement among various stakeholders in an ecosystem necessitates a comprehensive technical structure that promotes collaboration and cooperation. Drawing from game theory, the goal of the platform is to identify the "most beneficial collective solution that ensures a win for all parties involved," serving as the cornerstone for the proposed comprehensive framework.

This framework demands a thorough comprehension of various critical factors, including legal considerations, regulatory constraints, taxation issues, criminal law, anti-terrorism legislation, governmental policies, anti-money laundering (AML) protocols, know your customer (KYC) requirements, and more. Equipped with this extensive knowledge, the platform leverages mathematical techniques to calculate the ideal balance of asset classes for each individual, aiming to maximize asset allocation efficiency for every investor. This capability forms a key component of the NEA technical solution.



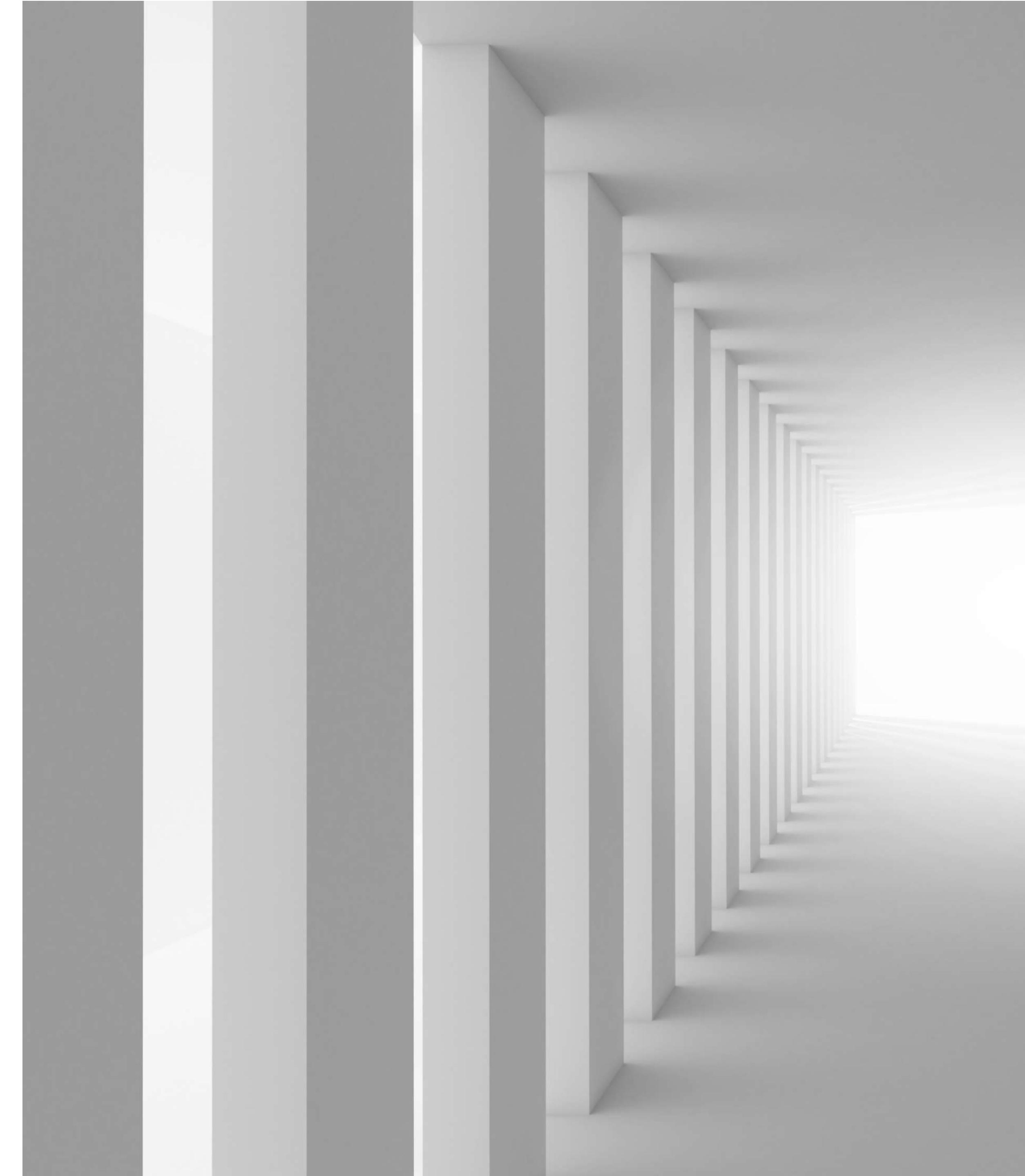
Theoretical Application

In shaping the conceptual structure of NEA, a group of eminent specialists from the fields of mathematics, insurance, and finance has been engaged to ensure the integrity of the foundational principles of the security token concept and the overarching framework designed to optimize outcomes for all participants. Game theory principles are integrated into the business logic, including the programming of Smart Contracts, and are reflected in both the theoretical and political dimensions of the comprehensive NEA proposition.

The concept of equilibrium in NEA adheres to the Shapley Value Theory, which views the ecosystem as a "Coalition within a corporate game," thereby allocating profits and costs among participants based on their contributions (or lack thereof) to the balance of the ecosystem.

Additionally, game theory elements are utilized to forecast and understand the decisions and behaviors of different stakeholders within the NEA environment, facilitating optimal investment and divestment strategies across the portfolio.

The implemented policies and theories account for the varied roles within the ecosystem and their specific goals, striving to create a scenario where every participant benefits and is treated equitably. In the development of the NEA Wallets, NEA Exchange, NEA Smart Contracts, etc., as well as in choosing the NEA blockchain provider, efforts are made to apply these insights, developing innovative algorithms for due diligence procedures and determining the allocation balance between private equity and digital assets. Furthermore, scientific methodologies are employed to devise optimal portfolio strategies and configurations. For the execution of these sophisticated analyses, NEA collaborates closely with its group of expert consultants.





02 Introducing NEA Ecosystem

NEA represents an innovative, fully decentralized blockchain-based investment fund focused on offering support to emerging businesses through capital provision and guiding investors towards high-yield asset classes. Governed by a board of directors and investment committees, along with a decentralized community operating on a proof-of-stake model, NEA is dedicated to enhancing its financial products and services. Through the application of rigorous scientific methods, NEA is adept at determining the most effective allocation of assets such as private equity and digital currencies to ensure optimal returns for its investors.

The entire NEA ecosystem operates on a decentralized basis, from its blockchain foundation to the various applications and the community in charge of operations. This decentralization guarantees peak efficiency and a system where contributions are fairly rewarded.

THE DAWN OF NEW VALUE GENERATION

The release of the Bitcoin Whitepaper by Satoshi Nakamoto in 2009 was a pivotal moment, heralding a new age in the creation and exchange of value, challenging and potentially disrupting traditional monetary systems. Inspired by Satoshi's vision and subsequent crypto industry advancements, NEA is committed to fostering a genuine peer-to-peer, tokenized private equity and investment framework. This initiative aims to remove intermediary involvement while safeguarding personal and business privacy, thereby empowering growth company to achieve their growth objectives and comply with existing legal and regulatory standards.

NEA endeavors to provide investors with groundbreaking, profitable investment options, promising maximum returns. NEA aims to elevate growth and blockchain-centric businesses to a widely recognized and endorsed asset category by providing essential funding. By establishing a reliable financial ecosystem underpinned by tangible assets and human expertise, regulated through formal governance and financial instruments, NEA is setting a new standard. By shifting funds to more lucrative assets and welcoming investors into an ideal investment environment, NEA introduces its private equity token – NEA token, marking a significant milestone in asset management and investment. NEA provides a comprehensive investment environment that includes both cold and online wallet software, applications for both mobile and desktop (PC/Mac) devices, an exchange for digital assets and private equity, ERC20 security tokens, a platform for asset tokenization, as well as Deal Room and Play Room features. Investment management is orchestrated across three main funds: the NEA Main Fund, the NEA Early Stage Fund, and the NEA Private Equity Fund. This forms a suite of decentralized applications designed for operation on a secure, permissioned private blockchain.

The NEA token is a private equity token, based on the ERC20 security token design standard, representing tokenized shares in NEA and moreover in NEA's portfolio of growth companies, whose value will reflect the value of the assets invested in over time. The NEA token functions as a Security-like token and is used for the digitalization, fractionalization, and store of value of the investment portfolio and its underlying assets.



The NEA token is NEA by the collective equity of NEA itself, including NEA's own portfolio of companies, as well as the investment portfolio. This makes the NEA token a store of value token and an instrument for investing in private equity through the blockchain. Since it can be freely traded, NEA is also a "Bitcoin" -type commodity token, NEA by private equity, as well as a "Store of Value" token with tremendous growth potential. Where earlier currencies such as Bitcoin and Ether could be defined as "programmable money," digital security tokens such as the NEA token could be defined as "programmable ownership tokens" - in this case representing the ownership of company shares from unlisted companies as well as digital assets.

Even though the NEA security-like token shares many of the characteristics of the ERC20 token - the NEA security-like token is designed in a completely different way. This is to represent complete and fractional ownership interests in assets and/or entities. In the token design of the NEA token, thus restrictions are implemented on identity, jurisdiction, and asset category. In the design, the ERC 1400 Security Token Standard has been used - alongside other categories including:

- Differentiated ownership
- Error signaling
- Document references
- Gatekeeper functionality
- Redemption semantics
- Tokenizing Private Equity

With the global tokenization market valued at an estimated USD 2.3 billion in 2021, and set to grow to USD 5.6 billion in 2026, there are numerous advantages when tokenizing private equity and digital assets in general, notably:

SPEED OF SETTLEMENT

Securities can be settled in a few seconds versus today's average processing time of 2-3 days.

AUTOMATED COMPLIANCE

Because tokens are programmable, compliance with regulators can be programmed into Smart contracts, reducing and automating the regulatory compliance burden. Moreover, Smart contracts enable execution and governance of the tokens. For example, in the case of NEA, transfers to unauthorized wallets are prohibited and restricted.

GLOBALIZATION

As the NEA token and other security tokens have no physical form – and only exist in digital form and are traded through the internet, they are natively global.

TRADABLE 24/7/365

While traditional securities can only be traded during specific office hours, NEA tokens and other security tokens can be traded around the clock 365 days a year, eliminating all current inefficiencies on the market.

FULL TRANSPARENCY

Blockchain ensures transparency of transactions – but at the same time maintains the privacy of the involved parties.

Programmable features

Voting procedures, dividend payouts, automated vesting periods, and other features can be programmed into the Smart contracts of the tokens.



IMMUTABILITY

Transactions on the blockchain are immutable and are therefore an excellent infrastructure to record ownership of securities.

CHEAPER FEES

Fees are much cheaper, with legal and accounting costs reduced or eliminated.

ASSET INTEROPERABILITY

Tokenizing private equity reduces class incompatibilities and friction in transfers. Presently, the opacity of private markets greatly hinders investors' ability to monitor and feel assured in their transactions. The tokenization strategy recommended by NEA aims to introduce fractional asset ownership, simplifying the method of transfer and settlement through specific, in-built compliance measures, thereby deepening the market and enhancing liquidity and continuity.

