KNIT Finance whitepaper

First multichain wrapper on Polkadot.

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(b) you will and shall at your own expense ensure compliance with all laws, regulatory requirements and restrictions applicable to you (as the case may be);

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Introduction

The first wave of decentralizations was to create a currency which will be used in place of Fiats or government issued currencies. This wave was led by the launch of Bitcoin and in no time, other similar coins or Altcoins followed suit, bringing about the creation of different Blockchains with similar or slightly different offerings.

For the first few years of the crypto-economy were saturated with intense criticism and expectations of general forced closures, the introduction of the Ethereum Blockchain in 2013 and its launch in 2015 changed the narrative for many inventors, investors, enthusiasts and participants of the crypto-economy though the provision of the Smart Contract.

Smart Contracts changed the Blockchain ecosystem from a payment and settlement layer to a more generalized use case. Smart Contracts enabled the ability for business logic to be written directly to the Blockchain with complete transparency and security. This meant that an entire ecosystem of products could come up that acted on top of the money and asset layer that existed till that point.

With the introduction of Smart Contracts on the Ethereum Blockchain, an ecosystem of transformative inventions meeting global needs came to the forefront. These touched areas such as Secure sharing of medical data, Music royalties tracking, Cross-border payments, Real-time IoT operating systems, Personal identity security, Anti-money laundering tracking system, Supply chain and logistics monitoring, Voting mechanism, Advertising insights, Original content creation, Cryptocurrency exchange, Real estate processing platform, and much lot more.

Powered by Smart Contracts, the Blockchain technology is now transforming the activities of every sector and industry including that of the government, however, the most significant effect is seen in the finance industry where inventors in the crypto-world are establishing platforms that can provide comprehensive finance services as experienced in Fiat-based systems but in a decentralized, transparent and real-time ecosystem. Platforms focused on delivering such financial services in the crypto-world are classified as "Decentralized Finance" platforms or simple DeFi.

The DeFi crypto-market is growing really fast in value and adoption with a current market capitalization of $67.56 Billion (USD). Unfortunately, participation in the DeFi market is limited mostly to applications that are built on the Ethereum Blockchain, leveraging its Smart Contract capabilities. Hence, a lot of intending participants whose Blockchains do not support the DeFi operational architecture will have to dump their ideas and innovations or give it out to eligible players.

Introducing KNIT Finance

KNIT Finance is introducing its platform which opens up the possibility of Decentralized Finance to many Non-ERC20 and Non-DeFi participant platforms and assets. The solution is the first of its kind, a Cross-chain Wrapped Assets system that is interoperable across various Blockchains. The goal of KNIT Finance is to open DeFi for the masses and unlock trillions of dollars of potential assets. These additional avenues that open up DeFi to the larger ecosystem come with the added benefit of decongesting the main chain of Ethereum.

KNIT Finance enables the creation of billions of dollars of additional liquidity from any asset class to flow into the DeFi ecosystem. While targeting non ERC20 or non DeFi crypto assets to start off with, the capabilities presented here could be expanded to asset classes like Tesla shares, Gold bonds etc. al.

This paper further presents the capabilities, impact potencies and market delivery structure of KNIT Finance multichain solution as it opens the door of Decentralized Finance to the numerous Blockchains available in the crypto-economy.

Solution Architecture

KNIT Finance is delivering its solution based on the heterogeneous multichain architectural framework developed by Ethereum co-founder Dr. Gavin Wood. Inhibited in Polkadot, this framework separates canonicality and validity in consensus, thereby enabling customized side-chains to connect with public Blockchains.

With the proper implementation of Polka Dots framework, we have developed KNIT Finance to become the first multichain wrapped assets platform which allows the creation of secondary wrapped tokens that can be backed by other tokens on different blockchains, as well as provide massive support for the tokenization of any asset within or outside the crypto world. The assets deposited are also insured by traditional insurance instruments provided by third parties, and hence mitigate potential risk factors.

How KNIT Finance Works

The operations of KNIT Finance run on the Ethereum Blockchain, and involves 3 major categories of ecosystem players which include Custodians, Merchants and Customers/Users.

Custodians

Custodians are users whom perform the task of handling the exchange of assets for wrapped tokens (as requested by merchants), having a pooled wallet for all merchants which uses multi-signature with all keys controlled by the custodian. This level of exchange is done through two different types of transactions; minting (creation of wrapped tokens) for issuance and burning (removing supply of wrapped tokens) for redemption of the original tokens.

