

## **RISK DISCLOSURE STATEMENT**

You are advised to read the following risk disclosure statement carefully.

You should carefully consider whether investments in the Tokens and/or through the KLDX Platform is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

***Prior to investing in the Tokens and/or through the KLDX Platform, you should consult your own legal, regulatory, tax, financial and/or accounting advisors or such other professional advisors to the extent you consider it necessary and appropriate and make your own investment decisions (including decisions regarding the suitability of the investment) based upon your own judgment and advice from those advisors you consider necessary.***

Below is a list of risks that you should consider before making any investment in the Tokens and/or through the KLDX Platform. However, the list is not intended to be fully inclusive of all relevant risks that may occur. This risk statement is not and is not intended to be a complete list of all the risks and considerations relevant to any investments in the Tokens and/or through the KLDX Platform.

***For risks relating to the specific Token offerings, please refer to the paragraph on “Risk Factors” in the respective White Paper. For the full version of the Risk Disclosure Statement and the risks relating to the respective underlying instruments, please refer to Paragraph 9 on “Risks Disclosure Statement/Acknowledgment” in the Platform Terms and Conditions.***

- (a) **KLDX Platform being a new platform:** The Tokens will be issued on the KLDX Platform. Although the KLDX Platform is registered with the Securities Commission Malaysia, it is a relatively new alternative platform/ market that is designed primarily for the initial listing of Tokens. As KLDX Platform is a relatively new platform/market, there is no track record on the KLDX Platform and there is also no equivalent platform in Malaysia with a long-term operation which KLDX Platform can be benchmarked against.
- (b) **risks arising from no governance rights:** The Tokens do not confer, to the Investors, any governance rights of any kind with respect to the KLDX Platform. Accordingly, decisions involving the KLDX Platform will be made by Kapital DX Sdn Bhd.

The Tokens may or may not confer, to the Investors, any governance rights with respect to the Issuers. Accordingly, where the Tokens do not confer governance rights, then the decisions involving the Issuer will be made by the Issuer. These decisions could adversely affect the value, utility, liquidity and other aspects of the Tokens.

- (c) **risk associated with investment:** Some Tokens may be more complex instruments and may not be suitable for all Investors. In addition, the investment activities of certain Investors, in their respective countries, may be subject to legal investment laws and regulations, or review or regulation by certain authorities.

You must determine the suitability of this investment in light of your own circumstances. Furthermore, you should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the investment, the merits and the risks of investing in the Tokens and the information contained or incorporated by reference in the White Paper;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Tokens and the impact the Tokens will have on its overall investment portfolio; and
- (iii) have sufficient financial resources and liquidity to bear all the risks of an investment in the Tokens.

(d) **risk associated with the Blockchain**

- (i) the Tokens are based on the blockchain, which is a public, Ethereum-based blockchain. Any malfunction, flaw, or breakdown of this blockchain may have a material adverse effect on the Tokens.

Furthermore, developments in cryptographic technologies and techniques or changes in consensus protocol or algorithms could present risks to the Tokens, including by rendering ineffective the cryptographic consensus mechanism that underpins the blockchain.

- (ii) risk of Ethereum mining attacks: The blockchain is susceptible to mining attacks, including double-spend attacks, majority mining power attacks, “selfish-mining” attacks, and race condition attacks. Any successful attacks present a risk to the Tokens, including proper execution and sequencing of transactions involving the Tokens.
- (iii) risk of theft: The blockchain may be exposed to attacks by hackers or other individuals that could result in theft or loss of the Tokens.

- (e) **risk associated with technology and internet:** There are inherent defects in electronic distribution and data transmission over the internet which may result in delays, omissions, transmission blackouts, interruptions, breaches of security, corruption, unavailability of access in connection with or inaccuracies in the KLDX Platform or any associated mobile applications, website, or APIs, KLDX Materials, the Tokens, KLDX Account, KLDX Cash Account and/or KLDX Wallet Account. In addition, it is also subject to the risk of malicious software and other computer viruses with destructive features such as computer worms, Trojan horses or spyware.

- (f) **risk associated with system, server or connection failure and maintenance:** The periodic maintenance, whether scheduled or otherwise, any system, server or connection failure, error, omission, interruption, deletion of files or email, interception or delay in transmission or computer virus or other malicious, destructive or corrupting code, agent, program or macros may cause access to the KLDX Platform to be halted or interrupted.

- (g) **risk associated with token storage mechanisms:** The monies in your KLDX Cash Account and the Tokens in your KLDX Wallet Account may only be accessed with a password. You are responsible for implementing all reasonable and appropriate measures for securing your password.
- (h) **risk of hacking and security weaknesses:** The Tokens may be targeted by hackers or malicious groups or organisations who may attempt to interfere with the Tokens or steal monies in the KLDX Account or the Tokens in various ways, including malware attacks, distributed denial of service, consensus-based attacks, sybil attacks, phishing, smurfing and hacking.
- (i) **risk of loss on investments** - There is a risk that you may sustain a complete loss of your investment in the Tokens.
- (j) **lack of liquidity** – There may be lack of liquidity or demand for the Tokens on the secondary market.
- (k) **risk of price fluctuations** : The value of the Tokens, as with any other asset can increase or decrease and there is a risk of you losing money through buying, selling or holding these Tokens, due to factors outside the control of Kapital DX Sdn Bhd.
- (l) **risks associated with taxation:** The tax treatment and accounting of the Tokens is uncertain and may vary amongst jurisdictions.

***Any loss resulting from you investing in the Tokens is not covered by the Capital Market Compensation Fund.***