



# Lotus Token

The Future of Global Travelers

## Whitepaper

This whitepaper is a draft and the contents are subject to change. Should this occur, the management will post announcements through its various social media channels.

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## IN A NUTSHELL

**The Lotus Token (Ticker: LTO)** aims to provide blockchain-based travel related transactions. These will start off with airline or hotel bookings, then eventually expand to include tour packages, cruises, vehicle rentals, and other travel and tour activities.

The system will be backed by an LTO Card that users can top-up and use to pay for services. Transactions will be done using the Ethereum Blockchain, which in turn will minimize the corresponding fees that are otherwise charged by third-party payment processors. Foreign currencies could also be exchanged to and from Lotus Tokens and saved on a consumer's LTO wallet for use on the next travel-related activity, or as a means of avoiding costly conversion fees provided by high street travel agencies.

# TECHNICAL SPECIFICATIONS

**The Lotus Token (LTO) is the network's asset** - built in compliance with ERC-20 token standards - that can run on top of the Ethereum Blockchain.

**APIs** will be developed to manage the connections of various partners within the Lotus Token.

**A Proof-of-Stake policy** will be used to award block forging permits for those who wish to become nodes that will keep this decentralized network up and running. And to provide an accrued interest to token holders who simply have 'Lotus' stored in their LTO travel card.

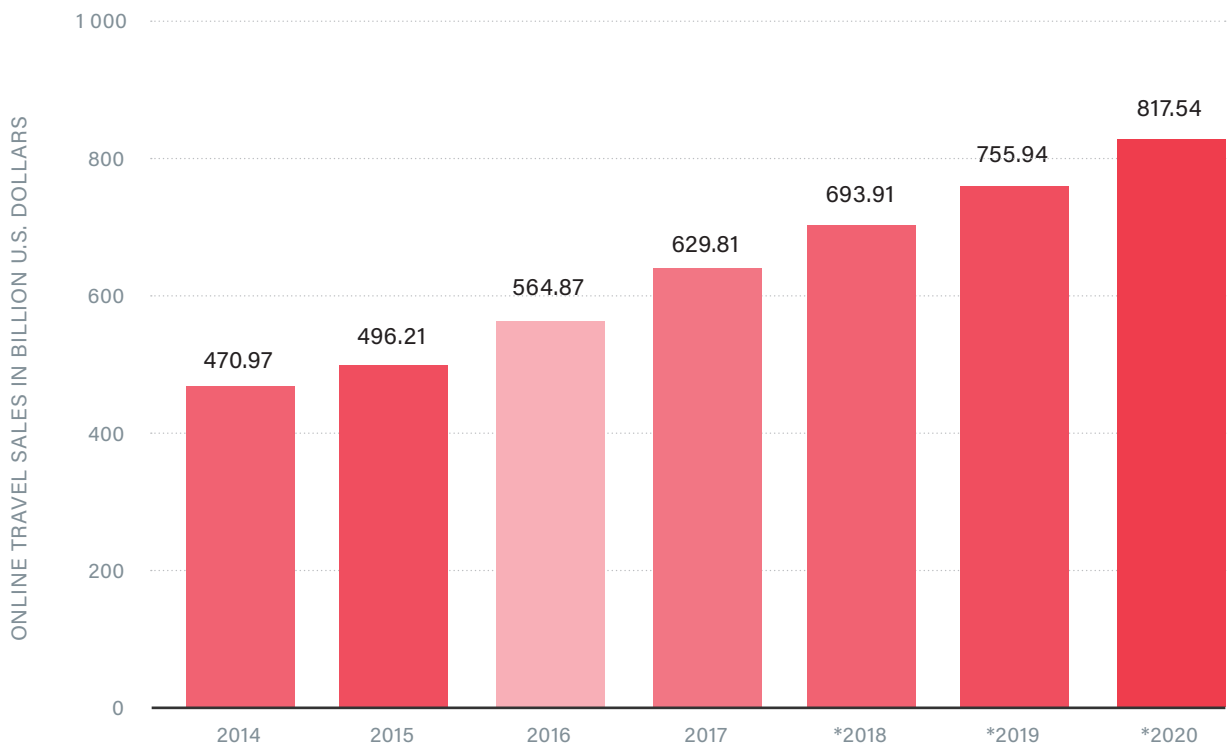
Lotus Tokens will be **premined** with a limited supply of **90 Million ERC-20 compliant units**.

