

## Information Memorandum

### Preface

This private placement Memorandum (hereafter referred to as “the Memo”) is prepared by the CFUNWORLD LTD. and it is ready to be used by accredited investors. Unless the context requires otherwise, terms like “CFUNWORLD”, “the Company”, “We”, “Ours”, etc. all refer to the company CFUNWORLD.LTD. And all legal tender amount listed in this Memo is in US dollars.

The purpose of this Memo is to introduce CFunWorld and the private placement of its Security Token CFT to qualified investors. In order to become accredited investors, each potential investor will need to fill in a purchase agreement and other relevant documents required by the Company. Every potential investor should carefully review the purchase agreement and other documents to obtain complete information on investor’s rights, privileges and obligations. In the event of any conflict or inconsistency between any term, condition, provision or document of this kind and the descriptions or terms in the Memo, the latter shall prevail. The Company reserves the right to amend, at its own discretion, the terms of sales and purchase agreements in this Memo. And the Company owns the right to reject all or part of its commitment.

CFT will be provided and sold in accordance with Section 4 (a) (2), Regulation D and Regulation S of the Securities Act. CFT is subject to transfer and resale restrictions, and may not be transferred or resold unless it is stated otherwise in the terms of the purchase agreement. Investors should be aware that they will bear this investment risk. Investment in CFT is denominated in US dollars. Investors can choose to invest using Bitcoin, USDT or Fiat for CFT. There may be fluctuations in the exchange rates of these currencies, which may adversely affect the value of investment, the unit price or revenue.

Investors should investigate and evaluate CFT, including its advantages and risks. Investment in CFT may be risky, volatile and immobile. Prospective investors should thoroughly review the information contained herein and the terms in the purchase

agreement, and carefully consider whether investment in CFT is a wise choice based on investor's current financial position and objective.

Other than the statements listed in the Memo, no one is authorized to make any declaration concerning the Company or the sale of CFT, and any such declaration shall be invalid.

**Warning Statement on Forward-Looking Statements**

Some of the statements in the Memo constitute forward-looking statements. Forward-looking terms like "possible", "will", "shall", "projection", "anticipation", "belief", "estimation", "intention", "expectation", "continuation", etc. are used in this Memo. These forward-looking statements may lead important factors to deviate from the actual performance or achievements of the Company and CFT. These factors include the Company's anticipated actions and performance objectives, involving known and unknown risks or uncertainties. We disclaim that the Company will not undertake any obligations or commitments to changes in any circumstances.

Perspective investors should not interpret this Memo as investment, law, taxation, regulation, finance, accounting or other recommendations. This Memo is not intended to provide the only basis for any evaluation of CFT investment. Before purchasing CFT, perspective investors should consult their own legal, investment, taxation, accounting, etc. consultants for advice, in order to determine the potential profits, risks and other related consequences of such investments.

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## **1 Company Introduction**

CFUNWORLD LTD. is a USA registered company who provides with ACG content platform based on blockchain technology. It has business operation in Japan and South Korea.

CFunWorld focuses on American, Japanese, and South Korean ACG content creation market, and the ACG content consumption market in China, Malaysia, Vietnam and other Asian countries. CFunWorld applies blockchain technology to spread entertainment culture, breaks with the traditional methods of ACG content creation and consumption, redefines the value link between works and people, and provides copyright protection mechanisms for all works to eventually build a globalized ACG entertainment community.

CFun DApp was launched in June 2018 and has been updated to version 2.1.1. CFunWorld users can read original comics from Japan, South Korea and the U.S. for free or pay with CFun Token on the platform, or obtain CFun Token through thumb up, forwarding, comments and other behaviors. After creators upload cartoons to the platform, they earn 60-70% of the income from paid reading. Celebrities will settle in the platform, creating IP comics together with creators and fans, and contribute a large number of fans to CFunWorld while obtaining content and income.

We will sign 500 celebrities in the next five years to customize IP comics for them and share platform users. Through continuous content input and the accumulation of a large number of fans, valuable IP can be incubated, and IP value-added income can be obtained through IP authorization and incubation of film and television works. At the same time, CFunWorld will gain access to more than 40,000 comics (including adult comics) over the next five years, earning a high income from paid comic reading.

