
EXPLANATORY NOTE & GOVERNANCE

VAN Creation and ETH888 Project Creation Conditions: Explanatory Note & Governance Terms

1. Principles

1 By transferring Ether ("ETH") to the Smart Contract System and the Smart Contract System creating Vanil Tokens ("VAN"), the User understands and accepts that the User makes a contribution into a Smart Contract System for the development of the ETH888 Project ("Contribution"), as further described in the ETH888 Project Whitepaper ("ETH888 Project" / "the Whitepaper"). For the Whitepaper and/or further information on the ETH888 Project, visit: <https://eth888.io>. The information contained in the Whitepaper and on the website are of descriptive nature only, are not binding and do - unless explicitly referred to herein - not form part of the Terms as set forth under para 5 below.

2 The User understands and accepts that while the individuals and entities, including ETH888 Research & Development Team (hereinafter "ETH888 Team"), assigned to this task will make reasonable efforts to develop and complete the ETH888 Project, it is possible that such development may fail and User's VAN become useless and/or valueless due to technical, commercial, regulatory or any other reasons (see also section 5 regarding Risks).

3 The User is also aware of the risk that even if all or parts of the ETH888 Project are successfully developed and released in full or in parts, due to a lack of public interest, the ETH888 Project could be fully or partially abandoned, remain commercially unsuccessful or shut down for lack of interest, regulatory or other reasons. The User therefore understands and accepts that the transfer of ETH to the Smart Contract System and the creation of VAN by the Smart Contract System carry significant financial, regulatory and/or reputational risks (including the complete loss of value of created VAN if any, and attributed features of the ETH888 Project).

4 The User furthermore understands and accepts that - as the creation of the VAN as well as the assignment of the execution of the ETH888 Project are smart contract based - the terms and conditions applicable thereon are set forth in the Smart Contract System Code, existing on the Ethereum blockchain at the address published 12 hours before the start of the Contribution Period. To the extent the terms contained herein or in any other document or communication contradict to the ones set forth in the Smart Contract System, the terms of the Smart Contract System prevail. Furthermore, neither this document nor any other document or communication may modify or add any additional obligations to ETH888 Team or publisher of these terms or developer of the

Smart Contract System and/or any other person, ETH888 Team and/or affiliates involved with the deployment of the Smart Contract System and the setting up of the ETH888 Project beyond those set forth in the Smart Contract System.

5 By transferring ETH to the Smart Contract System, the User expressly agrees to all of the terms and conditions set forth in Smart Contract System Code existing on the Ethereum blockchain (at the addresses set forth under para 4) and in this document (together the "Terms"), which is incorporated by reference herein. The User further confirms to have carefully reviewed the Smart Contract System Code, its functions and the terms and conditions set forth in this document and to fully understand the risks and costs of creating VAN and contributing into a Smart Contract System for the development of the ETH888 Project.

6 This document does not constitute a prospectus of any sort, is not a solicitation for investment and does not pertain in any way to an initial public offering or a share/equity offering and does not pertain in any way to an offering of securities in any jurisdiction. It is a description of the functionality of a Smart Contract System.

7 By transferring ETH to the Smart Contract System and/or receiving VAN, no form of partnership, joint venture or any similar relationship between the Users and ETH888 Team and/or other individuals or entities involved with the deployment of the Smart Contract System and the setting up of the ETH888 Project is created.

8 The Contribution into the Smart Contract System will not involve any fiat currencies and will strictly be done in cryptocurrencies (ETH).

2. VAN Creation Function

2.1 Usage License; No Ownership, Revenue or Governance Rights

9 Usage License: Ownership of VAN carries no rights express or implied other than a limited right (license) to use the ETH888 platform ("ETH888 Platform") based on the ETH888 Network ("ETH888 Network"), if and to the extent the ETH888 Project has been successfully completed and launched.

10 No Ownership or Governance Rights : In particular, User understands and accepts that VAN do not represent or constitute any ownership right or stake, share or security or equivalent rights nor any other form of participation or governance right in or relating to the ETH888 Project in general, ETH888 Network in particular and/or ETH888 Team.