<b>Name</b>	LOTUS TOKEN
<b>Standard Used</b>	ERC-20
<b>Blockchain</b>	Ethereum
<b>Coin Supply</b>	90 Million Tokens
<b>Target Sector</b>	Travel Industry
<b>Soft Cap</b>	1,500 Ethers
<b>Target (Hard Cap)</b>	9,600 Ethers
<b>Consensus</b>	Proof of Stake
<b>User Interface</b>	Desktop and Mobile Device DApps and APIs



# THE TARGET MARKET

Online travel agencies represent 13% of global travel gross bookings, and projected to have a 12% annual growth (PhoCusWright, 2014). In 2016 alone, online travel sales worldwide totaled to 564.87 billion in US dollars - with a growth projection of 755.94 billion by the end of 2017 (Statista). This increase could be due to the creation of faster and easier ways to book travel activities - online and mobile, without the need to visit a nearby travel agency.



Statista 2017

As a **blockchain-based Travel Agency, Lotus Token** aims to introduce a next-generation system that could be adopted by various travel-related establishments. It will pave the way to a decentralized, trustless and secure system that would give users quicker and cheaper transactions at their fingertips.



# THE LTO USE CASE

**FIAT-LTO automated conversion and teller machines** at various Airports and partner establishments with withdrawal capability using custom ATM cards.

**Android / iOS apps linked to LTO master node** that houses the blockchain, linked via Decentralized Application interface.

# PARTNERSHIPS WITH VARIOUS EXCHANGES

Exchanges are essential partners to make the whole cryptocurrency universe work. These are various financial establishments that provide services that will trade LTO to fiat or other cryptocurrencies. Their existence will help make digital assets easy to liquidate and this will in turn help inspire more consumers to convert and use these blockchain-based technologies.



# TOKEN SUPPLY

The planned supply is **Ninety Million (90,000,000) LTO tokens.**

# TOKEN DISTRIBUTION

As per initial discussion, the token supply will be distributed as follows:



# CROWDSALE & AIRDROP OVERVIEW

For the purpose of the crowdsale value computation, the ICO rate will be set at 3000 Lotus Tokens for every 1 Ether. From this, the values of each of the three (3) crowdsale periods are as follows:

Early Adopters (10% of total supply at 50% bonus)

$$\frac{9,000,000 \text{ LTO}}{1 \text{ ETH}} = 6000 \text{ LTO}$$

**Target hard cap for this period:**

$$9,000,000 \text{ LTO} / 6000 \text{ LTO} = \mathbf{1500 \text{ Ethers}}$$

Pre ICO (15% of total supply at 25% bonus)

$$\frac{13,500,000 \text{ LTO}}{1 \text{ ETH}} = 3750 \text{ LTO}$$

**Target hard cap for this period:**

$$13,500,000 \text{ LTO} / 3750 \text{ LTO} = \mathbf{3600 \text{ Ethers}}$$

ICO (15% of total supply)

$$\frac{13,500,000 \text{ LTO}}{1 \text{ ETH}} = 3000 \text{ LTO}$$

**Target hard cap for this period**

$$13,500,000 \text{ LTO} / 3000 \text{ LTO} = \mathbf{4500 \text{ Ethers}}$$





58,500 USERS WILL GET AIRDROPPED LTO

**Airdrop 1 (2.5%)**

2,250,000 LTO  
(100 LTO/user)

**22,500 Users**

**Airdrop 2 (1.5%)**

1,350,000 LTO  
(75 LTO/user)

**18,000 Users**

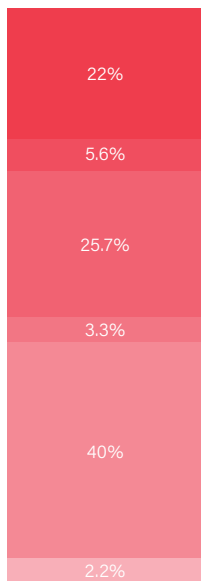
**Airdrop 3: (1%)**

900,000 LTO  
(50 LTO/user)

**18,000 Users**

**Total worth (in ICO value) of Airdropped LTOs**

$(2,250,000 \text{ LTO} + 1,350,000 \text{ LTO} + 900,000 \text{ LTO}) / 3000 \text{ LTO per Ether} = 1500 \text{ Ethers}$