CFunWorld will issue CFT security tokens. CFT is backed with the interest and benefit generated from business operation of CFunWorld. CFunWorld will distribute at least 50%

net profit to all token holders in each financial year. Token holders generally will not have voting rights and generally will have no ability to influence the decisions of CFunWorld.

As of December 1, 2018, CFUNWORLD has released about 900,000,000 CFun Token. CFun Token has been traded on cryptocurrency exchanges since January 2018. At present, CFun Token can be traded on the following crypto currency exchanges: coinegg, exxvip and coinrail. According to <https://coinmarket.com/currencies/cfun>, as of December 1, a (1) CFun Token worth about \$0.0005. CFUNWORLD owns 400,000,000 CFun Token.

For more information about CFunWorld and the draft white paper, please visit: <https://cfun.jp>.

## 2 CFunWorld Advantages

This is a platform which can get access to massive IP at a low price or even for free.

This is a low-cost yet highly successful incubator of quality IPs.

This is a comics platform which thoroughly protects privacy via utility token.

This is a platform which shares its profits with investors via security token.

—How dose CFunWorld get access to massive IP assets at a low prize or even for free?

Through digital encrypted castles, and constructed using blockchain technology, CFunWorld consolidates each individual on the platform, including creators, translators, celebrities, and readers, and forms a well-oiled DAO (Distributed Autonomous Organization). Everyone in the castle has well-defined responsibilities and roles, and shares content profit based on their respective contributions.

Japanese, South Korean and American content creators, thanks to the help of CFunWorld, are no longer constrained by market intermediaries and are able to have easy access to the Chinese and even the Asian markets. Their works can be translated without pre-pay and they can earn three times more than from other traditional platforms.

The effective operation of the castle requires authentic and reliable data support and automatic and effective segmentation tools. The introduction of blockchain can not only confirm the right of work uploading, but also provide credibility for transaction data and smart contract can achieve automatic castle allocation.

Translators from China or other Asian countries, who used to work behind scenes and get compensated for a fixed amount, can become IP co-creators and benefit from high profit generated through quality content.

The above features enable CFunWorld to gain access to a large number of IP assets cheaply and even for free.

—How dose CFunWorld acquire ownership of IP assets with extremely low cost and high efficiency?

Celebrities, comics creators and the CFunWorld, the three parties co-create and own the IPs. The exposure and influence of celebrities increase the chance of success for Comic IPs and attract large numbers of readers to join the digital castle, which in turn help celebrities gain more popularity.

—How dose CFunWorld get large numbers of users quickly and cheaply?

More than 20 stars have been confirmed to cooperate with CFunWorld, and the number of stars radiating fans exceeds 60 million. It can be seen from the experiment that stars invite fans to CFunWorld to participate in the incubation of their own quadratic IP, which is not an act of consuming the influence of stars themselves, but a thing of endowing fans and bringing happiness to fans.

Users can earn CFun Token through “mining”, i.e. reading, up-voting, and commenting on the content. They can also choose to become castle operators, contribute to the castle operation, and earn extra income.

—Combine the application of utility token and security token

The use of utility token ensures payment privacy of adult comic readers. The fluctuation of the utility token price further promotes the enjoyment and activity of CFunWorld users.

The use of equity token shares the platform’s profit among its investors.

### **3 Directors and Management**

#### **3.1 Dennis Jia, Founder and CEO**

Dennis Jia used to be the joint founder and chairman of the DMG Group (Digital media group Ltd); Founder and chairman of Beijing Gaofu Meidi Information Technology Co., Ltd.; Founder and CEO, Beijing Higgs Technology Development Co., Ltd.; CEO, CFUN JAPAN INC.