ECOSYSTEM FOR GROWTH

NEA establishes a community-led fundraising and investment ecosystem dedicated to growth companies and investors. It defines growth companies as those demonstrating sustainable monthly cash flows and turnovers, offering innovative solutions, technologies, and NEA by a professional management team and board. NEA employs a legal and technical blockchain framework to support investors, investment funds, private equity funds, growth companies, suppliers, and employees with a streamlined, tokenized private equity and digital asset investment strategy. This approach eliminates bureaucratic hurdles and excessive charges, blending the best of traditional contract law and Smart contracts to create a versatile, blockchain-agnostic consortium for tokenized private equity.

This ecosystem not only clarifies digital assets as an investment class but also fosters trust and independence within the community, incorporating NEA's network and subnets to represent the collective portfolio of growth companies. This model allows NEA to present investors with Smarter investment opportunities in growth companies, also engaging the crypto industry as potential investors through diverse valuation parameters. By accepting cryptocurrencies for private equity investments, only the most stable and promising cryptocurrencies are integrated into the NEA ecosystem. Additionally, NEA's approach eliminates intermediaries, significantly reducing the administrative, legal, and commission expenses commonly associated in broker-investor relations. The entire transaction value and volume are recorded on public ledgers, ensuring transparency while maintaining the confidentiality of company and investor identities.

Upon receiving NEA tokens, growth companies are subjected to specific control mechanisms to ensure that fund allocation aligns with the business model and portfolio strategy, with funds awarded as milestones are achieved. Warning systems alert investors if portfolio companies fail to meet key performance indicators, allowing NEA stakeholders to address operational challenges within growth companies through voting, with legal frameworks ensuring investors' control over decisions. The portfolio includes predefined exit strategies for underperforming growth companies, incorporating IP, assets, and management control as part of the contractual agreements to safeguard investments. These transactions are legally binding, with extensive rules in place to prevent misuse of funds and discourage other questionable behaviors.



PROOF-OF-STAKE DRIVEN PROCESSES

To propose a viable framework for the NEA ecosystem, it's not just about resolving the balance between regulators, investors, and other participants but also about advocating for an incentive-based, sustainable, decentralized development model for NEA's Decentralized Applications (DAPPs) and protocols to become community-operated. The decentralization process is gradual, aiming for full decentralization over time, which is vital for eliminating platform risks and ensuring long-term viability. Community engagement is crucial for NEA's success, requiring alignment with investor and regulator demands for functionality, security, and compliance.

The emphasis on value creation and productivity contributes significantly to the growth company chain and decentralized entities. Looking ahead, platforms reliant on selling private data are unsustainable, necessitating the creation of user-driven ecosystems where cooperative economic incentives guide development and meet user needs.

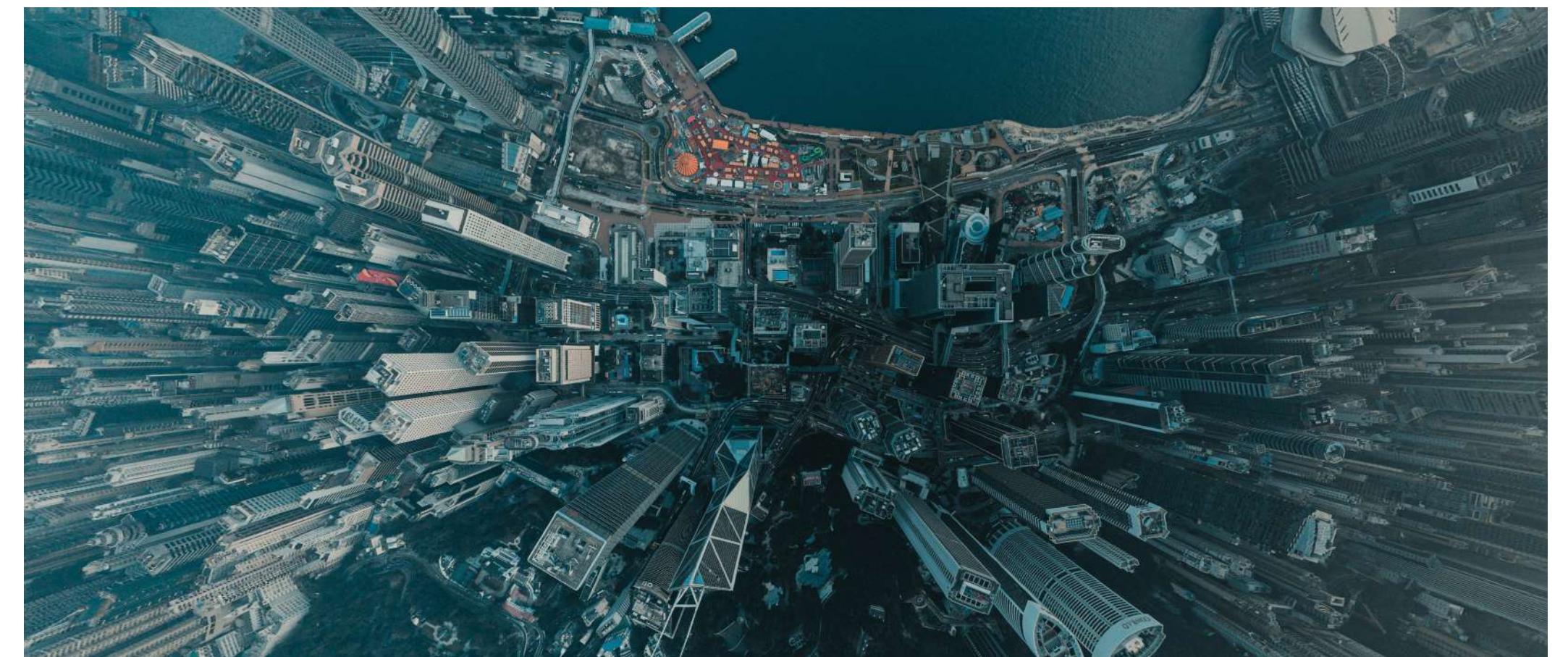
Decentralized community control is essential for gaining regulatory acceptance and support for NEA's vision of a true, decentralized, investor-led ecosystem, powered by the community's efforts to enhance value for growth companies through improved processes, awareness, product and service quality, and governance. Over time, post-network launch, the NEA token will evolve into a non-security commodity akin to Bitcoin, with token holders assuming governance control through voting and value creation activities.

The transition from a centralized startup to a decentralized, operational, and community-led entity is outlined in the project roadmap, with a core team of developers initiating the development of a Minimum Viable Product (MVP).

This phase focuses on creating a functional prototype with key features, anticipating future community-led feature control. Transparency and openness are paramount for gaining the trust of investors, regulators, and the community, leading NEA to develop its unique Impact Driven Development strategy.

IMPACT DRIVEN DEVELOPMENT

The community can request features for each product and blockchain, with each feature undergoing a competitive cost estimation. The impact of these features is assessed, allowing the community to determine their value and cost-effectiveness. Investors vote on a shortlist of features, with the NEA community guiding development priorities. Contributors are compensated through a platform incentive, paid in NEA debit cards, NEA tokens, or exchange-traded cryptocurrencies, fostering a sustainable, long-term solution driven by community support and equitable cost distribution.





03 Macro Perspectives on The Need for Tokenized Equity

Neither governments nor central banks or stock markets will admit it, but it is of the opinion of NEA that most of the broken and overvalued monetary systems, currencies and stock markets are presently in deep crisis at a global scale.

At the highest levels of government all over the world, severe challenges are currently being debated, including the legislations and regulations that can be implemented to maintain the current status quo, with efforts proportionate in scale to the countries' increasing foreign-denominated debt, along with inflation due to rampant central bank currency printing. Doubts are arising as to whether several central banks have sufficient foreign exchange reserves to maintain fixed exchange rates.

As the balance of payment deficits is becoming ever more imbalanced and stock market valuations are deeply overvalued in an overheated financial market, there is little to no control of money creation or global, which one might argue has gotten out of control. At its core, the NEA token is immune to and uncorrelated from global currencies, as well as monetary systems and political agendas. As a token, its value is based purely on network adaption, equity and human capital. As companies and communities continue to embrace token based currencies, the NEA token will become an increasingly valuable asset class, since it is NEA by economic output translating to real company valuations, equities and cash-flows as well as user adoption at a global scale. Since the token has value as a utility token in its own ecosystems and as a trusted security token and asset class, adopted by an exponentially growing community and success of investment strategies will naturally add to the token value.

For many reasons, NEA believes tokenized private equity and digital assets will be the investment classes of the future. Its growing market caps documents the increasing demand for these new, high performing asset classes.

GLOBAL MEGA TRENDS

In NEA's opinion, as overvalued conglomerate companies continue to grow in size, AI, robotics and automation will begin to take over much of the manual processes. Employers at a global scale will demand more from their employees, increasing stress levels and making it unattractive to be a worker. It now becomes more difficult for the large companies to keep their existing work forces and attract new talent. Many of these growth companies can easily start up online businesses, marketing and selling their goods and services on Instagram, plugging into freelance networks and making a lot more money than they would as an employee at a large corporation. As new generations are educated every day, NEA foresees a tremendous boost in the creation of growth companies in the very near future.

To further support this argument, we see a global mega trend in the x, y and z generations - working for sweat equity in growth companies. They have totally reorganized themselves, cutting costs to a minimum, determined to be shareholders and business owners and have very little interest in short term FIAT. Their social media profiles are cash flow generating asset classes - they can work for anyone, anywhere, plug into cloud systems and are able to offer services as good or even better than established companies. NEA's proof of stake concepts fully complies with this trend - and we strongly believe NEA will be the proof of stake platform of the future, ensuring NEA massive resources and exposure.



Not many people think about it, but social media platforms like Facebook and Instagram are hyper controlled platforms, with limitations on the amount of friends you can add, delete, etc. This leads to the masses not being able to fully organize themselves. NEA foresees a future where people organize themselves in decentralized, self-controlled, billion user groups. Where future generations will be able to instantly put pressure on companies not applying to the “better good” and use banning of consumer related goods, hedge strategies and other instruments against the stock market. We believe the crypto community will be one of the central drivers of this change. With crypto social media platforms like Minds, Uptrend very well igniting the movement.

Warning signs of a global meltdown of the current financial system

We at NEA – for many reasons - foresee a major financial crisis in the stock market. All indications currently point to a meltdown in the future. We already see a tremendous shift from noted stocks into private equity and digital asset classes - at a global scale. For the first time in history inflation rates on USD are higher than on Bitcoin (but held down from exploding due to workers not getting raises in salary, companies being more efficient and people spending less money). We foresee a major institutional and private reallocation of funds into Bitcoin as well as other digital assets and see the continuous hostility of governments and central banks towards crypto as a sign of concern. On July 13, 2019, then-USA president Mr. Donald Trump tweeted in defense of the US dollar, claiming that Bitcoin and all other Crypto was not real money and on September 12. 2019 that a ban on Bitcoin over 100.000 USD would come into effect, manifesting in fact, that Bitcoin is threatening the US Dollar and thus signaling that Bitcoin and other crypto currencies are in fact the true money of the future.