**Crowdsale (45%) Allocations**

- Angels 22.2%
- Airdrop 1 5.6%
- Day 1 Ico 25.7%
- Airdrop 2 3.3%
- Day 2 Onwards 40%
- Airdrop 3 2.2%



# HOW TO PARTICIPATE IN THE CROWDSALE

<b>STAGES</b>	<b>LOTUS TOKENS</b>	<b>ETH per LTO</b>
<b>Early Adopters</b>	9,000,000	0.0001665
<b>Pre-Ico</b>	13,500,000	0.0002665
<b>Main Ico</b>	13,500,000	0.0003334

A Know-Your-Customer (KYC) registration will be required to participate in the Early Adopters crowdsale period . This is to ensure that each crowdsale participant complies with international laws with regards to the legality of joining a utility token's initial offering. All schedules will be announced via the Telegram group.

# RULES OF ENGAGEMENT

The Crowdsale is divided into three periods: Early Adopters, Pre-ICO, and Main ICO. Each period has its own limits on the amount of ETHs that each participant may send. This is done in the hopes of ensuring an organic growth in the tokens value - reducing the chances of price manipulation by any participant.

## Early adopters

Any individual from non-blacklisted countries may participate in the Early Adopters crowdsale under the following conditions:

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The Early Adopters period has a token supply of 9,000,000 (10% of total supply).

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The total funding we aim to raise is **1,500 ethers**.

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Each participant may only send between 0.2 to 5 ETHs, no more no less.

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Each participant may acquire at most 30,000 Lotus tokens during this period

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The participant has to join the Telegram group and do a KYC registration.

## Pre-ICO

Any individual from non-blacklisted countries may participate in the Pre ICO crowdsale under the following conditions:

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The Pre-ICO period has a token supply of 13,500,000 (15% of total supply).

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The total funding we aim to raise in this period is **3,600 ethers**.

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Each participant may send between 0.2 to 10 ETHs, no more no less.

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Each participant may acquire at most 37,500 Lotus tokens during this period.

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## Main ICO

Any individual from non-blacklisted countries may participate in the Main ICO crowdsale under the following conditions:

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The Main ICO period has a token supply of 13,500,000 (15% of total supply).

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The total funding we aim to raise in this period is **4,500 ethers**.

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Each participant may send between 0.2 to 20 ETHs, no more no less.

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Each participant may acquire at most 60,000 Lotus tokens during this period.

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# QUALIFICATIONS FOR AIRDROPS

Pending final consensus of the management team, below is a conceptual plan on how the airdrop will take place.

Anyone with an ERC-20 compliant Ethereum wallet may participate in the Airdrop. The way the airdrop works is that the airdrop smart contract will scan through the blockchain for existing ERC-20 compliant wallets. If possible, this will be done randomly. Two conditions need to be met to be able to receive the airdropped Lotus tokens as follows:

**Two conditions need to be met to be able to receive the airdropped Lotus tokens as follows:**

→ The ERC-20 compliant wallet must have at least 0.2 ethers in it when the smart contract checks the wallet's record via the blockchain.

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→ The wallet does not contain any Lotus token at all.

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If the two conditions are met, then the smart contract will transfer Lotus tokens immediately.