#### **3.2 Marco Zhou, Joint Founder**

Marco Zhou, former host of SDTV, has won the China TV Award twice. As Advertising Director of Hong Kong SUNTV, he created a brand new “Central Kitchen” style of advertising strategy. He is also the co-founder of Beijing Gaofu Meidi Information Technology Co., Ltd. Concurrently, he is founder of Xinyou Media and Culture company and Partner of the Rogers Quantum Fund (QUANTUM DIGITAL ASSET MANAGEMENT PTE.LTD).

#### **3.3 Heejung Park (South Korea) , Head of Korea Business**

From September 2014 to June 2017, she studied in Beijing language and culture university international Chinese language major with a postgraduate degree. After graduation, she joined CFunWorld, Ltd. and is currently the head of the Korean business department.

#### **3.4 TRUONG HONG NGAN (Vietnam), Director of Product & Design**

She graduated from communication university of China majoring in art design and has 8 years of experience in mobile terminal product design. Electric business platform fan orange App design director; Hu olfactory network design director. She joined CFunWorld in March, 18 as the director of design.

#### **3.5 Xu Zhenfeng , Head of Japan Business**

Responsible for new business development at Fujitsu, Baidu Japan, CCC and Primal, he founded WR consulting in 2016. As an expert in digital business innovation, he and his team have supported many start-ups. At present, Xu is engaged in the business development of Asian market for CFunWorld of Japan.

## 4 Private Placement Profile

### 4.1 Profile

To fund the further development of the CFunWorld, Company intends to sell up to 50,000,000 CFT in this private placement, the terms of which are described under the caption “Private Placement” below and may be updated from time to time in the Company’s sole discretion.

This offering Memo relates solely to the offering of CFT exclusively to accredited investors on the terms and conditions contained herein. You will not acquire any CFT in connection with your initial purchase of CFT; instead, you may receive CFT in accordance with the rules, procedures and process.

### 4.2 private placement

The Company will sell 50 million CFT, to raise funds. For private placement details, please follow <http://cfun.jp> to update or send an email to [investment@cfunproject.com](mailto:investment@cfunproject.com) for consultation.

### 4.3 CFT Price

The unit price of CFT is calculated by H-Model based on the financial forecast data of CFunWorld.

$$P_t = \frac{D_t * (1 + g_2)}{r - g_2} + \frac{D_t * H * (g_1 - g_2)}{r - g_2}$$

$$P_0 = \frac{P_t}{(1 + r)^t}$$

- $P_t$ : Project valuation for the first year of profit realization. CFUNWORLD will be profitable for the first time in 2020, and  $P_t$  will evaluate the CFUNWORLD in 2020.

- $D_t$ : Profit of the first year of profit realization. According to the financial forecast table, CFUNWORLD's profit in the first year is 9 million US dollars.
- $g_2$  : Project long-term growth rate. The average steady growth rate of the entertainment industry was 3%.
- H: Half of the required years it will take from short-term growth to long-term growth. According to the financial forecast table, CFUNWORLD will need 6 years to achieve stable growth.
- $g_1$ : Short-term growth rate of the project. According to the financial forecast table, the short-term growth rate of CFUNWORLD is 336%.
- r: Expected rate of return for shareholders. Shareholders typically expect a 15% return.
- $P_0$ : Project valuation at this time.  $P_0$  estimates the CFUNWORLD in 2018.

By calculation,  $P_0$  is about \$30 million. CFT has a total of 100 million, so the unit price of CFT is \$0.3.

#### **4.4 Use of Proceeds**

It is anticipated that a significant portion of the proceeds of the offering will be used for the following purposes. However, the Company reserves the right to use or deploy the proceeds as it deems appropriate in its sole discretion.

4.4.1 Market expansion and brand promotion;

4.4.2 Signing top creators and producing popular IP comics;

4.4.3 Paying creators for their works to obtaining a larger proportion of IP ownership;

4.4.4 Strategic acquisition and investment;

4.4.5 Blockchain technology development;

4.4.6 Constructing a legal system for international copyright protection.

#### **4.5 Terms of Purchase Agreement**

The summary below describes the principal terms of the Purchase Agreement pursuant to which the Company will sell CFT. Certain of the terms and conditions described below are subject to important limitations and exceptions. Prospective investors should review the entirety of the Purchase Agreement, which is available from the Company.