In this Whitepaper we have suggested a technical framework on how NEA tokenization could, with relatively clever cloud-based tools and off-chain technologies, build a system that offers a better solution than existing monetary systems. However, NEA defines a much loftier target; to create a new monetary ecosystem designed to meet the needs of the future, that does away with the vestiges of the old, imperfect FIAT system. It makes sense to ‘stand on the shoulders of giants’ and base the project on the foundational invention of Satoshi Nakamoto and the crypto industry itself.

On this basis, and on the basis of the total NEA offering of open source code, experienced advisors, the management team and a supportive community, a fairness concept and a self-regulating framework and community driven voting procedure, we claim to have passed the “proprietary token within walled garden test” (a test to determine if a given token has a purpose within a closed ecosystem) and documented what we argue in this whitepaper is a true use case for the NEA token.

To further support the argument for the introduction of new currencies, we can rely on numerous studies and history lessons that clearly show that new currencies (whether or not they succeed) drive development and innovation. Whether it fails in real life testing or becomes a contributing factor to fitter, later versions, currency competition will always be a driving force for future innovation. The network adoption of any suggested currency is the singular test of its legitimacy, and the network adoption penetration rate will determine its value. Only by the creation and introduction of the currency in question, can this – over time – be determined.



04 NEA Investment Strategies

NEA has devised a diversified investment strategy focused on various Asset Classes:

Private Equity (in growth companies)

Digital Asset (Main Crypto Fund and crypto projects including long-term Bitcoin investments, etc.)

INVESTMENT STRATEGY PRIVATE EQUITY

NEA invests in growth companies with the potential to become unicorns. The selection process, although simplified here, considers numerous factors:

- Strong existing management
- Revenue generation and significant growth potential
- Historical profitability with stable and predictable cash flow and EBITDA
- Innovative product or service
- Established growth roadmap
- Successful implementation of partner & distribution strategies on a minor scale
- 5-year budgets demonstrating growth
- Minimal debt and no significant legal claims against the company
- A sales pipeline at least 4 times the revenue
- No more than 80% of revenue coming from 20% of the customers

NEA aims to maximize profits for investors and the NEA community, ensuring the NEA token remains a trusted private equity token. Monthly cash flows on their Fiat-based credit cards are secured for our investors. NEA targets investment deals with a minimum of 30 percent interest rates.

NEA VALUATION METHODS

Valuing companies is a highly specialized field. At NEA, we provide examples of the various valuation models applied when considering investments in growth companies. These investments span early-stage ventures, management buyouts, buy-ins, infrastructure, credit, and similar ventures, including fund investments.

These valuation methods are designed to be relevant across NEA's spectrum of alternative investments in digital assets, private equity, and investment. NEA's objective is to offer investors a Fair Value measurement that aligns with International Financial Reporting Standards (IFRS), United States and SINGAPORE Generally Accepted Accounting Principles (US GAAP), and (SINGAPORE AAP). This approach ensures a valuation framework consistent with accounting standards NEA employs to determine Fair Value for Investments.

NEA's Board of Directors and Investment Committee are dedicated to conducting periodic investment valuations as part of the investor reporting process in the NEA Main and Early Stage Funds and managed investment allocations. The goal of these valuation methods and schemes is to establish best practices in Private Capital Investments, always with the aim of maximizing investors' ROIs.



Given the importance of regulatory compliance and investor protection, valuation estimates and due diligence processes are paramount for NEA. NEA adopts ‘basis of valuation’ (Fair Value) models, clarifying what the carrying amount signifies and employing various valuation techniques (e.g., earnings multiple techniques) for valuation derivation and analysis of significant data inputs – grounded in EBITDA. When delving into asset allocation, manager selection, and investor incentive compensation, it’s critical to ensure transparency, make data-driven decisions, and utilize the collective intelligence as outlined in NEA’s voting procedures. This ensures optimal conditions for making informed investment choices.

NEA emphasizes maintaining consistent valuation methods, estimating market and penetration potentials, continuously calibrating data inputs, and critically evaluating documentation. Fair Value, by definition, is the hypothetical market price for asset exchange under current conditions, emphasizing that it is not indicative of forced transaction values. Transfers of shares in private entities often come with restrictions and regulatory barriers, yet it’s feasible to estimate the price a willing buyer would offer for a specific NEA investment at any given time.

It’s crucial to acknowledge that valuation inputs for companies are extensive and subject to change, which is why NEA employs artificial intelligence tools to monitor the myriad of fluctuating factors in valuation determination. When updating investors through the NEA Dashboard, the Net Asset Value (NAV) is utilized for valuation calibration, occasionally testing NAV through asset sales to verify and adjust values accordingly.

NEA understands that private equity is subject to hype cycles with significant volatility, indicating both substantial risk and upside, making valuations intelligent indications of value rather than guarantees until market participant acquisition. In private equity investments, many overlook the impact of third-party debt. Since debt claims rank above investor allocations, Enterprise Value must account for these risks, requiring adjustments for zero debt basis and worst-case scenarios.

Entering a private equity investment for NEA often means effecting substantial changes in a growth company’s strategy, operations, management, or financial standing, possibly involving digital transformations or financial turnarounds. Even in such complex scenarios, it’s possible to approximate the Market Participant’s willing payment for the investment at a specific time. NEA consistently aims to maximize company valuations by:

- Implementing a professional board
- Undertaking digital transformations with tech partners
- Cost-cutting and innovating new business models
- Enhancing sales and distribution



05 NEA'S CRYPTOAL AND DIGITAL ASSET INVESTMENT

NEA MAIN FUND

Investment strategy for the main digital asset fund

GENERAL STRATEGY

Adopts a long-term investment approach, focusing on holding leading protocols within specific use cases, supplemented by short, hedge, and FIAT positions in anticipation of the end of hype cycles and bear markets.

SELECTION OF DOMINANT PROTOCOLS

The process begins by identifying unique use cases that decentralized networks with native tokens can fulfill and for which there is genuine demand. Upon defining these use cases, we evaluate the optimal trade-offs for seizing these opportunities. We then identify which digital assets have embraced these trade-offs and show promise for future adherence to these optimal strategies.

This analysis yields a curated list of digital assets capable of addressing the identified use case effectively with the right set of trade-offs. A detailed comparative analysis is conducted among these candidates to determine the most promising investment opportunity.

PORTFOLIO CONSTRUCTION

Our portfolio is formulated through the meticulous selection of leading protocols. Use cases that demonstrate the highest potential and favorable risk/reward profiles occupy more significant positions in our portfolio compared to those with lesser potential.

PORTFOLIO RISK MANAGEMENT IN RELATION TO HYPE CYCLES

Our analysis suggests that Bitcoin's price movements—and the cryptocurrency market at large—exhibit a fractal pattern of escalating magnitude, reminiscent of Gartner's hype cycle. This pattern has been consistently observed from Bitcoin's early days through recent cycles.

In moments where we foresee the culmination of a hype cycle, we proactively manage our market position through short, hedge, and FIAT positions to safeguard and preserve USD value against anticipated market downturns.

SHORT, HEDGE, AND FIAT POSITIONS

At the perceived end of a hype cycle, a combination of short, hedge, and FIAT strategies is deployed to protect USD value. The primary aim during these periods is to preserve, not necessarily enhance, USD value. Effectively maintaining USD value in a market undergoing substantial drawdowns inherently increases our holdings in BTC and other crypto assets.



This strategy typically involves three potential actions:

Liquidating crypto holdings into FIAT via trusted crypto exchanges and transferring these funds to our bank accounts for safekeeping. This measure is generally preferred for assets lacking robust mechanisms for shorting or hedging. Holding FIAT inherently ensures the preservation of USD value.

1. We also consider stablecoins, such as Dai, within our FIAT position strategy as a viable method for maintaining USD value.

2. On reputable exchanges we take short positions to hedge existing long positions. With identical short positions against the long positions we, ipso facto, are maintaining USD value, minus counterparty risk against non-reputable exchanges. We normally utilize many different exchanges for this, to reduce the total influence on the portfolio if one exchange defaults.

3. Given we are adequately certain that the hype cycle is ending and large drawdowns are coming, we can take clean short positions not to hedge existing long positions, but solely to generate alpha in the time period where the hype cycle is ending and bear market is present. SECURITY To securely custody digital assets is a trade-off between convenience and security. We always optimize for the latter. All digital assets in our custody require real work to interact with and move. This is deliberate. Our custody solutions are not disclosed to third party clients for security reasons — but our internal expenses to continuously improve our security is one of our largest cost-centers.

For third party clients, with no capital directly placed in our funds, but who receive our research, we will recommend a custody solution to fit their needs alongside the convenience and security spectrum. REBALANCING AND REALIZATION OF PROFITS On a monthly basis we consider if some positions have grown too large relative to others. If they have done so, we may in some instances realize some profit in a position that has grown too large and allocate this capital to positions that are too SFMSAll. This does not mean, however, that we actively and deliberately rebalance the portfolio every month. We consider it on a case by case basis. TIME HORIZON The longer the time horizon, the better.

The crypto markets as a whole and the digital assets that execute on interesting use cases should be viewed as long term, asymmetric bets. These are investment opportunities with limited downside (-1x) and unlimited, often exponential upside (>100x) over long-time horizon. For these upsides to be achieved, time and patience is required.

The above-described strategy cannot effectively come to 37 show in returns if the time horizon is short. Everything less than a few years is too little and real risk of being exposed in a quiet period of the market, before the next parabolic hype cycle starts, is present. Investors investing with NEA should agree to 5-10-year relationships.



NEA EARLY STAGE FUND

Investment strategy early stage digital asset fund

GENERAL STRATEGY

Long-term buy and hold of early stage crypto projects. Early stage crypto projects with market cap ranging effectively from ~\$0 to low three-digit million amount USD at entry point. Goal is for each position to provide asymmetric exposure with downside: upside skew of -1x >50-100x. Magnitude of success is the focus, not frequency of success. Returns follow a power law. Profits are realized when an adequate amount of upside has been obtained — and losses are taken when the circumstances have changed to such a degree that we no longer ascribe adequate probability to the upside being realized in the future, so the opportunity cost is too large. In some instances, how the hype cycles are playing out may result in taking profit.

SELECTION OF EARLY STAGE CRYPTO PROJECTS

Similar to the main fund, we start out with consideration of which unique use cases the decentralized networks with native tokens can execute on — and which the world has real demand for. Contrary to the main fund, in the early stage fund there is less need for a proven use case and demand. This is also reflected in the market cap of the underlying digital assets that execute on these more proven, instead of less, use cases. For instance, a digital asset with a market cap in three digits \$bn versus one with a three, two or one-digit \$mn. This much SFMSAller market cap entry point to the position provides much larger potential reward and risk.³⁸ Our process for considering unique use cases for the early stage fund follow the same process as the main fund , but just with lower requirements for proven use case demand and larger diversification of use case.Central in how we select early stage crypto projects is our ability to help the project.