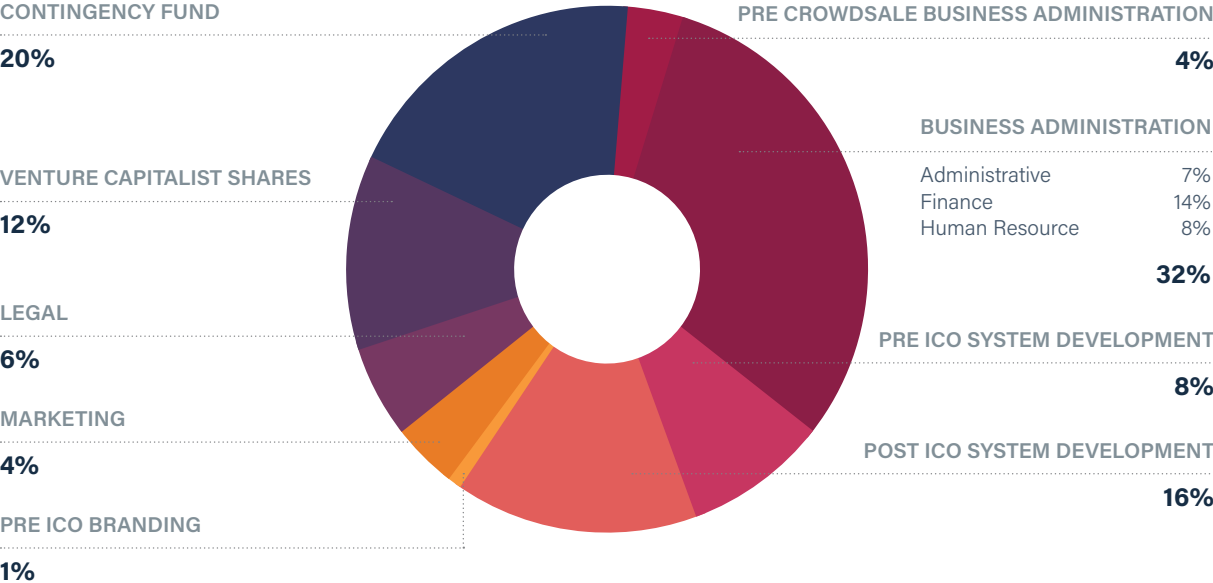
**Once all the tokens reserved for the first airdrop is finished, the second airdrop process automatically starts.**

# NON-BLACKLISTED COUNTRIES

Non-blacklisted countries are those that allow its citizens to participate in Initial Coin Offerings without the need for ICO companies to register or pay any licenses. It is each participant's responsibility to search for and find out what laws apply based on the country of origin.

# BUDGET ALLOCATION

The funds raised via Crowdsale periods will be divided as shown below.



# FUNDING GOALS

The funds that will be raised via the Crowdsale will be used to further develop the system through maintenance and enhancements of the underlying smart contracts, creation of Decentralized Apps (DApps), creation of the website, and general business operations.

## Soft Cap and Usage

Soft Cap is set to **1,500 Ethers** and will be used as follows:

- Creation of post-crowdsale website.

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- Creation of Android and iOS User Interfaces with wallet.

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- Setup of Company-run Node or decentralized Nodes to support the DApps.

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- Application for multi-national licenses and permits.

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- System Research and Development.

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- Business Administration, Legal, and Contingency Funds based on the Budget Allocation schedule.

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## Hard Cap and Usage

The Hard Cap is the sum when all the Lotus Tokens are sold in the Early Adopters, Pre-ICO and ICO stages and represented by the following formula:

$$\begin{array}{r} \text{US\$ 450,000.00} \quad (1,500 \text{ Ethers for Early Adopters}) \\ + \text{ US\$ 1,080,000.00} \quad (3,600 \text{ Ethers for Pre-ICO}) \\ + \text{ US\$ 1,350,000.00} \quad (4,500 \text{ Ethers for Main ICO}) \\ \hline = \text{ Hard Cap will be } \mathbf{\text{US \$2,880,000.00 (9,600 Ethers)}} \end{array}$$

Should the hard cap be reached, the Lotus Token team will be able to expand the Soft Cap objectives into the following:

- Negotiation and tie-up with one or more ATM or conversion machine and card provider.

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- Setup of practically affordable co-working spaces.

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- Expand the coverage of its services.

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**Note:** Payments or refund of Pre-Crowdsale operation costs are also included in the equation proportional to the total funding raised.



## UNSOLD TOKENS DURING CROWDSALE

Based on the budget allocation plan, the core team members and shareholders will receive a small percentage of the collected fund from the crowdsale to be distributed immediately as part of the smart contract.

Unsold tokens will be refunded to the Lotus Token reserved fund.

## THE LOTUS ACCOUNT

Seventy Five percent (75%) of the collected funds from the crowdsale will be transferred to a multi-signature wallet contract. This will be handled by members of the administration and checked by a third-party auditing firm.

The other Fifty percent (50%) reserved tokens from the total supply - equivalent to 49,500,000 Lotus tokens - will be placed on a separate multi-signature wallet contract and withdrawals will also be audited.

## BOUNTY PROGRAM

Five percent (5%) of the total LTO supply - equivalent to 4,500,000 LTO tokens - are reserved for the Bounty Program.





## PROOF OF STAKE

At a future date, LOTUS TOKEN may start implementing masternodes policy where LTO tokens will be distributed to node miners that process LTO-related transactions. These nodes will need to have a corresponding amount of LTO tokens to get the LTO token reward.

