

Terms and Conditions of

TKY Distribution Plan for THEKEY Project

Along with the trend of people migrating from real world to the internet, digital user identification has become a prominent theme. Development of identity verification (“IDV”) is critical to the flourishing digital economy. While IDV service market is promising, the fundamental requirement for ID verification result to be undeniable and tamper-proof has never been fully addressed by existing IDV solutions. As the global leading IDV solution provider, THEKEY Project team is now developing the next generation IDV solution with BDMI (Blockchain-Based Dynamic Multi-Dimension Identification) technology, which combines DMI (Dynamic Multi-Dimension Identification) and blockchain synergistically. DMI has already passed its development stage and is currently applied to THEKEY’s existing first-generation IDV solutions. The blockchain technologies will further secure the IDV results to be undeniable as well as tamper-proof. The combined solution effectively enables reliable user ID verification in the digital world, paving way to migrate people from real world to the cyberspace. THEKEY is also building an ecosystem (“THEKEY Ecosystem”) to adopt the next-generation IDV solution so as to provide real-time, tailor-made and cost-efficient IDV-related services. To fuel the development of the next-generation IDV solution and expansion of THEKEY Ecosystem, TKY tokens are now introduced and available for distribution. There are 3 phases in the distribution plan - the Private Placement with 3 tranches, Pre-Distribution stage and the international distribution stage (“Distribution”). Subject to agreement to be signed with the buyer, please find the indicative terms and conditions below –

Terms and Conditions	Private Placement			Pre-Distribution*	Distribution Stage
	Tranche I	Tranche II	Tranche III		
Estimated Time	Oct 2017 - Nov 2017	Oct 2017 - Nov 2017	Oct 2017 - Nov 2017	Nov 2017 - 15th Jan 2018	1st Feb 2018-
Target Amount	100 BTC	150 BTC	250 BTC	1660 BTC	680 BTC**
Available Quota	N/A	N/A	N/A		680 BTC
Accepted Method	BTC, ETH, NEO	BTC, ETH, NEO	BTC, ETH, NEO	BTC, ETH, NEO	NEO
Price of TKY = 1 BTC ***	2,000,000.00	1,666,666.67	1,450,000.00	1,250,000.00	1,000,000.00
Percentage of Normal Price	50% (50% off)	60% (40% off)	70% (30% off)	80% (20% off)	N/A
Minimum Investment Amount	20 BTC	10 BTC	6 BTC	1 BTC	0.0001 BTC
Maximum Investment Amount	N/A	N/A	N/A	50 BTC per buyer	NA
Lock-up Period after Distribution ends	6 months	3 months	3 months	No lockup period	No lockup period

* Unsold TKY for Pre-Distribution will be re-offered in Distribution Stage.

** The Target Amount in Distribution Stage is the difference of (i) USD 22 million minus (ii) the equivalent USD value of all such BTC as raised during Private Placement and Pre-Distribution stage. 680 BTC in the above table is an indicative number for illustration purpose and is not final. For such calculation:

- (i) the USD-denominated price of BTC will be fixed one hour before the launch of Distribution event (with retroactive effect);
- (ii) The number of BTC raised before the launch of Distribution event will be calculated with the subscribed TKY and applicable discount rate in each agreement.

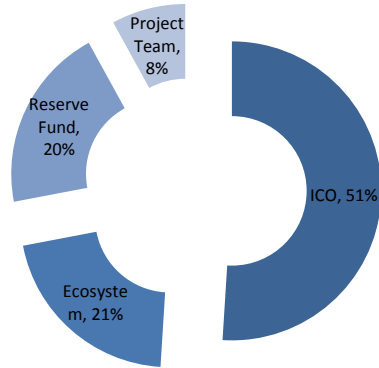
*** The conversion rate among BTC, ETH and NEO will be calculated as follows:

- (i) Before Distribution Stage, the conversion rate depends on the latest available trade price published on Bitfinex at 9:00 am Beijing Time on the execution date of the relevant TKY presale agreement unless otherwise agreed.
- (ii) On Distribution Stage, the BTC/NEO conversion rate will be announced 1 hour before launch.