2.2 Contribution

11 Contribution Cap: The total amount of Contributions will be capped by the Smart Contract System. For this phase of crowd sale, the Contribution Cap is 8,000 ethers.

12 At the end of the Contribution Period, an amount of max. 10,000,000 VAN is planned to be created by the Smart Contract System, all of equal value and functionality.

13 Creation Rate: The Smart Contract System will allocate 1,250 VAN for every Contribution of 1 ETH.

14 Contribution Period: The Contribution Period starts with the deployment of the Smart Contract System and lasts for 31 days.

15 Creation and Allocation of VAN: The creation and allocation of VAN by the Smart Contract System is initiated by the User sending an amount of ETH to the Smart Contract System, located on the Ethereum blockchain at the addresses set forth under para 4, which triggers a smart contract operation. During the Contribution Period, the Smart Contract System creates and allocates the corresponding VAN to the User's wallet address, from where the ETH were sent from. User must assure to make his contribution using an ETH address to which the Smart Contract System can send back VAN and/or ETH to (e.g. not an address of a currency exchange like Coinbase, Poloniex etc.). Issuance of VAN (meaning that respective entries of the Public Key (PUK) of User) are made by the Smart Contract System on the blockchain according to the allocation information in the Smart Contract System.

16 No Refund: The User understands and accepts that all Contributions for VAN are final and may not be reversed. User therefore shall assure to make his Contribution using an ETH address to which the Smart Contract System can send back VAN and/or ETH to (e.g. not an address of a currency exchange like Coinbase, Poloniex etc.). Other Contributions are non-refundable. By contributing for VAN, the User acknowledges that he has no right to request a refund for any reason, and that the User will not receive money or other compensation for any VAN that is not used or remains unused.

17 Minimum Contribution Amount: Contributions of less than 0.001 ETH do not result in the allocation of VAN, nor will they be refunded.

18 Assure to use the original Smart Contracts : Only the Smart Contract(s) existing at the addresses set forth under para 4 will issue VAN during the Contribution Period. To

the extent that any third-party website, service or smart-contract offers VAN during the Contribution Period and/or facilitates the allocation or transfer of VAN in any way during the Contribution Period or at any time up to the release of the Genesis Block, such third-party websites or services are, unless explicitly mentioned, not authorised by ETH888 Team and have no relationship in any way with ETH888 Team.

19 Transferability of VAN during the Contribution Period and after: Any and all VAN are not transferable during a period of 7 days, starting with the end of the Contribution Period, as set forth in the Smart Contract System.

20 Early Termination of the Contribution Period : During the Contribution Period, ETH888 Team may at any time stop the contribution function at its own discretion and thereby end the Contribution procedure, in particular for security reasons.

2.3 Pre-Allocation of VAN

21 The User understands and accepts that max. 20% of the amount of VAN, will be pre-allocated to certain individuals as set forth below:

- 10% of VAN will be released to ETH888 Team Members.
- 10% of VAN will be reserved for up coming Bounty Programs

2.4 VAN Functionality

22 VAN are only for use in connection with the ETH888 Project under the terms of the Smart Contract System and only constitute a transferable representation of attributed functions specified in the Smart Contract System.

23 VAN is an ETH888-dedicated token, which enables to participate in the ETH888 Network. Furthermore, certain governance functions may be implemented. If such governance functions exist, at least at the beginning, ETH888 Team has the final decision power regarding all matters discussed.

24 User understands and accepts that subject to a decision of the VAN holders based on a governance mechanism, an inflation mechanism (e.g. for staking rewards etc.) may be implemented in the future.

25 Ownership of VAN carries no rights express or implied other than the right to use VAN as a mean to enable usage of and interaction with and within the ETH888 Network, if successfully completed and deployed (see section 3) . Beyond this, ownership of VAN carries no rights express or implied. In particular, User understands and accepts that he has no right to claim as holder of VAN any intellectual property rights, equity or equivalent rights or any other form of participation in or relating to the ETH888 Project, ETH888 Network and/or ETH888 Team.