It is important to point out how legitimate, decentralized crypto-based projects cannot be viewed as classic, joint-stock companies — but how the new, early-stage crypto projects are often very centralized in the early days. Especially on the governance and involved contributors' aspects. Usually the project will continuously move from being very centralized in the beginning to being more decentralized as it develops. For decision making and the velocity at which product is developed to be fast in the beginning a certain amount of centralization is required. In these early days any crypto project has an immense need for help. We intend to actively help and offer labor to these crypto projects and have already done so to countless projects through many years. We help with many things, including initial token sale construction, design of the network's crypto economic incentive structures, recruitment of competent people, contact and setup with exchanges, source code review, mentoring, and so on.

For early stage crypto projects with promising prospects, ideas and founders it is very easy to raise the first round. Capital is not a scarce resource; it is incredibly abundant. In a week or two, any promising early stage crypto project can raise a private round of 7 or 8 digits in USD. Therefore, as an early stage fund, there is no competitive advantage in selling capital. Especially when the cost of capital has been drastically reduced by the influx of unsophisticated retail investors. For the promising early stage crypto projects with an effective market cap of ~\$0, the only way to win the deal is to through proof of work in utilizing one's network, competences and alignment of values and vision.

For early stage crypto projects that already have liquidity and are actively traded on exchanges, this value-add approach in winning deals is less relevant as one can easily take open market positions. In doing due diligence on early stage crypto projects that already have public market liquidity we still, however, take contact to the founding team to learn more and offer our help. In some instances, we may acquire positions directly by purchasing from the founding team and their treasury or through OTC brokers, to not execute trades on the open market.



PORTFOLIO CONSTRUCTION

Our portfolio is constructed from the process of selecting early stage crypto projects described above. Historically, we have had between 10 and 20 active positions at any given time. These range in market cap, at entry point, from one digit to low three digit \$mn market cap.

PORTFOLIO RISK MANAGEMENT IN RELATION TO HYPE CYCLES Like with the main fund, we believe that the bitcoin price movements (and the crypto market as a whole) follows a fractal pattern that is of increasing magnitude. We try to use this to our advantage — but it is not utilized to the same extent as in the main fund. In an early stage fund with, for example, an entry point of two digit \$mn market cap that has grown into a low three digit \$mn market cap, but still have considerable upside to potentially achieve, it is not necessarily always rational to realize gains before a potential hype cycle could end. This is because the early stage fund is focused on riding the winners from the early beginnings to the complete realization of the >50-100x upside that we initially considered with adequate probability of happening. Therefore, a potential, say, 50% drawdown as a result of hype cycle dynamics is less relevant when the entire focus is on riding the winners to their full potential — and not to reduce exposure to drawdowns and negative volatility throughout the lifetime of the fund.

INVESTMENT CRITERIA Now that we have selected the most reliable and compliant blockchain, now that the growth companies' equity has been tokenized and is accessible through the NEA eco-system; growth companies can now officially do their funding rounds. The round size is determined by the growth companies – the ASK (amount of money asked in the round) digitally presented for the NEA investment community / committee, where blockchain voting procedures through NEA voting systems correspondent to individual, weighted contributions determine - if funding is approved or not. (NEA's centralized investment committee have final say and veto rights on all suggested investments and suggestions). Thus, due diligence and allocation of funds to the growth companies follows the NEA due diligence processes and investment criteria and voting procedures described elsewhere in this white paper.

Exchange traded crypto from funds and professional investors can buy NEA tokens (and as the name / brand suggest the security tokens are NEA by growth company equity). Through the NEA token distribution from the NEA Exchange and other selected crypto exchanges, where NEA token will be listed. NEA functions as mint / hub for entire ecosystem. – Tokens are NEA by underlying private equity from company A, B, C etc. and securities and other listed digital assets. Once transactions are validated and registered and the company equity is in the digital private equity repository - after due diligence – and community voting procedures are completed – NEA tokens are released and transferred to the investors' wallets, FIAT invested in the companies' and thereafter the amounts of the transactions published to the public ledgers (parties are anonymous but amounts and dates etc. transparent). As (an acceptable percentage of) the growth company valuations (most likely) increase rapidly over time (by nature, some will inevitably fail), so will the token value (most likely) increase rapidly over time, ignited by a shorter and shorter supply of the tokens. This is partly due to the NEA token issuance politics and maximum cap policies, ensuring only supply of 1 billion tokens and hardcoded rules in the code never to produce more, and that no token holder can hold an proportionally too large amount of tokens, partly due to the expected huge swap of equity at agreed valuations in return for NEA tokens. Lastly, by an introduced philanthropy concept, functioning as token burn concept in theory, just with an entirely different global impact, ensuring NEA token scarcity and mass adoption.

INVESTMENT NEA's access to interesting and lucrative investment deals brings NEA investors comfort for monthly cash flows. NEA Investment strategy is to lend out money (with security in the buildings) to developers – moreover to buy, optimize and flip Investment. World economic Forum estimates that 10 percent of the 228 trillion USD Investment market will be tokenized in less than 10 years. At NEA we have contracts with the leading blockchain companies within investment.



By tokenizing investment, you have access to buying property 24x7x365 and you get a fractional ownership – better price discovery and market efficiency, very little transfer fees, no lock in, automated compliance, transparency, security, immutability and many more advantages.

COST OF OPERATIONS, PLATFORM, MANAGEMENT FEES AND SUCCESS FEES

As NEA has automated and disrupted the traditional venture fund model, NEA is also able to present a structure much more advanced and cost efficient than current VC companies and alternative investment funds. Where traditional VCs only allocate 41 in average 80 percent of Limited Partner capital into growth companies on a 10 year weighted period and the rest goes into expensive salaries, office space, furniture etc, NEA allocates all 90 percent of Limited Partners' capital into investments and entirely runs its operations digitally, as NEA only takes 1 percent in management fee. (in some instances 2/20 and 3/30) The fees go to run all legal aspects of the NEA platform, community, constantly updating code base and providing the NEA project with sufficient, qualified profiles, to put together skilled staff of portfolio managers, analysts, investor relationship managers, experienced general partners and handle all legal issues, NEA charges a management fee of only 1 percent of all investor funds allocated into the NEA eco-system. Management fee is charged per year upfront. Moreover, NEA only charges 10 percent in performance fee depending on deal size and investment risk. There is Return of Capital procedure, ensuring all investors 100 percent of distributions go to the investors until they recover all initial allocations through waterfall model).

On top of this, there is also a preferred return, ensuring, that investors also get back their preferred return on their investment. For growth case fundraising, growth company is charged 6-10 percent of fundraise paid in equity or cash, depending on complexity of the case. When investing, NEA always secures an agreed percentage of growth companies' current and future monthly revenues, equity in the company and an exit deal down payment amount of all equity of the company.

EXPECTED RETURNS

Even though annualized yearly returns on Private Equity over a 5 year period in the US was 7,4 percent NEA success criteria is to offer an average of minimum 17-20 percent ROI to investors an minimum 20-30 percent on digital assets. This is due to the construction of the hybrid fund structure, investing in the combination of private equity, digital assets, investment.

TRACK RECORD

2019 gave an approximate +145 percent ROI on digital assets, with a 54 percent alpha/ outperformance. Primarily from digital assets to FIAT + short positions in the summer before reentry. For Private Equity around +90 percent ROI.

NEA INVESTOR REVENUE DRIVERS

Dividends from the growth Companies and other placements are distributed to the NEA investors. Profits from growth company exits are distributed back to the NEA investors. Profits from allocation of free reserves into Bitcoin and other digital assets is distributed 42 to the NEA investors. Consultancy fees from community helping the growth companies (e.g. user test, influencer marketing etc.) are distributed back to the NEA investors.



06 NEA Token Economics

TOTAL MARKET CAP

100 billion tokens in total supply, no more issuances

0.01 USDT per token as original token price, total market cap: 1 billion USDT

FAIR DISTRIBUTION

Preparing for presale: 100mill USDT / 10 billion tokens

Funds using purpose: system development and working capital

private equity investment for crypto and digital projects

First Global exchange platform Launch: 200 mill USDT / 20 billion tokens

Funds using purpose: private equity investment for crypto and digital projects

UTILITY

NEA in its nature is a security like token, representing private equity ownership, but can at any time be used as utility token to be tradeable. The NEA voting tokens are without financial value and only represent influential/political value, and its sole purpose is to be used in voting scenarios. NEA voting tokens come with a voting system.

AIRDROP

NEA introduces Airdrop philanthropy concept. NEA will air Dropping 1 percent of total token holdings to users, who subscribe to NEA mailing list, download NEA wallets / signs up after elsewhere specified fairness algorithms.





07 Future Of NEA

The technological movement of our time is disrupting everything, from products and services, to asset classes. NEA's approach for tokenizing private equity and raising substantial funds to fund growth companies and at the same time securing investors through a change in their investment strategies by allocating a percentages of their portfolios from noted stocks into digital assets and private equity, are just one of infinite ways the Fintech industry as a whole can change the world.

We at NEA have presented a technological solution based upon the use of many inventions, derived from the original Bitcoin inventions. We have suggested a blockchain scheme from leading blockchain unicorn CONCORDIUM FOUNDATION, where private equity is tokenized and the NEA token is used as a store of value token to represent underlying values and bridge between crypto industry and private equity and digital asset market. Thus, in a perfect ecosystem, where NEA Exchange serves as an exchange between the Fiat ecosystem and the digital securities ecosystem, where NEA wallets and custody solutions serve as a secure and compliant way of storing investors' tokens and where monthly FIAT payments from profits are distributed back on credit cards to investors and at the same time digital asset holdings correspond to the private equity in the portfolio companies increase in value, over time, making the NEA token a store of value asset class.