Merchants

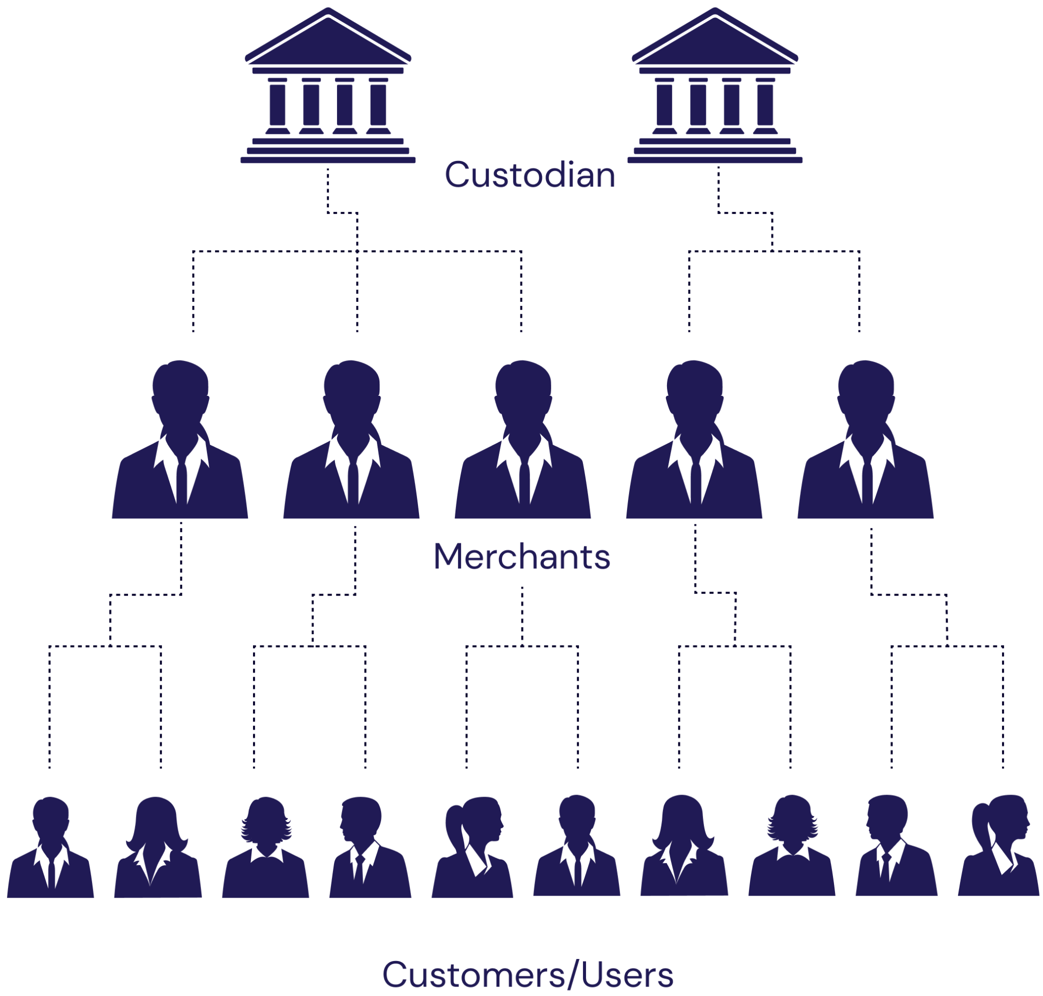
Merchants operate between Custodians and Customers or Users to initiate, confirm and manage transactions with the use of smart contract capabilities on the Ethereum Blockchain. They authorize creation and burning of wrapped tokens, verify identities of users or customers, and aid fast distribution of tokens. After the initial exchange with Custodians, merchants aim to maintain a buffer of wrapped token so that they can exchange it with users at high speed, as core minting and burning are more time-consuming processes.

Customers/Users

Customers/users are the holders of original tokens which wish to create wrapped tokens, which may then be utilised for fund transfers or other transactions/functions available to any other ERC20 token in the Ethereum ecosystem. To create a wrapped token, a Customer or User makes a request to a Merchant, completes KYC / AML requirements, and then swap the original asset for an Ethereum-based wrapped token.