2.5 Representation and Warranties of User

26 By transferring ETH to the Smart Contract System and creating VAN, the User represents and warrants that:

- the User is not a citizen or resident of a country, whose legislation conflicts with the present allocation of VAN and/or the ETH888 Project in general;

- the User is not a citizen or resident of the USA;

- the User has a deep understanding of the functionality, usage, storage, transmission mechanisms and intricacies associated with cryptographic tokens, like bitcoin (BTC) and Ether (ETH), and blockchain-based software systems;

- the User understands and accepts that there is no warranty or assurance that the network of miners will allocate the VAN to the Users as proposed by these Terms. The User understands and accepts that the consensus mechanism securing the Ethereum Network may change in the future, and the stakeholders who are in control of the Network may also change as a result.

- the User has carefully reviewed the code of the Smart Contract System located on the Ethereum blockchain at the addresses set forth under para 4 and fully understands and accepts the functions implemented therein;

- the User is legally permitted to transfer ETH to the Smart Contract System, create and obtain VAN in the User's jurisdiction;

- User will contribute ETH from a wallet respectively within a wallet or wallet service provider that technically supports the VAN. User understands and accepts, that failure to assure this may have the result that User will not gain access to his VAN;

- User understands and accepts, that if he exceeds with his Contribution a Ceiling as described within para 11, the total amount of his Contribution will not be accepted by the Smart Contract System. User further understands and accepts, that in such case the Gas necessary for the transaction will be lost.

- the User is legally permitted to receive software and contributing to the Smart Contract System for the development of the ETH888 Project;

- the User is of a sufficient age to legally create and obtain VAN;

- the User will take sole responsibility for any restrictions and risks associated with the creation of VAN by the Smart Contract System as set forth below;

- the User is not submitting ETH to the Smart Contract System to obtain VAN for the purpose of speculative investment;

- the User is not obtaining or using VAN for any illegal purposes;

- the User is purchasing the functionality of the VAN issued by the Smart Contract System primarily to support the development, testing, deployment and operation of

the ETH888 Project, being aware of the commercial risks associated with the ETH888 Project;

- the User waives the right to participate in a class action lawsuit or a classwide arbitration against ETH888 Team or any individual involved with the creation of VAN;

- the User understands the creation of VAN does not involve the purchase of shares or any equivalent in any existing or future public or private company, corporation or other entity in any jurisdiction;

- the User understands that the transfer of ETH to the Smart Contract System, the creation of VAN and the development of the ETH888 Project carries significant financial, regulatory and reputational risks as further set forth in the Terms;

- the User understands and expressly accepts that there is no warranty whatsoever on VAN, the Smart Contract System and/or the success of the ETH888 Project, expressed or implied, to the extent permitted by law, and that the Smart Contract System is used and VAN are created and obtained at the sole risk of the User on an "as is" and "under development" basis and without, to the extent permitted by law, any warranties of any kind, including, but not limited to, warranties of title or implied warranties, merchantability or fitness for a particular purpose;

- the User understands that the User has no right against any other party to request any refund of the ETH submitted to the Smart Contract System under any circumstance; and that

- the User understands with regard to VAN no market liquidity may be guaranteed and that the value of VAN over time may experience extreme volatility or depreciate in full;

- the User understands that the User bears the sole responsibility to determine if the User's contribution to the Smart Contract System for the development of the ETH888 Project, the transfer of ETH to the Smart Contract System, the creation, ownership or use of VAN, the potential appreciation or depreciation in the value of VAN over time (if any), the allocation of VAN and/or any other action or transaction related to the ETH888 Project have tax implications for him; by creating, holding or using VAN, and to the extent permitted by law, the User agrees not to hold any third party (including developers, auditors, contractors or founders) liable for any tax liability associated with or arising from the creation, ownership or use of VAN or any other action or transaction related to the ETH888 Project.

27 As part of the contribution process the User will use own account (address) on the Ethereum network, with a private key associated to this address and password. The password is used to encrypt the User's private key. Following the creation of VAN by the Smart Contract System, the VAN will be transferred to the User's address by the Smart Contract System. The User understands that the User must keep his password and private key safe and that the User may not share them with anybody. The User further understands that if his private key and/or password is lost or stolen, the User will not be able to generate a new password or recover his private key, and if the User also loses his private keys and password, the VAN associated with the User's account (address) will be unrecoverable and will be permanently lost. Furthermore, the User understands that there is no recovery mechanism for lost keys and passwords, so no one will be able to help the User retrieve or reconstruct a lost password and private keys and provide the User with access to any lost VAN.