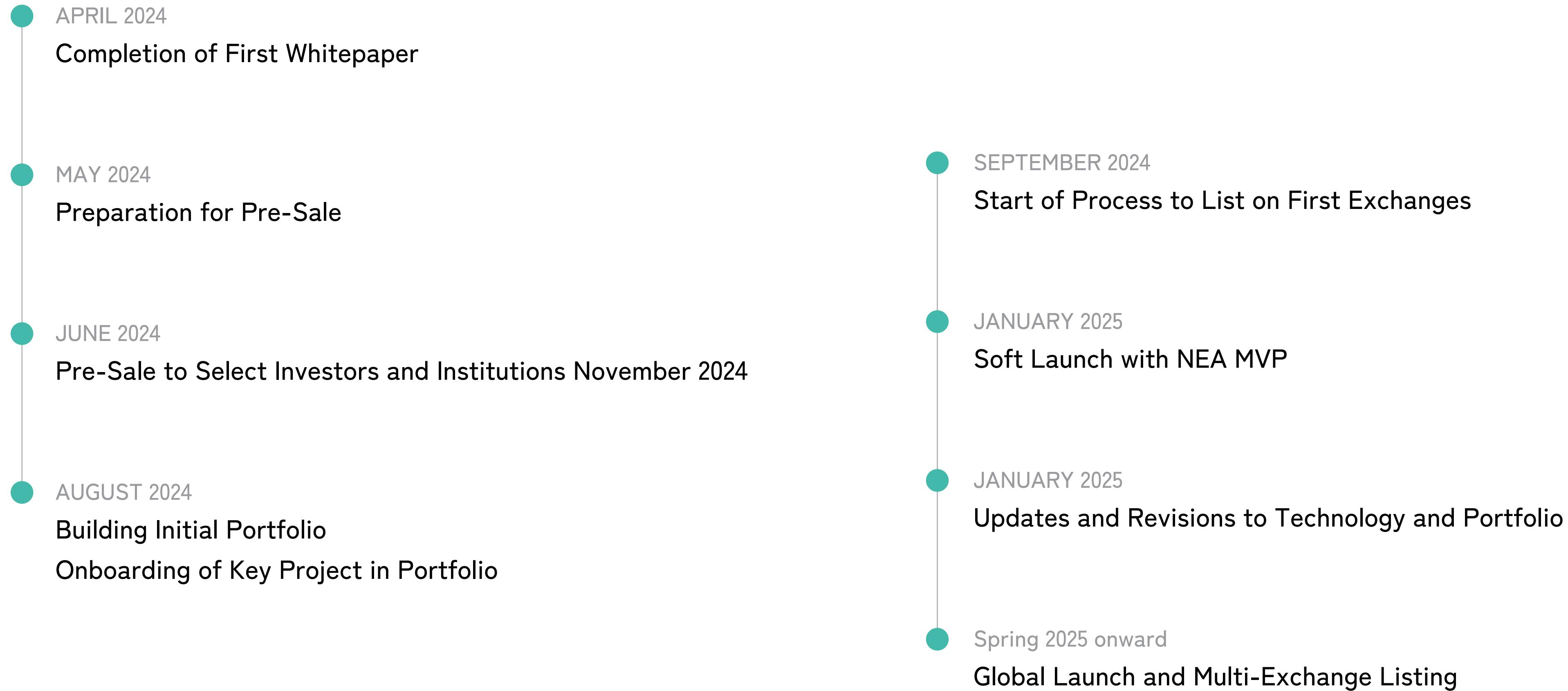
We have demonstrated how the NEA token value and community can grow over time, sharing the methodology for investors to gain outsized returns on investments due to a unique, diversified investment strategy.

We have put suggested programmable policies in place to comply with regulations, but at the same time keeping the privacy and corporate privacy of the people and companies and protecting the NEA ecosystem from hackers and bad actors. Moreover, we have introduced fairness models based on elements of game theory put to practice, culminating in corporate governance and voting procedures through blockchain. These steps lead to a compliance model that is robust on both the blockchain level as well as the operational level. We have provided evidence that all indicators point at large corrections on the stock market and provided safe haven investments for investors at a global scale into private equity and digital assets in the most compliant and regulated way.





Timeline and key roadmap





08 Jurisdiction

NEA have chosen Singapore as the legal jurisdiction for the NEA decentralized company. This is due to Singapore's very positive attitude towards digital assets and its underlying technologies. Both the Singapore government as well as the Singapore Financial Market Supervisory Authority recognize the potential that blockchain and distributed ledger technology may offer to the financial services industry as well as various other areas of the economy. Singapore sees an opportunity to take a global lead in this sector, and officials and authorities are generally open to new developments.

Accounting for some of the first and the largest initial coin offerings ("ICOs"), Singapore has had success in attracting developers and investors, largely due to its business-friendly regulations and digital expertise. This has led to the creation of the so-called "Crypto Valley" in Singapore, considered to be one of the world's leading blockchain/distributed ledger ecosystems. Cryptocurrencies and ICOs give rise to various fundamental legal questions. In January 2018, the Singapore government therefore set up a "blockchain/ICO working group", which aims at analyzing the current legal framework and identifying the need for action by Singapore lawmakers and regulators. Singapore lawmakers and regulatory bodies provide a sandbox where companies such as NEA can compliantly test their offerings.

Under the sandbox exemption, companies accepting deposits are not considered to be acting in a professional capacity, if: (i) the deposits accepted do not exceed a threshold of USD; (ii) the deposits accepted are neither invested nor interest-bearing; and (iii) the investors are informed in advanced that the funds are not supervised by SFMSA and that the funds are not protected by the Singapore deposit insurance regime. If the threshold of USD 1m is exceeded, the company must notify SFMSA within 10 days and file for a banking license.

The second pillar provides that funds held in customer accounts of asset managers, securities dealers, dealers of precious metals or similar companies, which exclusively serve the purpose of settling customer transactions, do not qualify as deposits and therefore do not trigger bank licensing requirements, provided the funds are not interest-bearing and provided that they are forwarded within a relatively short time. This amended "settlement accounts exemption" now allows for the funds to be processed within up to 60 days. However, SFMSA clarified that these exceptions will not apply to cryptocurrency-traders which execute a similar activity as foreign exchange traders by maintaining accounts for their clients for investments in different 50 currencies. Under what circumstances a particular activity is considered to be similar to the activities of "foreign exchange traders" is currently not clear. SFMSA to date has not yet offered any public guidance regarding this question. To date, the scope and content of the planned FinTech license, i.e. the third pillar of Singapore FinTech regulation, have not yet been defined.



In addition to the official efforts to promote Fin-Tech developments in Singapore, there are private initiatives with certain blockchain-specific suggestions. For example, the 13 blockchain Task Force² recently published ideas regarding additional regulatory sandboxes. It proposes establishing a specific sandbox for blockchain projects. This sandbox would provide for lower standards as far as financial market infrastructure, securities dealing and banking activities are concerned. However, anti-money laundering regulations, as well as prospectus requirements set out in the FINSA and currently applicable law, shall continue to apply to the full extent.¹ The Blockchain Task Force furthermore suggests creating a "token map", which would be used to assess whether a particular cryptocurrency/token will likely qualify as a security or not.

The map will consist of three elements: regulatory map to refine SFMSA token categories and provide guidance as to regulatory requirements; (0} a design map with a focus on the design of the tokens and their legal and tax effects; as well as (iii) an investor map to assess and evaluate the risks of tokens. **OWNERSHIP AND LICENSING REQUIREMENTS** Whether tokens may actually be "owned" or not depends, in particular, on the question whether they qualify as securities or not. Under Singapore law, it is undisputed that securities may be legally owned. With regard to tokens, which do not qualify as securities, i.e., native payment tokens such as Bitcoin, the ownership question is currently unresolved. The majority of Singapore scholars currently are of the view that, due to their lack of tangibility and for other reasons, native payment tokens are not a "thing"

Under Singapore law, only banks are allowed to take deposits from the public on a professional basis (see above, "Promotion and testing. Regulated deposit-taking may become an issue for service providers offering to store customers' native payment tokens, in particular. It is currently not clear under what circumstances such service providers qualify as banks.

This depends, in particular, on how the native currency tokens are being stored. and the technical details of how such storage occurs. One possible way to avoid bank license requirements might be to cumulatively ensure that: ii) each token is allocated to the relevant client all the time, possibly in a client specific wallet, so that these native currency tokens can be properly segregated in the event of the services provider's insolvency-, and (ii) that the service provider does not have the possibility to freely dispose over such native currency tokens without the involvement of the relevant client. However, this view is untested and technical details of such a set-up would need to be discussed with SFMSA prior to engaging in any such activities, which might constitute regulated deposit-taking under Singapore banking regulation.

With regard to further licensing requirements, it must be kept in mind that Singapore will implement the new Financial Institutions Act in very near future. These new acts will set forth a new licensing requirement for individual asset managers, and a registration requirement for client advisors. Such registration will be subject to certain requirements such as proof of proper education, training and professional experience. **BORDER RESTRICTIONS** In Singapore there are no particular border restrictions or declaration requirements, which would apply to currencies. **REPORTING REQUIREMENTS** In Singapore making payments with crypto currencies is not a regulated activity and there are no reporting requirements to be met when such payments are made. In Singapore, there are no particular estate planning or testamentary succession aspects concerning cryptocurrencies. Under Singapore law, all possessions with an inheritable value are transferred to the heirs by universal succession. Intangible assets such as cryptocurrencies are considered to have an inheritable value, and are therefore transferable. Bitcoins that are recorded on a blockchain are attached to the latter. It is recommended to determine the heir of the cryptocurrency assets, thereby taking into account the value of these assets for calculating the recipient's share.



Problems arise when the heir does not possess the necessary elements to obtain the cryptocurrencies directly. The heir has to claim the accession data from the online provider, which might prove difficult in reality.

In conclusion, NEA has chosen crypto-friendly Singapore for its operations, with headquarters there. **LEGAL DOCUMENTS / DATA ROOM** The preparation and negotiation of the key documents for the NEA offering is essential when launching the security token offering (STO) for NEA. Therefore, counsel advising NEA should have a keen understanding of the relevant legal considerations, including compliance with securities laws, when negotiating and drafting the key documents composing NEA tokens. In the following we will go through these key documents, including the private placement memorandum (PPM), the subscription agreement, the investor questionnaire, and the formation documents for the NEA fund and its general managers and portfolio managers, as well as service agreement providers.





09 Corporate Governance Of NEA

As Blockchains represent a novel application of cryptography and information technology to age-old problems, they may lead to far-reaching changes in corporate governance. In our quest to create a governed way of structuring the governance in this new ecosystem a lot of rules must be applied and a lot of things be taken into consideration. Many major players in the financial industry have begun to invest in this new technology, and stock exchanges have proposed using blockchains as a new method for trading corporate equities and tracking their ownership. We now seek to list the potential implications of these changes for managers, institutional investors, equity shareholders, auditors, and other parties involved in corporate governance for the NEA corporate governance and self-regulating mechanisms to be designed - taking these considerations into perspective. The lower – or non-existent cost, greater liquidity, more accurate record-keeping, and transparency of ownership offered by the NEA system may significantly upend the balance of power among these players.

The NEA project lists a number of advantages for the ecosystem. Firstly, NEA allows for quicker, cheaper acquisitions and management of equity, but with far less if any secrecy than under the current off-chain systems. Liquidation of positions becomes easier and more transparent, which might make the “exit” channel of corporate governance increasingly attractive at the expense of old systems. Managerial ownership will become much more transparent, with insider buying and selling detected by the market in real time, and manipulations such as the backdating of stock compensation becoming much more difficult, if not impossible, since participants in the NEA

blockchain are unable to “rewrite history” by changing their entries retroactively. Corporate voting will become accurate and strategies such as “empty voting” that are designed to separate voting rights from other aspects of share ownership will become more difficult if not impossible to execute secretly. Any and all of these changes will dramatically affect the balance of power between directors, managers, and shareholders, thus giving a more equalized investor environment. The maintenance and upgrading of blockchains themselves raises interesting governance problems. Governance of a blockchain amounts to having authority to update its code, which might be done either for technical reasons or to change critical constraints or assumptions (such as the rate at which new tokens or shares are issued). As implemented for bitcoin and other digital currencies, blockchains operate on a public, open, and decentralized basis, with all participants in a network (such as all owners of bitcoins) having the opportunity to update them in real time.