##### **4.5.1 Parties to the Purchase Agreement**

CFUNWORLD.LTD and private investors. Each investor must be an accredited investor, as defined in Regulation D and Regulation S under the United States Securities Act of 1933, as amended (the “Securities Act”).

##### **4.5.2 Form of Payment**

U.S. dollars, Bitcoin or USDT. Payments in Bitcoin shall be valued in U.S. dollars at the time of the signing of the private placement and one USDT is considered one U.S. dollar. Bitcoin shall be valued at the exchange rates reported on the Bitfinex Exchange.

##### **4.5.3 Lock-up Period**

There will be Six Months lock-up period of the CFT acquired in the private placement starting pursuant to the completion of the private placement. The lock-up may be implemented such that the amount of CFT are only transferred to the recipient’s wallet six months after the completion of the actual private placement.

##### **4.5.4 Non-refundability**

The CFT acquired in the private placement are not refundable under any circumstances, including the possibility of unsuccessful private placement.

#### 4.5.5 Compliance Project

Upon the Company's request, investors will immediately provide to the Company any information and documentation that the Company, in its sole discretion, deems necessary or appropriate to comply with any laws, regulations, rules, promulgations, actions, announcements or agreements, including without limitation judicial or arbitral process. Such documents include, but are not limited to, passport, driver's license, utility bills, photographs of associated individuals, government identification cards, or sworn statements. Investors consent to the Company disclosing such information and documentation in order to comply with applicable laws, regulations, rules, promulgations, actions, announcements, judicial or arbitral process or agreements. Investors acknowledge that the Company may refuse to allow them to participate in the private placement, or to distribute CFT to them, until such requested information is provided or for any other reason.

The purchase and sale of CFT shall be on the terms and conditions set forth in the Purchase Agreement, which shall be prepared by the Company's counsel, and which will contain certain representations, warranties and covenants of the Company and the investors, closing conditions and other provisions, and on the terms and conditions applicable to the private placement.

## 5 Investor Qualification

Only persons of adequate financial means who have no need for present liquidity with respect to this investment should consider purchasing the CFT offered hereby because:

(1) an investment in CFT involves a number of significant risks.

(2) no market exists for CFT and there can be no guarantee that a market will develop in the future. This Offering is intended to be a private offering that is exempt from registration under the Securities Act and applicable state securities laws. This Offering is limited solely to accredited investors as defined in Regulation D and non-American investors as defined in Regulation S under the Securities Act, meaning only those persons or entities coming within any one or more of the following categories:

5.1 Any bank, as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; any broker-dealer registered pursuant to Section 15 of the Exchange Act; any insurance company, as defined in Section 2(13) of the Securities Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; and any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, that is either a bank, savings and loan association, insurance company or registered investment advisor, if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by person(s) that are accredited investor(s);

5.2 Any private business development company as defined in Section 202(a)(22) of the

Investment Advisors Act of 1940;

5.3 Any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, any corporation, Massachusetts or similar business trust, or company, not formed for the specific purpose of acquiring the Common Stock, with total assets in excess of \$5,000,000;

5.4 Any director or executive officer of the Company;

5.5 Any natural person whose individual net worth, or joint net worth with that person's spouse, exclusive of the value of the person's primary residence net of any mortgage debt and other liens, at the time of his or her purchase exceeds \$1,000,000;

5.6 Any natural person who had an individual income in excess of \$200,000, or joint income with that person's spouse in excess of \$300,000, in each of the two most recent years and who reasonably expects to reach the same income level in the current year;

5.7 Any trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Common Stock, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D;

The term "net worth" means the excess of total assets over total liabilities, exclusive of the value of your primary residence net of any mortgage debt and other liens. In determining income, you should add to your adjusted gross income any amounts attributable to tax-exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depreciation, contributions to an IRA or Keogh retirement plan, alimony payments and any amount by which income from long-term capital gains had been reduced in arriving at adjusted gross income.