****TKY tokens will be tradable within one month after Distribution.

TKY Token Allocation

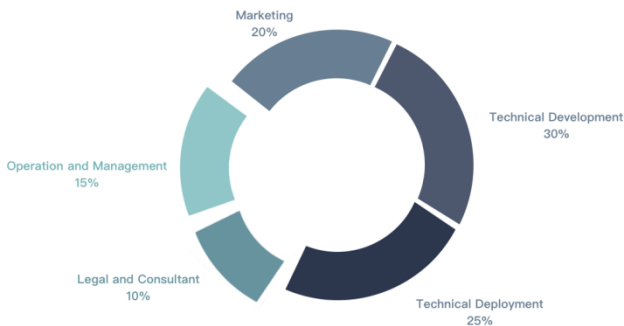
The total supply of TKY is 10 billion units. The allocation plan for total supply is set as below:



- 8% will go to Project team and advisors
- 20% will be reserved to fuel future innovation and ecosystem health. THEKEY Administration Committee will decide the sale of such part depending on market condition and the project and Ecosystem development
- 21% will be reserved as a reward mechanism to incentivize the development of community
- 51% will be allocated to the token distribution contributors. unsold TKY during the token distribution will be allocated to Ecosystem and Reserve Fund.

Use of Proceeds

The proceeds of the token distribution will be used to fund THEKEY Project operations, including the following purposes:



- 30% for BDMI development, including expenses on technology research and development and talents recruiting;
- 25% for technical deployment, including various hardware and software e.g. servers, terminal devices etc.;
- 20% for market promotion to enable both B end and C end users to know and use the new generation IDV service;
- 15% for operation and management to keep sufficient material resources supporting the project;
- 10% for legal and other consultant fees. IDV industry involves with complicated legal issues. Sufficient fund needs to be reserved for solid legal work preparation.

Risks and Legal Conditions

The buyer understands that digital assets, TKY, NEO Blockchain and other technologies are new and untested thus may be inherently risky. THEKEY Project team will not be responsible for any non-performance resulting from adverse changes in the market forces or the technology. In addition, the buyer has been warned of the following risks;

- Legal risks regarding securities regulations
- Risks associated with NEO Blockchain
- Risks of unfavorable regulatory actions
- Risks of theft and hacking
- Risks of security weakness of codes & software
- Weaknesses of cryptography & mining attacks
- Risk of loss of value of TKY
- TKY Ecosystem may not meet buyer expectation
- Second-generation IDV solution and TKY Ecosystem may never be completed
- Insufficient interest in THEKEY Project and TKY Private Placement and Pre-Distribution
- Regulatory risks associated with THEKEY Project and TKY Private Placement and Pre-Distribution
- Risk of proceeds use and future token allocation various from the plan
- Risk of TKY not tradable on exchange market

In addition to the above, there are several points highlighted as below –

- **In any cases TKY tokens sold in Private Placement and Pre-distribution stage will not be refunded**, including but not limited to the following,
 - The hard cap is USD 22 million equivalent BTC of which the number will be fixed during Distribution Stage. If the total number of BTC raised is less than 30% of the hard cap, THEKEY Project Team will look for another round of Distribution depending on market condition and the development requirement. In this case, the sold TKY in Distribution stage will be refunded.
 - In case during Distribution stage 1 BTC > 1,000,000.00 TKY, all investors before Distribution stage will be compensated by additional TKY tokens proportionately.
- **TKYs will be distributed to investors of Private Placement and Pre-Distribution after Distribution Stage completes.**

Eligibility

- Each buyer must meet the criteria of the "accredited investor" as defined under the applicable laws of the jurisdiction where she/he resides, if any
- The buyer has full power and authority to enter into the terms and will not violate any applicable laws
- Mainland China, United States and Singapore residents are not allowed to participate in the TKY Pre-distribution.

For any further details, please visit www.thekey.vip or please send email to info@thekey.vip