Operational Hierarchy

Operational hierarchy management is that area of management that is associated with designing, overseeing and controlling the entire process of production and services and redesigning business operations as well. However, when it comes to Knit Finances, Operational Hierarchy can be termed as where the end users enjoy the benefits of investing the same amounts into multiple chains through the merchants at a lower cost. Earlier people who wished to create or mint ERC-20; it was difficult for them to do that as it was way too expensive. But with Knit Finance, it was easier since we have a wide range of partnerships with multiple different chains like Polka dots, Binance, Elrond, etc. which makes it way more cheaper and helps to deliver fast.



Creation of wrapped assets

KNIT finance protocol produces k-tokens for the corresponding asset that is wrapped. The K-Token is generated by the custodian on receiving the asset from a merchant. The merchants can then use the minted K-Token with their customers or users.

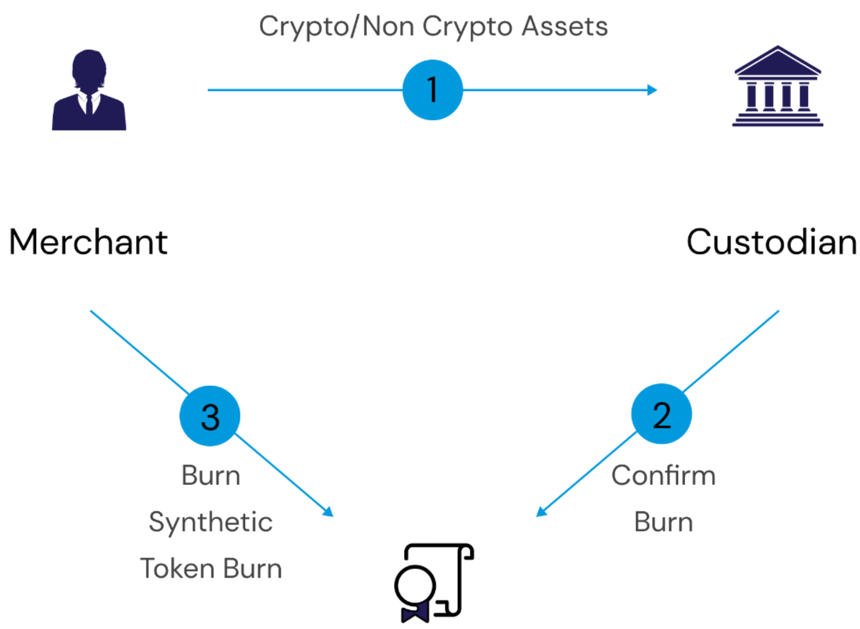
The process of generating the K-Token is as follows:

- The merchant requests the creation of K-Token against an asset. The merchant can choose which chain to do this transaction and can correspondingly request the appropriate custodian.
- Merchant deposits the asset with the custodian. The assets deposited are insured with third party insurers by the custodian and held in a transparent manner till they are converted back.
- Custodian confirms the receiving of the asset and then initiates the transaction needed to generate the corresponding K-Token.
- The merchant receives the K-Token wrapped asset and can use it to interact with customers. Merchants can also interoperate between different chains using the same K-Token.

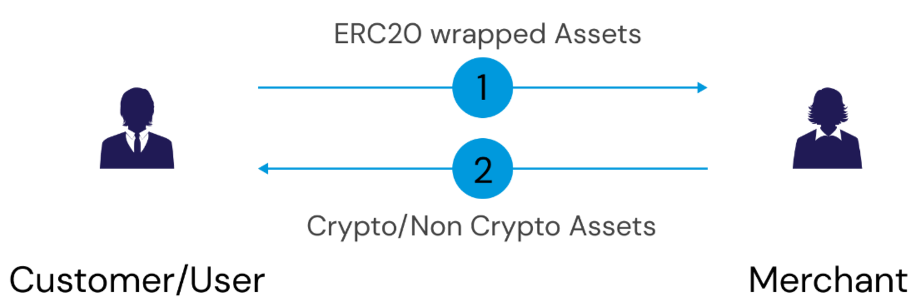
Interoperation between chains

K-Token once generated are easy to move across different chains as per the need of the merchant. KNIT finance protocol uses bridges to facilitate these transactions and requires the bridges to burn the K-Token asset on the original chain and mint them on the new chain. The wrapped assets produced on the new chain are accessible by the original asset owner and ensures that the bridges are non-custodial in nature. Bridges exist only to allow this interoperability and do not at any point own the wrapped asset that is being transferred to a new chain.