You will be required to represent to the Company in writing that you are an accredited investor under Regulation D, as described above, and may also be required to provide certain documentation in support of such representation. In addition to the foregoing

requirement, you must also represent in writing that you are acquiring CFT for your own account and not for the account of others and not with a view to resell or distribute such securities.

## **6 Risk Factors**

### **6.1 Risks Related to the Company's Business and the Operation of the CFunWorld.**

#### **6.1.1 Other New Platforms Will Emerge to Compete with CFunWorld**

With the development of the blockchain technology, some new platforms based on the blockchain technology may emerge and compete with CFunWorld, which is likely to pose a negative impact on the platform's revenue stream.

#### **6.1.2 More Features of the CFunWorld Are Still under Development**

The CFunWorld relies on relatively new technologies, like the blockchain. Some users cannot understand it thus unwilling to utilize the CFunWorld. Therefore, potential investors who are not familiar with the blockchain may not be interested in investing in CFT. If they are not familiar with the basic technology, they may postpone investment until the CFunWorld and technology can provide more secure and practical services. In addition, many features of the CFunWorld are still under development and they may change dramatically over time. Although the CFunWorld has some of the functions and specifications specified in the White Paper, for various reasons, the Company may choose to change some of them. Any changes may mean that the CFunWorld does not meet the expectations of investors.

The CFunWorld, relying on third-party public chain Ethereum to develop, adopt and store services. Any major problem happening on the Ethereum platform is likely to cause dysfunction of the CFunWorld, which will pose negative impact on the revenue and market price of CFT.

#### **6.1.3 The CFunWorld May Be Abandoned by the Developer Community or the Company**

The CFunWorld currently under development and maintenance by the Company may be abandoned for various reasons, which include but not limited to: lack of interest from the public, lack of funds, lack of perspective for future business success, or the absence of key

team members. In this case, there can be little or even no revenue generated from the CFunWorld, possibly leading the market price of CFT to plummet and investors to lose part or all of their investments.

#### 6.1.4 Risks Related to Celebrities

The CFunWorld will sign a large number of celebrities, but the future development and popularity of these celebrities are unknown. Possible factors including celebrities becoming outdated or involved in scandals can tarnish the reputation of the company and the CFunWorld, which may lead to a decline in revenue.

#### 6.1.5 Possibility of CFun Token and CFT Theft

The CFunWorld may become a target of malicious network attacks, or there may be exploitable loopholes in its underlying code, leading to security problems and thus making the platform vulnerable to risks of loss and theft of CFun Token. If the security of the CFunWorld is affected, or if users cannot gain access to or are prevented from logging onto the CFunWorld, they may completely stop using the platform, which may significantly reduce the circulation of CFun Token, leading to a decline in the market price of CFT.

#### 6.1.6 The CFunWorld May Be Vulnerable to Network Attacks

There is no guarantee that the creation, transmission or storage of files and electronic data and the transmission and storage of CFun Token on the CFunWorld are secure and safe from being interrupted. Any relevant problems will potentially result in loss of users' CFun Token, thus causing users to abandon using the CFunWorld. Hackers or other malicious organizations may attempt to interfere with the operation of the CFunWorld in various ways, including but not limited to malware attacks, denial of service attacks, consensus-based attacks. Sybil attacks, smurfing, phishing and deception. If errors or defects happen to such software, remedies may not be available and CFT holders may not be able to gain remediation, refund, or compensation of any kind. Such attacks or other malicious acts that the company currently is not able to foresee may have a significant

negative impact on the CFunWorld, use of CFun Token and CFT-related revenues. There is possibility that investors may lose all of their investments.

## **6.2 Risks Associated with the Blockchain Technology and Digital Assets**

6.2.1 The regulatory regime for managing the blockchain technology, cryptocurrencies, tokens and token products is still uncertain and new regulations or policies may pose a significant adverse impact on this.