Proposed changes to the NEA blockchain code occur via a passive process of adoption or rejection by holders of more than 50% of the network’s voting power, and in principle a change in the code can be initiated by anyone. This decentralization of authority over a blockchain might leave it vulnerable to sabotage and must be handled. Overcoming these vulnerabilities are important priorities for NEA. The alternative of a permissioned blockchain, updated only by authorized participants, appears attractive for security reasons, but it would lack some of the appealing features of an open blockchain. The most extreme alternative, a private blockchain controlled by a central gatekeeper authority, would concentrate operational risk in a single point of failure and might charge monopolist rents to network users or fail to treat them evenhandedly. Making such powerful third parties obsolete and disintermediating financial transactions was the central goal of Nakamoto’s (2008) proposal for a peer-to-peer electronic cash system. At NEA we suggest a private, controlled blockchain, but with community voting powers to affect direction, features, etc.



GOVERNANCE – IN A DECENTRALIZED STRUCTURE

In effect, the NEA organization itself will also be one of virtual, decentralized nature. Websites, domain names etc. will be decentralized, with the company registered in Singapore, but the aim is to code as much logic into the framework and contracts as possible, so physical presence will be of no or little relevance. As the growth companies and crypto community function as shareholders / token holders, dynamic, voting regulated contracts are defined and all parts of the “company’ s” decision making will be driven by same voting mechanisms, from change of code to change of strategies, allocation of funds, internal reward programs etc. Naturally, as above narrative is simplified, further elements would have to be taken into consideration in the coding of the smart contracts, such as but not limited to; legal frameworks, ethical frameworks, exceptions, corporate laws and DNAs, etc. As the NEA project from its birth is introduced as a security, thus taking all the laws of jurisdiction into consideration, the project in itself is compliant, and with all compliances and rules of conduct in place (KYC, Know Your Customer, Origin of Funds check, fraud detection tools etc.)

GREATER TRANSPARENCY OF OWNERSHIP

When used in an open form with free entry and exit, blockchains generate an archive of transactions known as distributed ledgers, because a copy of each block of transactions is distributed or made visible to all members of the network. For a company with shares 56 listed on a public blockchain, all shareholders and other interested parties would be able to view the arrangement of ownership at any time and identify changes instantly as they occurred. Not all shareholders would be attracted to this arrangement; Some investors might want to conceal their trades for exactly the same reasons that equity shareholders or fund managers might wish to observe them.

NEA have balanced these considerations and concluded that NEA shares would be more lucrative on a private, permissioned blockchain, where the visibility of transactions could be restricted to a set of member firms or trusted gatekeepers and investors would enjoy more anonymity. Even under the private or permissioned blockchain models, the real-time archive of transactions would create much more current and complete information about NEA ‘s ownership than is available in stock markets today, and it would be visible to at least some observers. If the ledger of transactions were visible only to the blockchain sponsor and to the government, the impact on investors’ trading strategies and insiders’ incentives could still be profound as discussed below. Ironically, issuing companies might find public blockchains attractive as a type of takeover defense, because their transparent structure undercuts the secrecy prized by shareholder activists and corporate raiders when building hostile positions and instead promotes passive shareholder behavior. One would expect the demand for identification of ownership on a blockchain to lead to a growth in specialist “de-anonymizing” research firms that already exist, earning subscriber fees by ascertaining the ownership of individual digital wallet addresses. This process amounts to a modernization of the decoding methods that Wall Street participants have used for decades if not centuries, attempting to infer the presence of certain buyers or sellers in the market by observing details of the size, timing, and sequence of their trades. On the Bitcoin blockchain, maintaining anonymity has at times proven difficult. Law enforcement officials have successfully identified and prosecuted money launderers, drug dealers, operators of virtual casinos and Ponzi schemes, and other miscreants. When NEA issues equity on the public blockchain resembling other security tokens, the situation would most likely be similar. Even without advanced forensics, one could rather easily match digital wallets with individual stock traders by searching the raw data for a particular transaction pattern that is known to have occurred, such as a company’ s award to a manager of a certain quantity of restricted shares on a particular date.



Potentially a share owner could stay a step ahead by using a different digital wallet for each transaction or breaking transactions at once. To defeat these strategies, regulators might require corporate insiders to disclose their digital wallet identifications, or public keys, under penalty of law. This would likely be part of an evolution of the disclosure regulations that most countries apply to managers and significant outside shareholders, who typically must identify themselves after passing certain ownership thresholds.

VOTING IN CORPORATE ELECTIONS

Blockchain technology has been proposed as a platform for voting in all types of elections and it appears to be a viable substitute for the dusty corporate proxy voting system that has endured for hundreds of years. Blockchain technology will allow votes to be instantly and securely recorded, streamlining a labor-intensive proxy voting process. At NEA - a voting system is suggested where voting coins are used for voting processes. Investors will on top of security tokens receive voting coins and voting wallets and elections will be held on larger decisions, where you vote simply by transferring voting tokens to the “In favor” wallets or “rejected” wallets.

REAL TIME ACCOUNTING ON THE NEA BLOCKCHAIN

Real-time accounting on the blockchain gives investors an instant view of all transactions





10 Compliance Of NEA

Governance, risk management and compliance, GRC

In the design of the NEA blockchain and smart contracts, compliance has been a central element.

Focus has been on.

Issuance Quality:

- Enhanced due diligence on portfolio companies, investors entering the NEA Blockchain Investor
- representation and undertakings
- Documentation
- Trial Issuance
- Obtaining advise from industry leading expert

NEA ISSUANCE POLICIES:

Issuer Onboarding for NEA private equity tokens do not differ much from traditional insurance policies for traditional securities. Standard KYC rules and Anti-money-laundry (AML) rules still apply. Risk is not dramatically increased just because new technologies are used. Moreover, NEA looks at:

Source of wealth of funds (Origin of funds):

- The reputation of portfolio companies
- What assets backs the tokens
- Involvement of any politically exposed persons
- Perception of potential risk associated with criminal activities
- Existence and effectiveness of AML and other controls put in place



Risk Factors

Investors should be extremely careful entering digital asset investments in general. All investors are urged to do their own due diligence. NEA's focus has been on eliminating risks in following due diligence check list:

1. Assess security risks of blockchain protocol underlying the NEA tokenized securities.
2. Understand inherent price volatility in the crypto space in general as well as the NEA securities.
3. Assess any vulnerabilities of open-source software that underlies NEA's technology, including risks of data breaches and theft of assets.
4. Keep abreast of ongoing regulatory developments concerning tokenized securities, which may vary significantly among jurisdictions.
5. Pressure test the NEA business model and growth strategy, and assess whether such strategy would be compatible with existing and/or upcoming regulatory requirements. (Proof of concept has been carried out with 20 portfolio companies with success)
6. Assess whether tokens traded on a platform need to be held by a custodian or digital wallet held by a custodian during the trading process. If so, assess approval requirements for the issuer's broker-dealer or equivalent license due to the issuer's custodial relationship.
7. Assess NEA's ability to develop competitive advantages with respect to its products and services, and whether NEA has sufficient resources to develop its products and services and succeed in developing and maintaining market share.
8. Assess regulatory exposure of NEA, and whether regulatory changes will adversely impact NEA's compliance, business and technology resources and give rise to additional operational costs.
9. Assess risks of illegal activity occurring with NEA's products/services or over the platforms and understand the effect on NEA's business.
10. Assess whether NEA has sufficient cash flow from operating activities and whether it will be able to maintain adequate capital to meet regulatory capital requirements and meet the needs of its business.
11. Understand regulatory capital requirements with respect to the exchange authorities in jurisdictions where NEA operates, and assess whether such regulations would require maintenance of capital reserves.
12. Assess how IT systems and capacity constraints would affect business operations and growth of NEA.
13. Assess cybersecurity risks applicable to business operations, and the extent to which ongoing compliance with cybersecurity requirements may result in additional costs.
14. Assess the risks that misuse or misappropriation of encrypted personal data may give rise to breaches of privacy laws, fines and sanctions, and risks of security breaches with respect to the token holders' personal identity information base.
15. Assess vulnerability of NEA's operational infrastructure or security system to security breaches or malfeasance of employees.



Regulatory Compliance

A framework has been presented for embracing strict AML and GDPR protocols, thereby mitigating money laundering risk, tax manipulation and providing a framework for governments to review transactions and client registers while still keeping data secure. The framework design has been made following especially the rules of Switzerland FIMNA regulations and USA SEC regulations. The methodology has been to read and interpret the regulations themselves, together with going through various settlement case documents and coming up with a bullet proof compliance framework that puts ALL aspects into consideration. But NEA goes even further and has aligned with world leading fraud detection companies to ensure AI driven fraud detection in all processes. Lastly, the initial API is being prepared for Interpol and other government agencies, so they upon request, at any point, can scan the NEA blockchain and its ecosystem for any suspicious activity. For full regulation description, see section: Regulation. KYC NEA is a transparent and compliant blockchain and is structured in a way that ensures regulatory compliance towards government bodies. KYC procedures and documentation is managed according to the government standards and are provided with full insight for tax and AML purposes, making the NEA concept feasible from a government compliance regulatory perspective and for institutional investor perspective.

THE COMPLIANCE SETUP GOING FORWARD

The compliance experts will support NEA with compliance and co-sourcing going forward. The support will include an engagement revolving around establishment of a general GRC structure and the creation of business processes and relevant policies including, but not limited to, the following:

- Rules of procedure for the Board of Directors
- Executive order of business
- KYC procedures & control environment
- Money Laundering Policy and Guidelines
- Money Laundering Risk Assessment
- Policy for overall risk management
- Market and credit risk
- Operational risk policy
- IT security
- IT contingency plan
- ITGC
- Policy and guidelines for insurance risks (liability related to hacking risks etc.)
- Policy and guidelines for new services and products
- Liquidity risk
- Execution Policy



Thus, the overall compliance setup as well as the general governance structure in the NEA community, the internal controls and the reporting and whistleblower framework is established. In addition, the team is supporting NEA in terms of tailor-made compliance support solutions through effective compliance methodologies, thereby ensuring continuity, accessibility and quality.

CONCLUSION NEA's token design takes into consideration all the different requirements of a security token offering, but does not trigger nor violate regulator's security laws.

RISK

A number of risk factors can have a negative impact on NEA token value and NEA operations. It is therefore of great importance for all investors looking into investing in NEA to consider the relevant risks alongside the growth opportunities for the Decentralized Company. Other risks are associated with the tokens offered for sale through this White Paper. Risk factors are described below in no particular order and without claiming to be exhaustive.⁶⁸ The risk factors are classified between low, medium and high risk of happening based on NEA's own evaluation. Evaluation of risk may have another result, if carried out by a 3rd party. For natural reasons, it is not possible to assess all risk factors without a combined evaluation of other information in the White Paper, along with a general assessment. All risk factors mentioned, if they occur, have at least some currently undefined impact on NEA's future value.