## FUTURE PARTNERS

We are looking into partnering with all major international airports and wish to have a physical presence in at least 60 of these by 2022. We also plan to partner with at least two fintech companies for the electronic and telecommunications requirements.



# DISCLAIMER

Lotus Token, Inc. whitepaper and token product, whether implied, statutory (or otherwise), or expressed whatsoever, which includes but not limited to: (1) profitability, (2) usability or (3) specific fit to any business transaction. As a registered business, Lotus Token, Inc. gave its best to make sure it does not infringe any business name or title.

This further stipulates that Lotus Token, Inc. shall have no liability for damages of any kind arising out of the use, reference to, or reliance on this white paper's contents or the use of its token product. As a business startup that deals with highly speculative and early-stage technological cryptographic developments, Lotus Token, Inc. will in no way be held liable to any person or entity for any damages, losses, liabilities 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 contents herein, or of the use of its token product, including and without limitation to any loss of business, revenues, profits, data, use, goodwill, or other intangible losses.

In the same manner, Lotus Token, Inc. further states that any gains produced out of reading or giving reference to any of the white paper's contents or the acquisition and use of the company's token product shall be at the individual buyer or reader's disposal alone, and any losses incurred shall be the buyer or reader's sole responsibility.

With regards to the those who wish to buy the Lotus utility tokens, Lotus Token, Inc. does not guarantee illegal acts to not happen, such as participation of individuals who are under the jurisdiction of blacklisted countries that forbid its citizens from joining ICOs. It is the understanding of Lotus Token, Inc. that even if a KYC is implemented, there is still a chance that a number of individuals may bypass these laws. In such cases, Lotus Token, Inc. explicitly states that it does not allow these types of participants and will not be held liable for such acts. The law enforcement agencies of these governments are free to chase and penalize these law breakers if they wish to do so, and Lotus Token, Inc. will fully cooperate whenever necessary.



# LEGAL NOTICE

These terms and conditions (hereinafter the "Terms") describe information applicable to the use of the lotus.sh website and its ICO, which is owned and operated by Lotus Token, Inc. By using the Website or its related services, including Token sale process (ICO), you expressly agree to be bound by all the terms and conditions set forth.

In accepting this agreement, you acknowledge that you have read this agreement, understand it, and had an opportunity to seek independent legal advice prior to agreeing to it. You also warrant that you are at least 18 years old and have full capacity to contract under applicable law; only transacting on lotus.sh with legally-obtained funds that belong to you; not furthering, performing, undertaking, engaging in, aiding, or abetting any unlawful activity through your relationship with us or through your use of lotus.sh; and, comporting with and obeying all applicable laws.

At any point, if you do not agree to any portion of the current Terms, you should not proceed to use the Website or participate in the Token sale.

Lotus Token, Inc. has the right to review and amend the current agreement at any time without notice.

To invest in the Lotus Token, Inc. Token sale, you'll need to submit two sets of information:

- Phone number verification worldwide.

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- KYC/AML (Know Your Customer/Anti-Money Laundering) checks – for US Citizens.

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- AML/CFT (Anti-Money Laundering/Countering the Financing of terrorism) – for non-US Citizens.

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Once this information is processed successfully, we'll notify you and automatically register you for the sale.

Unfortunately, citizens of Singapore and China are prohibited from participating in the ICO.

The list of risks specified in these Terms is not comprehensive, as well as it may not contain those risks which cannot be predicted at the present moment. If you are not sure that you can estimate the probability of occurrence of such risks by yourself, you are advised to contact an appropriate specialist (a lawyer, an auditor, an adviser or a programmer) before making a decision about entering into the relations with the Service and participate our ICO.

By purchasing the Lotus Tokens, the Purchaser confirms that he/she:

- Is legally permitted to purchase Tokens in the Purchaser's jurisdiction;

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- Is of a sufficient age to legally purchase Tokens or has received permission from a legal guardian who has reviewed and agreed to these Terms and the Sale Agreement;

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- Will take sole responsibility for any restrictions and risks associated with the purchase of Tokens as set in the Terms;

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- Is not exchanging Bitcoin for Tokens for the purpose of speculative investment

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- Has a full and complete understanding of the usage and intricacies of Blockchain-based assets, like Tokens, Bitcoins and Blockchain-based software systems.

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# ACCREDITATION

If you are a US citizen, you must pass additional accreditation as “Accredited Investor”.