Destroy or Burn ERC20 Wrapped Token



Redeem Crypto/Non-Crypto Assets



The Need For KNIT Finance

KNIT finance reduces the entry barrier for companies and users to get started in the DeFi ecosystem. With the ability to convert any asset to EVM compatible assets, the ability to innovate in the DeFi space is not limited to the ones already tied to the ecosystem. The use cases and benefits of KNIT Finance are enormous as it addresses the needs of an emerging market, as well as create more opportunities for startups to expand, provide avenues for portfolio diversification, and accompany market pioneers in their journey of DeFi innovations based on the evolving needs of customers, partners and end users.

Let's take a quick look at the highlights of offerings and defined opportunities that KNIT Finance is positioned to deliver to the crypto-market:

DeFi Participation

The core benefits of Knit Finance for everyone is the ability to make Non-decentralized and Non-ERC20 compatible platforms to seamlessly participate in the DeFi ecosystem by converting their assets into ERC20 compatible tokens enabling the delivery of optimized financial services and accelerating innovations. The seamless conversion back to Non-ERC20 assets from the DeFi ecosystem further eases the adoption of previously excluded companies.

Deposit Insurance

Assets that are deposited to KNIT are held with an insured custody. Wrapped tokens generated and held by insured custodies reduce the risk that participants typically see. Insurance with third party insurers on the assets deposited ensures that the assets are safe till they are converted back.

Smart Contracts

KNIT makes programming and leveraging smart contracts a seamless possibility for the non ERC20 Tokens, thereby propelling participants to launch more contract-centered operations or products. KNIT unlocks the full functionality of the EVM based blockchain ecosystem without the need to change implementation or migrate to a completely new Blockchain.

Lend & Borrow

Wrapped tokens once generated via KNIT are fully empowered to be used in the DeFi ecosystem. Wrapped tokens can be lent on any supported DeFi platform, and provides participants the power to conduct transactions with third party protocols, for example obtaining leverage in the credit markets. The wrapped tokens can also be borrowed or used as collateral for loan as well as being used as margins.

Yield

Liquidity provision is an important part of DeFi platforms and seeing how it supercharges yield farming, with Knit Finance Wrapped Tokens, participants and end users of the Knit Finance can farm tokens through the provision of liquidity to all supported third party DeFi platforms in the ecosystem.

Interoperability

The KNIT Finance multichain framework makes it easy to represent any other cryptocurrency, such as Bitcoin and other non-ERC20 assets on a different Blockchain, yielding a corresponding 1:1 backed wrapped token that will leverage the Ethereum blockchain capabilities and maintain the original utility of the asset.

With this wrapper token, it is possible to interoperate between different chains that are EVM compliant and allows movement of wrapped assets across various chains in a seamless manner. As a result, collaboration between platforms will be improved with multiple options for diversification. KNIT Finance can also be used for initial coin offerings (ICOs), IEOs and STOs to enable direct funding and the minting of tokens on deposits of wrapped tokens.

Interoperability between main chains and side chains also means that wrapped assets can be used with higher transaction speed on side chains as per the need of the merchants. This also mitigates instances where high gas cost and increase of transactions can “clog” the main chain and make it difficult to have a seamless experience between the users and merchants. It also frees the users of KNIT to pick which chain is most suitable for the use case that they are serving and gives the freedom to change their choices later on.

In the future, centralized exchanges and other institutions which accept cryptocurrencies would not need to maintain multiple cryptocurrency nodes but just use KNIT Finance wrapped tokens for settlements and conversion between different types of ERC20 and non-ERC20 crypto assets.

Liquidity

KNIT Finance provides access to greater liquidity for all parties, this is because the provision of backed-commodities increases the market presence of the original asset, giving more members of the market the opportunity to participate in a seamless manner and benefit from offers through a different non-native or supported environment.

KNIT wrapped tokens will bridge the gap between separated assets with high trading volumes such as BTC and ETH, as well as other trending assets, and provide more liquidity. KNIT wrapped tokens also bring greater liquidity to the Ethereum ecosystem including decentralized exchanges (DEXs) and financial applications, enabling token holders to leverage the trading volume on DEXs as opposed to sticking with centralized exchanges.