3. ETH888 Project Execution

28 The User understands and accepts that the development and execution of the ETH888 Project will be assigned to a third party contractor, ETH888 Team, by releasing the amount of contributed ETH by the Smart Contract System to the wallet of ETH888 Team. ETH888 Team has the right to engage subcontractors to perform the entire or partial development and execution of the ETH888 Project. The scope of the development work will be triggered by the amount of Contributions received during the Contribution Period. ETH888 Team shall further have the right to assign the entire ETH888 Project including the Contributions received for its development to a third party.

29 The User understands and accepts that for the purpose of the development and execution of the ETH888 Project, ETH888 Team receives the full amount of ETH transferred to the Smart Contract System during the Contribution Period. This amount covers expenses, charges and other costs that may arise by ETH888 Team and/or its subcontractors as part of the development and execution of the ETH888 Project. ETH888 Team has the right to support and/or acquire other companies for the benefit of successfully executing the ETH888 Project. It remains at ETH888 Team's sole discretion to decide how to allocate the funds in order to develop and execute the ETH888 Project.

30 The User understands and accepts that the User may not have any expectation of influence over governance on the ETH888 Project.

31 The User understands and accepts that the ETH888 Project will need to go through substantial development works as part of which it may become subject of significant conceptual, technical and commercial changes before release. User understands and accepts that as part of the development, an upgrade of the VAN may be required (hard-fork of VAN) and that, if User decides not to participate in such upgrade, he may no longer use his VAN and that non upgraded VAN may lose their functionality in full.

4. Audit of the Smart Contract System

32 The Smart Contract System has been, on a reasonable effort basis, audited and approved by technical experts. The technical experts have confirmed that the Smart Contract System has, with regard to both accuracy and security, been programmed according to the current state of the art.

33 However, the User understands and accepts that smart contract technology is still in an early development stage and its application of experimental nature which carries significant operational, technological, financial, regulatory and reputational risks. Accordingly, while the audit conducted raises the level of security and accuracy, the User understands and accepts that the audit does not amount to any form of warranty, including direct or indirect warranties that the Smart Contract System and the VAN are fit for a particular purpose or do not contain any weaknesses, vulnerabilities or bugs which could cause, inter alia, the complete loss of ETH and/or VAN.

5. Risks

34 The User understands and accepts the risks in connection with transferring ETH to the Smart Contract System, or creating VAN as exemplary set forth above and hereinafter. In particular, but not concluding, the User understands the inherent risks listed hereinafter:

- Risk of software weaknesses : The User understands and accepts that the Smart Contract System concept, the underlying software application and software platform (i.e. the Ethereum blockchain) is still in an early development stage and unproven, why there is no warranty that the process for creating VAN will be uninterrupted or error-free and why there is an inherent risk that the software could contain weaknesses, vulnerabilities or bugs causing, inter alia, the complete loss of ETH, and/or VAN.

- Regulatory risk : The User understands and accepts that the blockchain technology allows new forms of interaction and that it is possible that certain jurisdictions will apply existing regulations on, or introduce new regulations addressing, blockchain technology based applications, which may be contrary to the current setup of the Smart Contract System and which may, inter alia, result in substantial modifications of the Smart Contract System and/or the ETH888 Project, including its termination and the loss of VAN for the User.

- Risk of abandonment / lack of success : The User understands and accepts that the creation of the VAN and the development of the ETH888 Project may be abandoned for a number of reasons, including lack of interest from the public, lack of funding, lack of commercial success or prospects (e.g. caused by competing projects). The User therefore understands that there is no assurance that, even if the ETH888 Project is partially or fully developed and launched, the User will receive any benefits through the VAN held by him.

- Risk associated with other applications : The User understands and accepts that the ETH888 Project may give rise to other, alternative projects, promoted by unaffiliated third parties, under which VAN will have no intrinsic value.