We require proof of accreditation from you that meets the more stringent standard the SEC has put in place – the 506(c) standard – which should work for all accredited deals, including ones that publicly discuss their financing.

An accredited investor, in the context of a natural person, includes anyone who:

- earned income that exceeded \$200,000 (or \$300,000 together with a spouse) in each of the prior two years, and reasonably expects the same for the current year, OR

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- has a net worth over \$1 million, either alone or together with a spouse (excluding the value of the person’s primary residence).

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- On the income test, the person must satisfy the thresholds for the three years consistently either alone or with a spouse, and cannot, for example, satisfy one year based on individual income and the next two years based on joint income with a spouse. The only exception is if a person is married within this period, in which case the person may satisfy the threshold on the basis of joint income for the years during which the person was married and on the basis of individual income for the other years.

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- In addition, entities such as banks, partnerships, corporations, nonprofits and trusts may be accredited investors. Of the entities that would be considered accredited investors and depending on your circumstances, the following may be relevant to you:

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- any trust, with total assets in excess of \$5 million, not formed to specifically purchase the subject securities, whose purchase is directed by a sophisticated person, or any entity in which all of the equity owners are accredited investors.

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- You need to provide reliable information about yourself in the registration process. Providing false information will be prosecuted by law.



# KYC/AML and AML/CFT

Money laundering (“ML”) is a process intended to mask the benefits derived from criminal conduct so that they appear to have originated from a legitimate source. Singapore’s primary legislation to combat ML is the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap. 65A).

Acts of terrorism seek to influence or compel governments into a particular course of action or to intimidate the public or a section of the public. Trust companies are reminded of the definitions of terrorism set out in the Terrorism (Suppression of Financing) Act (Cap. 325) (“TSOFA”) and the United Nations (Anti-terrorism Measures) Regulations (Rg. 1).

Terrorists require funds to carry out acts of terrorism, and terrorism financing (“TF”) is the act of providing these funds. Such funds may be derived from criminal activities such as robbery, drug- trafficking, kidnapping, extortion, fraud, or hacking of online accounts. In such cases, there may be an element of ML involved to disguise the source of funds.

However, terrorist acts and organisations may also be financed from legitimate sources such as donations from charities, legitimate business operations, self-funding by individuals etc. Coupled with the fact that TF need not always involve large sums of money, TF can be hard to detect, and trust companies should remain vigilant.

Lotus Token, Inc. defends against involvement in illicit activities, such as money laundering, by doing the following:

- Verifying the identity of customers and end users for all registered investors of Lotus Token, Inc. fund

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- Promulgating and adhering to well established anti-money laundering procedures and corporate policies

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- Routinely executing a company-wide assessment to determine the risk of inadvertent involvement in money laundering or other illicit activities. A risk profile is produced after these assessments

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An anti-money laundering policy (“Policy”) shall be reviewed and approved by Lotus Token, Inc. Board. Once approved, the Policy shall be furnished to all our employees and regular training on compliance shall be provided at intervals not to exceed one year. Employees of Lotus Token, Inc. shall confirm receipt and understanding of the Policy in writing.

As part of its account generation and creation process, Lotus Token, Inc. shall:

→ Obligate users to furnish proof of identity.

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→ Prohibit any payments to be made without complete account-opening data.

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→ Confirm that users are not listed in compliance databases. These databases include, but are not limited to, the OFAC Specially Designated Nationals list and other governmental watch lists.

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# PROVING IDENTIFICATION

## Individuals

- Name

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- Mailing address and address of residence (PO boxes are not acceptable unless accompanied by valid mailing address)

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- Government issued identification numbers including where relevant, but not limited to, social security numbers, driver's license numbers, and passport numbers

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- Place of birth and date of birth

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- Copies of valid photo identifications for those listed as account holders

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## Corporate Users

- Name of business and corporate representatives

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- Copies of current photo identifications of corporate representatives using the account

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- Mailing address of the client's principal place of business (we reserve the right to request the customer's local address if the local address is not the same as the business' principal place of business)

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- Customer identification procedures shall be adhered to determine the beneficial owners of trust or corporate accounts. These procedures include establishing whether a customer is an agent

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- of another; deriving information concerning the ownership or structure of a company that is a legal entity not publicly traded in the US or other countries; and for trustees, getting data about the trust structure, determining the provider of funds, and discerning who has control over the funds and power to remove the trustee.