Currently, regulations on tokens (including CFun Token and CFT), token products, cryptocurrencies, the blockchain technology and trade of cryptocurrencies are still underdevelopment, but expected to develop rapidly in the future. Significant differences exist among international, federal, state and local jurisdictions and they are subject to major uncertainties. Legislative and executive bodies in the United States and other countries are likely to take legal, directive, regulatory and other actions in the future, which may seriously affect the development and growth of the CFunWorld and its use. If the Company, some users of the CFunWorld or the CFunWorld itself fail to comply with the laws and regulations, they may face various negative consequences, including civil penalties and fines.

6.2.2 The blockchain Network is also Faced with Uncertain Regulatory Environment in Many Foreign Jurisdictions (i.e. the European Union, China, and Russia)

In the near future, various foreign jurisdictions may pass laws, regulations or directives, which may have big influence on the CFunWorld operations. Such laws, regulations and directives may be in conflict with those in the United States and may have an impact on our business. The impact of any future regulatory changes is unpredictable, but such changes may significantly impact the future growth and development of the CFunWorld and the market price of CFT.

6.2.3 Investors may lack the information to monitor their investments

Investors may not be able to get all the information they want regarding the company,

CFun Token, CFT and the CFunWorld. Investors may not be able to keep abreast with major negative investment changes and accurate or accessible information on the CFunWorld.

#### 6.2.4 If CFunWorld Fails to Meet Data Protection, Security, Privacy and Other Government and Industry-Specific Requirements, Its Growth May Be Undermined

There are many data protection, security, privacy, government and industry-specific requirements. Failure to meet those requirements may weaken users' confidence in the effectiveness of security measures, negatively affect the platform's ability to attract new users, or even cause existing users to stop using the CFunWorld.

#### 6.2.5 Prices of Blockchain Assets Are Extremely Unstable

Fluctuations in digital asset prices may pose a significantly negative impact on the utilization of the CFunWorld and the prices of CFT may also be affected by big price fluctuations. Several factors may affect the market price of CFT, which include but not limited to:

- Increase in global blockchain assets;
- Policies around the globe pose restrictions on the regulation of digital assets;
- Investors' expectations on inflation rate;
- Changes in software, software and hardware requirements that the CFunWorld is based upon;
- Changes in rights, obligations, incentives or rewards of participants on the CFunWorld;
- Changes in transaction fees;
- Failure or interruption in the blockchain asset exchange services where CFT can be traded;
- Investment and trading activities of big investors, including private and registered

funds, which can be invested directly or indirectly in CFT or other blockchain assets;

- Devaluation and reevaluation of currencies;
- Occurrence of global or regional political, economic or financial emergencies.

### **6.3 Risks Related to the Right to Use and Own Comics on the CFunWorld**

- CFunWorld owns the right to use a lot of comics on the platform, and after the expiration date, CFunWorld will not be able to regain access to some of the works, which may pose a significantly negative impact on the CFunWorld, also adversely impacting the revenue and thus the market price of CFT.
- Revenue streams from IP are unstable, which may weaken investors confidence.
- The quality of comics on the CFunWorld has a direct impact on the number and quality of users. If the quality of works drops, it will negatively affect investors' confidence on the CFunWorld and CFT, thus making it hard to attract new users.

### **6.4 Investment-related risks**

#### **6.4.1 Sales-related Risks**

In the process of selling CFT, sharp rise and fall of prices of well-known digital assets like Bitcoin will lead to a highly unstable speculative environment. Therefore, investors who have not fully studied or analyzed CFT, those who are not familiar with the company's businesses or those who are not sensitive to prices, should think twice before they decide to invest in private equity.

Selling prices may have little or no correlation with the prices determined by traditional valuation methods; methods to determine selling prices may differ greatly from those used to determine the prices for other digital assets or cryptocurrencies.

#### **6.4.2 Risks Related to Investment Lock-up Period**

There is at least a six-month lock-up period after investors have purchased CFT. During this period, investors have limited flexibility to transfer and resell CFT. And the future market price of CFT cannot be guaranteed.

The company is not responsible for creating a secondary market for CFT, nor is it responsible for taking specific steps to ensure the transferability and/or liquidity of CFT and/or to provide any market for CFT through third parties or by any means.