RISKS RELATED TO NEA'S OPERATIONS

The digital asset market is a new market, which has not previously been exploited at a large scale, and therefore lack sufficient research into its profitability. NEA has made estimations based on industry research and there is a risk that the Company's estimations are not estimated correctly, which may cause the Company's revenue to be wholly or partly absent. There is also a risk that the political climate changes, which may cause NEA to be unable to sell its services and investment products on the market, which may cause the Company's future revenue to be wholly or partly absent.

Probability of risk happening: low

EXECUTION RISK TO DEVELOP AND ROLL OUT PROJECTS

There is a risk that the Company will not be able to launch any new products or launch products to the extent that the Company intends. It is not possible to anticipate NEA's penetration potential in advance, and there is a risk that revenue will be fully or partially lost. NEA will also continue to develop and further develop on the tech platform and underlying blockchain within its business area. It is not possible to predict in advance exact time and cost aspects for product awareness and brand development, even though NEA have very detailed product roadmaps, 3rd party offers, with very detailed feature descriptions, tech stack descriptions, mockups, minimum viable product designs etc. and follow branch specific templates for controlling IT projects. This entails a risk that a planned development will be costlier than planned and vary from estimated budgets and current offers. There is moreover a risk that the above will have negative consequences for the Company's operations and earnings. If the development of a new product or a new service takes longer than expected, there is a risk that the same will lead to increased development costs and thereby a lower operating profit for the Company.

Probability of risk happening: medium



PERMISSION FROM FEDERAL AGENCIES

In order to be able to sell and market financial products, the Company must receive an authorization to do so by government bodies in the countries where NEA operates. In the case that the Company, directly or indirectly through its partners, does not receive necessary permits or licenses from the authorities, there is a risk that the Company's ability to generate revenue is affected. The current regulations could be subject to changes, and there is risk that this affects the Company's ability to receive the authorization to sell financial products. The current legislation and interpretations surrounding fintech and digital securities may change. There is a risk that this will affect the Company's ability to meet regulatory requirements. Therefore, there is a risk that NEA, directly or through partners and subcontractors will not receive the necessary permits. In case the Company does not receive the necessary permits from the governments where NEA operates there is a risk that the Company's earnings and financial position will be adversely affected.

Probability of risk happening: low

COMPETITORS

Some of the Company's competitors and potential future competitors are multinational companies with large financial resources. There is a risk that widespread investment and product development from one or more competitors will result in worsening sales or worsening revenue opportunities for NEA, as the competitor may develop products that are more competitive than the products that NEA will provide. Furthermore, companies with global operations currently working in the banking sector may decide to establish businesses that copy NEA's unique business and patent protected concept. There is a risk that increased competition will lead to negative sales and profit effects for the Company in the event that competitors develop products with better functioning and/or better quality.

Probability of risk happening: medium

KEY STAFF AND EMPLOYEES

NEA is dependent on key persons to conduct its business and maintain permits. At the date of issue of the whitepaper, the Company's key employees consist of Board Members, Investment Committee and highly-skilled staff. There is a risk that a loss of one or more key employees would have adverse consequences for the Company's business operations and its financial results. There is a risk that NEA needs to recruit staff to replace key personnel, which can be a costly process, both in terms of time and money. There is a risk that the Company will incur increased expenses as a result. There is also a risk that the Company cannot replace staff. The risk of unauthorized disclosure of information is also present, which would generate a risk that competitors may receive information about and take advantage of the know-how developed by the Company. There is a risk that NEA competitors, using such dissemination of information, will further develop their products and that the Company thereby faces increased competition, which may adversely affect the Company's operations, financial position and results.

Probability of risk happening: medium

BUSINESS CYCLES AND ECONOMIC TRENDS

There is a risk that external factors such as supply and demand, economic booms and recessions, inflation and changes in interest rates will have an impact on operating costs and selling prices. (Even though in NEA's case that will have a positive impact on operation and results). There is a risk that the Company's costs and future revenues will be adversely affected by these factors.

Probability of risk happening: medium



FOREIGN EXCHANGE RISK

There is a risk that part of the sales revenue will flow into international currency. Purchasing of products is made in foreign currency. There is a risk that currency exchange rates will be changed significantly and there is a risk that the Company's costs and future revenues are adversely affected by changes in exchange rates.

Probability of risk happening: medium

INSURANCE RISK

NEA has a corporate insurance which includes property and property damage, theft of products, legal protection and general responsibility. There is a risk that NEA will suffer damages or incur damages that are fully or partially not covered by the insurance, which may adversely affect the Company's operations, results and financial position. This poses the risk that NEA in such a scenario will have to pay damages or repairs from its own funds, which results in a deteriorating financial position for the Company.

Probability of risk happening: medium

TAX-RELATED RISKS

NEA's operations are conducted in accordance with the Company's perception and interpretation of relevant tax legislation, tax treaties and other applicable rules. There is a risk that the Company's interpretation of applicable laws, regulations or relevant authorities' interpretation of these or of administrative practice is incorrect or that such rules are changed to the Company's disadvantage. There is a risk that the Company will be subject to tax auditing, the Tax Agency's decision or amended legislation, which may cause the Company's tax situation to deteriorate. There is a risk that this will adversely affect the Company's financial position.

Probability of risk happening: medium

MARKET GROWTH, ACQUISITIONS, ETC.

NEA plans to expand over the coming years, firstly by targeting the Singapore capital market. There is a risk that establishments will be delayed, resulting in loss of income. Rapid growth may involve the Company making acquisitions of other companies. There is a risk that lack of synergies and less successful integration will affect the Company's operations and results in a negative way. There is also a risk that rapid growth will cause problems at the organizational level. There are also risks in recruiting the right staff, and there may be difficulties in successfully integrating new staff into the organization.

Probability of risk happening: medium

DISPUTES

There is a risk that NEA becomes involved in disputes within the framework of normal business and may be subject to claims regarding contractual matters, product liability and alleged errors in deliveries of the Company's products. There is a risk that such disputes and claims will be time consuming, disruptive to normal operations and lead to significant costs. It is not possible to predict the outcome of complex disputes. Thus, disputes can have a negative impact on the Company's operations, profit and financial position.

Probability of risk happening: medium

ETHICAL RISK

NEA conducts its business in a new industry. There is a risk that the Company's business and/or the industry in which NEA operates may be perceived as being controversial. As a result, there is a risk of negative publicity or announcements, justified or not, which may adversely affect the Company's business financially.

Probability of risk happening: medium



PSYCHOLOGICAL FACTORS

There is a risk that the securities market is influenced by psychological factors such as trends, rumors and reactions to news that are not directly linked to the marketplace, etc. There is a risk that the Company's tokenized shares will be affected in the same way as all other securities that are traded on different lists. There is a risk that psychological factors and its subsequent effects on price developments will adversely affect the market price of the Company's shares.

Probability of risk happening: medium

Full Disclaimer

This NEA Whitepaper is for information purposes only. NEA does not guarantee the accuracy of or the conclusions reached in this white paper, and this white paper is provided "as is". NEA does not make and expressly disclaims all representations and warranties, express, implied, statutory or otherwise, whatsoever, including, but not limited to: (i) warranties of merchantability, fitness for a particular purpose, suitability, usage, title or no infringement; (ii) that the contents of this white paper are free from error; and (iii) that such contents will not infringe third-party rights. NEA and its affiliates shall have no liability for damages of any kind arising out of the use, reference to, or reliance on this white paper or any of the content contained herein, even if advised of the possibility of such damages. In no event will NEA or its affiliates be liable to any person or entity for any damages, losses, liabilities, costs or expenses of any kind, whether direct or indirect, consequential, compensatory, incidental, actual, exemplary, punitive or special for the use of, reference to, or reliance on this white paper or any of the content contained herein, including, without limitation, any loss of business, revenues, profits, data, use, goodwill or other intangible losses. This white paper is written in layman's language and terms to appeal to a large and diversified audience. Various investment terms and crypto terms are widely used in the different sections of this white paper. A definition section is available.

LEGAL DISCLAIMER

RESPONSIBILITY STATEMENT

SIGMA ASIA PACIFIC SG PTE. LTD. is responsible for this offering. The Company's Statement: "We hereby declare that we, as the persons responsible for this Token Offering on behalf of the Company, have taken all reasonable care to ensure that, to the best of our knowledge and belief, the information contained in this White Paper is in accordance with the facts and does not omit anything likely to affect the import of its contents". This White Paper contains all the elements required to be included in a summary for this type of token and issuer under the Prospectus Regulation. Because some elements are not required to be addressed, there may be gaps in the numbering sequence of the elements. Even though an element may be required to be inserted in the White Paper because of the type of security and issuer, it is possible that no relevant information can be given regarding the element. In this case a short description of the element is included in the summary with the mention of "not applicable."

WARNING TO INVESTORS

Any decision to invest in the NEA tokens should be based on consideration of the White Paper as a whole by the investor. Where a claim relating to the information contained in the White Paper is brought before a court, the plaintiff investor might, under the national legislation of the EEA member states, have to bear the costs of translating this White Paper before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the White Paper or it does not provide, when read together with the other parts of the White Paper, key information in order to aid investors when considering whether to invest in the NEA Tokens.



COMPLIANCE OF NEA

No agreement has been made in regard to use of the intermediary's whitepaper in connection with a subsequent resale or final placement of the tokens. The Company is registered with the legal name SIGMA ASIA PACIFIC SG PTE. LTD. The Company also carries out business under the name NEA. NEA refers to NEA's token.

TOKEN RIGHTS

Tokens will be issued in Singapore. Each token entitles its holder to one vote at general meetings of token holders of the Company and to receive distributed dividends according to contributions. At general meetings, the attending token holders are able to ask questions to our Board of Directors and our Executive Board concerning the items on the agenda.

DIVIDEND POLICY

All investors investing in NEA tokens are eligible of voting rights and eligibility to receive dividends.

This whitepaper is personal to each investor and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the NEA tokens.





NEA Project Introduction

Project 1st : NEA Investment Project Teaser: Unveiling Mongolia's Computing Powerhouse

Project Overview

In an era where digital transformation is accelerating, the demand for enhanced computing capabilities is surging globally, driven by advancements in the Internet of Things (IoT), 5G, artificial intelligence (AI), and big data analytics. Positioned at the confluence of these technological revolutions, the NEA Investment Project aims to establish a state-of-the-art computing capability center in Mongolia, leveraging the country's abundant coal resources for cheap electricity, strategic partnerships for advanced hardware, and supportive regulatory frameworks.

Strategic Location: Mongolia

Resource Rich: With vast coal mine resources, Mongolia offers an unparalleled advantage in the form of the cheapest electricity prices, a critical component for high-intensity computing operations.

Governmental Support: The ambitious drive to foster the AI industry and establish a computing capability center, underpinned by favorable policies and licenses exclusive to our project.

Key Players & Roles

Mongolian Coal Mine Company:

A leader in the field with 5 licenses and 1.2 billion tons of coal, ensuring a steady and cheap electricity supply. Also holds the operational license for the computing center.

NASDAQ-Listed GPU Manufacturer:

A frontrunner in GPU and crypto mining machine technology, offering access to high-quality equipment at significantly reduced costs, courtesy of the shift in Chinese regulatory policies.