- Risk of loss of private key : VAN can only be accessed by using an Ethereum wallet with a combination of User's account information (address), private key and password. The private key is encrypted with a password. The User understands and accepts that if his private key file or password respectively got lost or stolen, the obtained VAN associated with the User's account (address) or password will be unrecoverable and will be permanently lost.

- Risk of theft : The User understands and accepts that the Smart Contract System concept, the underlying software application and software platform (i.e. the Ethereum blockchain) may be exposed to attacks by hackers or other individuals that could result in theft or loss of VAN or ETH, impacting the ability to develop the ETH888 Project.

- Risk of Ethereum mining attacks : The User understands and accepts that, as with other cryptocurrencies, the blockchain used for the Smart Contract System is susceptible to mining attacks, including but not limited to double-spend attacks, majority mining power attacks, "selfish-mining" attacks, and race condition attacks. Any successful attacks present a risk to the Smart Contract System, expected proper execution and sequencing of VAN transactions, and expected proper execution and sequencing of contract computations.

- Risk of governance attacks and failure: The Contributor understands and accepts that the ETH888 Network may use an in-built decentralized governance system ("Governance System"). For these reasons, it is possible that the Governance System adopts proposals that have an adverse effect on the useful functioning of the ETH888 Network and/or the value of VAN. If the Governance System is attacked, or becomes controlled either directly or indirectly by some party who makes unwise decisions, or the community generally makes unwise decisions, the value of VAN held by a Contributor might be greatly reduced or even permanently lost.

- Risk of incompatible Wallet service: The User understands and accepts, that the wallet or wallet service provider used for the contribution, has to be technically compatible with the VAN. The failure to assure this may have the result that User will not gain access to his VAN.

6. Taxation

35 The User bears the sole responsibility to determine if his contribution into the Smart Contract System for the development of the ETH888 Project, the transfer of ETH, the creation, ownership or use of VAN, the potential appreciation or depreciation in the value of VAN over time (if any), the allocation of VAN and/or any other action or transaction related to the ETH888 Project have tax implications for him.

36 By creating, holding or using VAN, and to the extent permitted by law, the User agrees not to hold any third party (including developers, auditors, contractors or founders) liable for any tax liability associated with or arising from the creation, ownership or use of VAN or any other action or transaction related to the ETH888 Project.

7. No Liability

37 The User acknowledges and agrees that, to the fullest extent permitted by any applicable law, the User will not hold any developers, auditors, contractors or founders of the VAN, the Smart Contract System and/or ETH888 Team liable for any and all damages or injury whatsoever caused by or related to the use of, or the inability to use, VAN or the Smart Contract 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 Smart Contract System, the VAN and/or the ETH888 Project 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 Smart Contract System, the ETH888 Project and/or VAN.

38 The User further specifically acknowledges that developers, auditors, contractors or founders of the VAN, Smart Contract System and/or the ETH888 Project are not liable, and the User agrees not to seek to hold them liable, for the conduct of third parties, including other creators of VAN, and that the risk of creating, holding and using VAN rests entirely with the User.

39 By creating, holding or using VAN, and to the extent permitted by law, the User agrees not to hold any third party (including developers, auditors, contractors or founders) liable for any regulatory implications or liability associated with or arising from the creation, ownership or use of VAN or any other action or transaction related

to the ETH888 Project.

8. Miscellaneous

40 The User understands and accepts that the network of miners will be ultimately in control of the Smart Contract System. The User understands that a majority of these miners could agree at any point to make changes to the official Smart Contract System and to run the new version of the Smart Contract System. Such a scenario could lead to VAN losing intrinsic value.

41 The Smart Contract System is located in Korea. Consequently, the VAN creation and allocation and the assignment of the development and execution of the ETH888 Project to ETH888 Team are considered to be executed in Korea.

42 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.

43 The Terms govern the creation, ownership and use of VAN and supersede any public statements about the launch of VAN and/or the Smart Contract System made by anyone in the past, present and future.

44 The applicable law is Swiss law. Any dispute arising out of or in connection with the creation of the VAN and the development and execution of the ETH888 Project shall be finally settled by the ordinary courts of the registered domicile of the defendant.