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## End User Verification

The validity of documents used to support the opening of an account is to be confirmed before the account can be finalized. Verification requires layered security, multi-factor authentication, and the satisfaction of other obligations to ensure that user identity has been meaningfully confirmed. Account size and other factors are considered during this process.

These methods are examples of verification processes that Lotus Token, Inc. reserves the right to employ:

- Employing challenge questions to test user knowledge.

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- Ensuring that no inconsistencies exist between customer provided identifying information. Use of industry standard device identification procedures, such as geo-location checks and "digital fingerprints".

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- Validating identifying information against information provided by trusted third party sources. Trusted third party sources include reporting agencies

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- Validating claimed addresses with copies of bank statements, utility bills, and credit card statements.

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- Closing suspicious accounts when clients are unable to furnish sufficient information to confirm identity.

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- Requesting notarized copies of birth certificates or businesses' sealed incorporation documents with an apostil for identification.



Lotus Token, Inc. will conduct an annual anti-money laundering audit. The audit shall be conducted by an independent party with a working knowledge of BSA (or other government agency) requirements. If such a party is not available, the audit may be conducted by Lotus Token's employees who have a working knowledge of BSA requirements. Corrective actions shall be derived from these audits and Lotus Token, Inc. will provide the audit report along with intended corrective actions to our management for review. Status reports concerning corrective actions will be routinely furnished to the management of Lotus Token, Inc. until all outstanding matters are resolved.

## **TAXATION**

The Users bears the sole responsibility to determine if the contribution to and receipt from the Smart Contract System, including but not limited to the acquisition of Tokens, change of the Token's value with the course of time and the receive function of the Smart Contract System shall be a taxable event for the User. The Users bear full responsibility for timely and correct calculation and payment of all taxes due in accordance with the legislation applicable to the Users. The Service is not a tax agent of the User, as well as it does not advise the User on the order of calculation and/or the payment of taxes.

## **LIABILITY**

The Purchaser acknowledges and agrees that the Purchaser will not hold any developers, auditors, contractors or founders of the Service, the Blockchain System liable for any and all damages or injury whatsoever caused by or related to the use of, or the inability to use, Tokens, Services or Blockchain system under any cause or action whatsoever of any kind in any jurisdiction, including, without limitation, actions for breach of warranty, breach of contract or tort (including negligence) and that developers, auditors, contractors or founders of the Blockchain System and/or the Services shall not be liable for any indirect, incidental, special, exemplary or consequential damages, including for loss of profits, goodwill or data, in any way whatsoever arising out of the use of, or the inability to use of the Blockchain System and/or Services.

The Purchaser further specifically acknowledges that developers, auditors, contractors or founders of the Tokens, Smart Contract System and/or the Services are not liable, and the User agrees not to seek to hold them liable, for the conduct of third parties, including other creators of Token, and that the risk of buying, holding and using Token rests entirely with the User.

Lotus Token, Inc. does not guarantee the permanent and uninterrupted operation of the Site and does not take any responsibility for direct, indirect, accidental, special, circumstantial or punitive damages, including but not limited to the losses in the form of lost profit for the mistakes and/or technical issues in operation of the Site, or restriction of the access to the Site on the territory of any jurisdiction.

## **GENERAL INFORMATION**

The User agrees that if any portion of these Terms is found illegal or unenforceable, in whole or in part, such provision shall, as to such jurisdiction, be ineffective solely to the extent of such determination of invalidity or unenforceability without affecting the validity or enforceability thereof in any other manner or jurisdiction and without affecting the remaining provisions of the Terms, which shall continue to be in full force and effect.

The Terms govern the creation, transfer and holding of the Tokens and supersede any public statements about the launch of Tokens and/or the Smart Contract System made by anyone in the past, present and future.

The applicable law is China and Singapore law. Any dispute arising out of or in connection with the creation of the tokens and the development of Services shall be finally settled by the ordinary courts of the registered domicile of the defendant.



# RISKS

First, The Purchasers understand that participating in Token Sale may result in financial losses!

Nothing in the Service, in the Terms or in any statements or information contained on the Site at any moment, or in any means of communication of the Service (including but not limited to the publications in social media, as well as the statements or declarations made by inter alia the representatives of the Service, notwithstanding whether they had been made personally or on behalf of the Service), notwithstanding the time of their occurrence, shall be construed as the guarantee of gaining profit or benefit in any other form.