#### 6.4.3 Even if Investors Subscribe to CFT, there is no Guarantee that CFT Will be Distributed

After the investor subscribing to CFT at the private price, the company will require the investor to confirm the subscription amount and payment. If the private investor does not pay after the fundraising, the company will reject the investment of the private investor.

#### 6.4.4 Potential Risks to Investors

On the CFunWorld, if influential advocates or bidders of cryptocurrencies believe that the private offering price and the amount of capital raised are unfair, it may have a negative impact on the company's reputation, and utilizing the CFunWorld may be counterproductive.

## **7 Other Requirements**

### **7.1 What is Money Laundering?**

Money laundering is the process of disguising illegally obtained money so that the funds appear to come from legitimate sources or activities. Money laundering occurs in connection with a wide variety of crimes, including illegal arms sales, drug trafficking, robbery, fraud, racketeering and terrorism.

### **7.2 How do Companies Fight Money laundering**

The company will implement a customer identification program to create a financial audit trail for all individuals who buy blockchain tokens from the company to help law enforcement prevent money laundering and terrorist financing.

As part of the Company's customer identification program, it may ask you to provide various identification documents or other information. Until you provide the information or documents that the Company needs, it may not be able to effect any transactions for you.

**7.3 You should check the Office of Foreign Assets Control (the "OFAC") website at <http://www.treas.gov/ofac> before making the following representations:** You represent that the amounts invested by you in this Offering were not and are not directly or indirectly derived from any activities that contravene Federal, state or international laws and regulations, including anti-money laundering laws and regulations. Federal regulations and Executive Orders administered by the OFAC prohibit, among other things, the engagement in transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. The lists of the OFAC-prohibited countries, territories, individuals and entities can be found on the OFAC website at <http://www.treas.gov/ofac>. In addition, the programs administered by the OFAC (the "OFAC Programs") prohibit dealing with individuals or entities in certain countries, regardless of whether such individuals or entities appear on any OFAC list;

7.3.1 you represent and warrant that none of: (1) you; (2) any person controlling or controlled by you; (3) if you are a privately-held entity, any person having a beneficial interest in you; or (4) any person for whom you are acting as agent or nominee in connection with this investment is a country, territory, entity or individual named on an OFAC list, or a person or entity prohibited under the OFAC Programs. Please be advised that the Company may not accept any subscription amounts from a prospective investor if such investors cannot make the representation set forth in the preceding sentence. You agree to promptly notify the Company should you become aware of any change in the information set forth in any of these representations. You are advised that, by law, the Company may be obligated to “freeze the account” of any investor, by taking any action it considers necessary and that the Company may also be required to report such action and to disclose such investor’s identity to the OFAC;

7.3.2 you represent and warrant that none of: (1) you; (2) any person controlling or controlled by you; (3) if you are a privately-held entity, any person having a beneficial interest in you; or (4) any person for whom you are acting as agent or nominee in connection with this investment is a senior foreign political figure, or any immediate family member or close associate of a senior foreign political figure, as such terms are defined in the footnotes below; and

7.3.3 if you are affiliated with a non-U.S. banking institution (a “Foreign Bank”), or if you receive deposits from, make payments on behalf of, or handle other financial transactions related to a Foreign Bank, you represent and warrant to the Company that: (1) the Foreign Bank has a fixed address, and not solely an electronic address, in a country in which the Foreign Bank is authorized to conduct banking activities; (2) the Foreign Bank maintains operating records related to its banking activities; (3) the Foreign Bank is subject to inspection by the banking authority that licensed the Foreign Bank to conduct its banking activities; and (4) the Foreign Bank does not provide banking services to any other Foreign Bank that does not have a physical presence in any country and that is not a regulated Affiliate.

The Company is entitled to rely upon the accuracy of your representations. The Company may, but under no circumstances shall it be obligated to, require additional evidence that a prospective investor meets the standards set forth above at any time prior to its acceptance of a prospective investor's subscription. You are not obligated to supply any information so requested by the Company, but the Company may reject a subscription from you or any person who fails to supply such information.