SIGMA ASIA PACIFIC SG PTE. LTD. (NEA Fund):

The investment arm orchestrating the financing through a pre-sale of 10 billion NEA tokens, aiming to catalyze the project's launch and sustainability.

Innovative Business Model Foundation

Utilize Mongolia's cheap electricity and acquired GPU and crypto mining machines to establish a robust computing center.



Revenue Streams

Offer computing services to AI companies, data centers, and other entities in need. Additionally, engage in bitcoin mining as a flexible business strategy, adjusting to market dynamics.

Competitive Edge

Boasts the lowest operational costs due to cheap electricity and equipment, backed by an exclusive operational license in Mongolia.

Investment & Financial Highlights

Projected Investment: Estimated total investment ranges between \$300 to \$500 million, with an initial phase budget of \$150 million.

Unique Advantages

The project uniquely combines strategic resource utilization, advanced technology access, and regulatory support to maximize profitability and growth potential.

Risk Mitigation

Asset Security: A \$79 million valued coal mine and the project's cash flow are pledged as collateral, offering security and priority distribution to NEA token holders, mitigating investment risks.

Invitation to Invest

The NEA Investment Project presents a landmark opportunity to be at the forefront of Mongolia's transformation into a global computing hub. This initiative not only capitalizes on the exponential growth in demand for computing power but also sets a precedent for sustainable and economically advantageous development in the region. Investors are invited to join this visionary venture, poised for substantial returns and global impact.



Project reference |

Why Computing Power as the "New Infrastructure" of Artificial Intelligence

Executive Summary

Computing power has transitioned into being the cornerstone, the "new infrastructure," of Artificial Intelligence (AI) development globally. This paradigm shift highlights the increasing importance of hardware capabilities, data processing speeds, and the computational resources necessary for the research, development, and deployment of AI technologies. These are the reasons behind this shift, its implications for various sectors, and the challenges and opportunities it presents.

Introduction

The evolution of AI from theoretical concepts to practical applications has been significantly accelerated by advancements in computing power. As AI models become more complex, the demand for higher computing power grows exponentially. This demand has led to computing power being recognized as a critical infrastructure, akin to traditional utilities, for the modern digital economy and AI ecosystem.

The Role of Computing Power in AI

Accelerating AI Research and Development

Computing power enables the processing of large datasets and the execution of complex algorithms, which are fundamental to AI research and development. High-performance computing (HPC) systems and GPUs have become essential tools in training deep learning models, reducing the time from months to days or even hours.

Democratizing AI Access

The cloud computing revolution has democratized access to high computing power, enabling startups and research institutions with limited resources to access state-of-the-art computational resources. This accessibility fosters innovation and competition in the AI field, driving further advancements.

Enabling Advanced AI Applications

Advanced AI applications in natural language processing, computer vision, and predictive analytics require substantial computing resources. The deployment of 5G technology and edge computing is expanding the possibilities for AI applications by reducing latency and increasing the speed of data processing.



Implications for Various Sectors

Economic Impact

The demand for computing power drives investments in data centers, cloud services, and semiconductor industries, contributing significantly to economic growth. However, it also raises concerns about energy consumption and the environmental impact of powering this infrastructure.

National Security and Geopolitical Considerations

Computing power is becoming a strategic asset, with nations recognizing its importance in achieving technological sovereignty and leadership in AI. Investments in quantum computing and efforts to secure supply chains for critical components reflect its significance for national security.

Ethical and Societal Concerns

The concentration of computing power among a few corporations and countries raises questions about equity, privacy, and the control of AI technologies. There's an ongoing debate on how to ensure that the benefits of AI are widely distributed and used ethically.

Challenges and Opportunities

Scalability and Sustainability

As AI models grow in complexity, the challenge of scaling computing infrastructure sustainably becomes more acute. Innovations in energy-efficient computing and alternative computational models, such as neuromorphic computing, offer potential solutions.

Bridging the Digital Divide

The disparity in access to computing power exacerbates the digital divide. International cooperation and policy frameworks are needed to ensure equitable access to AI technologies globally.

Fostering Innovation Ecosystems

Creating ecosystems that support innovation in computing technologies and AI applications is essential for maintaining competitiveness. This involves investments in education, research, and collaboration between academia, industry, and government.

Conclusion

Computing power as the "new infrastructure" of AI marks a significant shift in the technological landscape. While it presents numerous opportunities for innovation and growth, it also brings challenges that require collaborative efforts to address. Balancing the demand for computing power with sustainability, ethical considerations, and equitable access will be critical for harnessing the full potential of AI for society.



Project reference II

Mongolia's Coal Mining Industry and Strategic Solutions

Executive Summary

Mongolia boasts significant natural resources, with coal mines being among the most valuable. However, its geographical position, nestled between China and Russia, poses unique challenges in maximizing the value of these coal mines. This report explores the constraints Mongolia faces due to its location and proposes innovative solutions to leverage its coal resources effectively, focusing on the transition towards becoming a low-cost electricity provider for computing power houses and crypto mining farms.

1. Mongolia's Rich Coal Reserves

Mongolia is home to vast coal reserves, making it one of the key players in the global coal mining industry. Its coal mines are a critical component of the national economy, contributing significantly to Mongolia's export revenues. The country's coal resources are not only abundant but also relatively untapped, presenting a substantial opportunity for economic growth and development.

2. Underutilization of Coal Resources

Despite having rich coal reserves, Mongolia faces challenges in fully capitalizing on this natural resource. The primary obstacle is not the lack of reserves or mining capabilities but external geopolitical and logistical constraints. These challenges prevent Mongolia from maximizing the value derived from its coal mines.

3. Geopolitical Constraints

Mongolia's geographical positioning, sandwiched between China and Russia, significantly impacts its ability to export coal. Due to this location, Mongolia's export routes are limited, requiring the approval of either China or Russia for coal transit. Both neighboring countries exert considerable influence over Mongolia's export capabilities, often limiting quotas and exercising bargaining power over logistics. This situation results in Mongolia not being able to freely access international markets or negotiate favorable export terms, thereby diminishing the potential value of its coal resources.

4. Impact on the Coal Mining Industry

The geopolitical and logistical limitations have a profound impact on Mongolia's coal mining industry. The restricted ability to export coal not only affects the industry's growth prospects but also limits the overall economic benefits to the country. With the global shift towards renewable energy and the potential decline in coal demand, the urgency to find alternative strategies for Mongolia's coal resources becomes even more critical.



5. Proposed Solution: Leveraging Coal for Electricity Production

One viable solution to circumvent the current challenges is for Mongolia to pivot towards using its coal reserves for domestic electricity production, specifically targeting the computing power and crypto mining sectors. By converting coal into low-cost electricity, Mongolia can attract investments in data centers, computing power houses, and crypto mining farms. This approach has several advantages:

Decoupling from Export Quotas:

By focusing on electricity production for specific industries within its borders, Mongolia can bypass the limitations imposed by China and Russia on coal exports.

Leveraging Global Trends:

The demand for computing power and crypto mining operations is on the rise, with a significant emphasis on locating in areas with access to low-cost electricity. Mongolia's abundant coal resources can be converted into a competitive advantage in this sector.

Sustainable Development:

Although coal is a non-renewable resource, this strategy allows Mongolia to gradually develop its renewable energy capabilities by reinvesting profits from the computing and crypto sectors into sustainable energy projects.

Conclusion

Mongolia's rich coal mines are a national asset that, if leveraged correctly, can provide substantial economic benefits. However, the current geopolitical and logistical challenges necessitate a strategic rethinking of how to maximize these resources. By transitioning towards becoming a low-cost electricity provider for the computing and crypto mining industries, Mongolia can not only overcome the constraints of its geographical position but also secure a sustainable and profitable future for its coal mining industry. This strategy requires careful planning, investment in infrastructure, and a regulatory framework that supports innovation and growth in these sectors.



Project reference III

The Shift in the Crypto Mining Landscape and Opportunities in Neighboring Countries

Executive Summary

This report delves into the evolution of the crypto mining industry, with a focus on the impact of regulatory changes in China on the global crypto mining landscape. It further explores the potential opportunities that arise from these changes, particularly in countries neighboring China, such as Mongolia and Russia. The analysis covers the shift from China being the epicenter of crypto mining due to low electricity costs, through the crackdown on crypto mining activities by the Chinese government, to the emergence of alternative locations for crypto mining operations that offer competitive advantages in operating and fixed asset costs.

1. China's Former Dominance in Crypto Mining

China once held the title as the most popular country for crypto mining businesses, primarily due to its low-cost power and electricity. The abundance of cheap electricity, combined with the availability of advanced mining technology, made China an attractive hub for crypto mining operations. This dominance contributed significantly to the global crypto mining capacity, with a substantial portion of Bitcoin mining operations being based in China.

2. Chinese Government's Crackdown on Crypto Mining

The Chinese government, citing environmental concerns and the substantial energy consumption associated with crypto mining, has implemented strict regulations against the crypto mining industry. This crackdown was motivated by the perception that crypto mining activities contribute little to the country's economic development while consuming vast amounts of energy. These regulatory measures have led to a significant reduction in crypto mining activities within China, marking a pivotal shift in the country's stance towards the crypto industry.

3. Impact on Crypto Mining Business Owners

The stringent regulations and the subsequent ban on crypto mining in China have compelled business owners to cease operations. This sudden halt in mining activities has led to a surplus of crypto mining machines, which owners have been forced to sell at significantly reduced prices. The depreciation in the value of these assets reflects the immediate impact of the government's crackdown on the industry.

4. Alternative Use of Crypto Mining Machines

Interestingly, the functionality of crypto mining machines extends beyond mining cryptocurrencies. These machines possess the computational power required for setting up computing power houses, which serve various industries, including but not limited to, data analysis, cloud computing, and artificial intelligence. This versatility provides an opportunity for business owners to repurpose their existing equipment for alternative ventures that may not face the same regulatory pressures as crypto mining.



5. Opportunities in Neighboring Countries

Countries in close proximity to China, such as Mongolia and Russia, present viable alternatives for relocating crypto mining operations or establishing computing power houses. These nations offer several advantages, including access to cheap power and electricity, which is crucial for the energy-intensive process of crypto mining. Securing a business license for crypto mining or computing power operations in these countries could lead to significant cost savings on both operating expenses and fixed asset investments. The lower cost structure, combined with the strategic geographic positioning near China, could position these businesses to capitalize on the void left by China's regulatory measures.

Conclusion

The Chinese government's crackdown on crypto mining has undeniably reshaped the global landscape of the industry, displacing a significant portion of operations from its borders. This shift presents a unique opportunity for countries neighboring China, such as Mongolia and Russia, to attract these displaced operations. By leveraging their access to cheap electricity and favorable regulatory environments, these countries can become new hubs for crypto mining and computing power industries. For entrepreneurs and business owners, the key to success in these ventures lies in navigating the regulatory landscape, securing cost-effective power solutions, and repurposing existing assets to adapt to the changing dynamics of the global crypto mining industry.