Venture investments are highly risky. Buying LTO tokens is a considerable risk. The investors and managers incur the following risks: inherent risk, loss risk, theft risk, compliance risk, risk of misconception. Once the investor sends his cryptocurrency to one of the fund's wallets, he confirms that he understands and accepts the risks and potential irreversible losses. The fund's managers only risk losing their own personal investments.

The risks highlighted below are worth considering but they are not exhaustive.

## → **Risks relating to insufficient secondary market liquidity**

Even if digital tokens are tradable in a secondary market, in practice, there may not be enough active buyers and sellers, or the bid-ask spreads may be too wide. Consumers may not be able to exit their token investments easily. In the worst-case scenario where no secondary market develops, a consumer may not be able to liquidate his token holdings at all. The exchanges or platforms that facilitates secondary trading of digital tokens may not be regulated by MAS.

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## → **Risks relating to highly speculative investments**

The valuation of digital tokens is usually not transparent, and highly speculative. Where digital tokens do not hold any ownership rights to the seller's assets, the digital tokens would not be backed by any tangible asset. Such tokens would be merely speculative investments and their traded price can fluctuate greatly within a short period of time. There is a high risk that a consumer could lose his entire investment amount. In the worst-case scenario, the digital tokens could be rendered worthless.

→ **Risk related to cryptocurrency values**

The Purchaser understands that there may be serious risks connected with cryptocurrency, such as heavy fluctuations of virtual or actual currency values, which in turn may lead to loss of currency over short or long periods.

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→ **Risks of money laundering and terrorist financing**

Funds invested into investment schemes involving digital tokens are prone to being misused for illegal activities due to the anonymity of transactions, and the ease with which large sums of monies may be raised in a short period of time. Consumers would be adversely affected if law enforcement agencies investigate any alleged illicit activities related to the token investment scheme.

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→ There is no guarantee that the invested funds will be safe or will lead to profits.

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→ All of your investments might be lost!

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→ The investments are not insured and there are no private or government insurance representative that the investors can address.

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→ There is no guarantee of the token's liquidity in the future. There is a risk that the tokens won't be in demand. There is also no assurance that the market price of the LTO Tokens will not decline below the original purchase price. The Purchase price may not be indicative of the market price of the LTO Tokens after they have been made available for trading on a cryptocurrency exchange.

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→ There is a risk of all the fund's assets theft by fraudsters or hackers.

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→ There is a risk of appearance of regulatory or legal restrictions, which can complicate the fund's work or stop it altogether. Lotus Token, Inc. or the LTO Tokens may be affected by newly implemented regulations

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→ Cryptocurrency trading is generally still unregulated worldwide, but numerous regulatory authorities across jurisdictions have been outspoken about considering the implementation of regulatory regimes which govern cryptocurrency or cryptocurrency markets. Lotus Token, Inc. or the LTO Tokens may be affected by newly implemented regulations relating to cryptocurrencies or cryptocurrency markets, including having to take measures to comply with such regulations, or having to deal with queries, notices, requests or enforcement actions by regulatory authorities, which may come at a substantial cost.

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→ Further, it is difficult to predict how or whether governments or regulatory authorities may implement any changes to laws and regulations affecting distributed ledger technology and its applications, including the Lotus Token fund and the LTO Tokens. Lotus Token, Inc. may also have to cease operations in a jurisdiction that makes it illegal to operate in such jurisdiction, or make it commercially unviable or undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction. In scenarios such as the foregoing, the utility, liquidating, and/or trading price of LTO Tokens will be adversely affected or LTO Tokens may cease to be traded.

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→ There is a risk of a fail investment, which the fund might proclaim unprofitable and write off as a loss.

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→ There are technical risks (e.g. connected to Ethereum) that might cause the fund to be unable to make a transaction of the profits.

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→ There is a risk of cryptocurrency, fiat currency or investment devaluation.

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→ There is a corporate risk of losing control over shares of the portfolio startup.

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Hence, User therefore understands and accepts that the transfer of cryptocurrency to the Lotus Token, Inc. fund may result in a total loss and that Purchaser shall not have any claim whatsoever to reclaim any cryptocurrency lost.

The Purchaser acknowledges and understands that the Tokens have no warranty whatsoever, expressed or implied, to the extent permitted by Applicable Law and accordingly that Tokens are purchased on an "as is" basis.