In addition, other decentralized applications/protocols (like funds, lending payments) will also benefit from having access to greater liquidity which is provided by high-trading assets. Wrapped K-Tokens also minimize the need to maintain separate liquidity for each asset and instead focus on liquidity through one trusted mechanism.

Multiple Asset Tokenization & Optimization

The support for the tokenization of any asset (crypto or non-crypto assets) gives KNIT Finance an edge over competitors who provide wrapped tokens for only specific assets. Tokenizing assets with KNIT Finance is also a way of optimizing operations which are reflected on the costs and performances across the blockchains. Thus giving merchants the ability to choose and switch between blockchains as and when needed.

For instance, Ethereum blocks are created in every ~15 seconds and it is possible to have a fair deal of confidence in the irrevocability of a transaction in less than 5 minutes. This speed is faster than transacting natively in comparison to many other assets including Bitcoin (BTC), Altcoins, gold, bonds, and fiat currencies. Hence, using the KnitBTC token is cheaper and faster than using actual BTC for transactions, just as KnitAlt token is cheaper and optimal than using the actual Altcoin.

Enhanced Security

On one hand, tokenization enables users to have full control of private keys for their assets with the ability to leverage a security-focused custodian for advanced security needs. On the other hand, KNIT Finance provides another layer of security for assets in its custody or for those using its wrapped tokens.

Trust Improvement

With more partnerships or collaborations among reputable parties such as KNIT Finance, genuine and innovative startups will accelerate their growth in terms of trust as they will benefit from the existing reputation of their wrapped token provider and of the third party insurance offered by custodians.

Scalability

The issue of scalability affects some leading and private cryptocurrency platforms as well as blockchains including Bitcoin. The bitcoin scalability problem is the limited rate at which the bitcoin network can process transactions which is related to the fact that records (known as blocks) in the bitcoin blockchains are limited in size and frequency. To maintain and optimize operations, platforms such as KNIT Finance are adopted to establish 1:1 wrapped tokens which can be used in a seamless manner in place of Bitcoin to reduce the pressure on the actual Bitcoin Blockchain.

The use of side chains can further solve scalability problems by letting businesses use side chains which can be interoperated with the main chain. The use of side chains lets merchants also deploy their applications on an independent side chain for their specific requirements.

Compliance

KNIT Finance makes regulatory compliance easier for its DeFi participants, embarking on KYC and AML procedures as prescribed by regulators across varying regions. This reduces the burden on the shoulders of our participants and accelerates market product delivery.

Governance

While our smart contracts are audited by several credible third-party audit firms, the Knit Token will be used for governance on the KNIT Finance protocol and participants (community members) will be rewarded with the token for their participation in governance to maintain turnout and transparency.

Low Fees/Revenue Generation

The cost of transactions on KNIT Finance are set to maintain competitiveness. As scheduled, P2P transactions on the platform are completely free while a 0.25% fee is levied by the protocol on the conversion of a coin or token from one Blockchain to a wrapped coin or token on another Blockchain and this is how KNIT Finance generates its revenue.

KNIT Finance Tokens

The native digital cryptographically-secured utility token of KNIT Finance (**$KFT**) is a transferable representation of attributed functions specified in the protocol/code of KNIT Finance, and which is designed to be used solely as an interoperable utility token on the platform.

$KFT is a non-refundable functional utility token which will be used as the medium of exchange between participants on KNIT Finance. The goal of introducing $KFT is to provide a convenient and secure mode of payment and settlement between participants who interact within the ecosystem on KNIT Finance, and it is not, and not intended to be, a medium of exchange accepted by the public (or a section of the public) as payment for goods or services or for the discharge of a debt; nor is it designed or intended to be used by any person as payment for any goods or services whatsoever that are not exclusively provided by the issuer. $KFT does not in any way represent any shareholding, participation, right, title, or interest in the Company, the Distributor, their respective affiliates, or any other company, enterprise or undertaking, nor will $KFT entitle token holders to any promise of fees, dividends, revenue, profits or investment returns, and are not intended to constitute securities in Singapore or any relevant jurisdiction. $KFT may only be utilised on KNIT Finance, and ownership of $KFT carries no rights, express or implied, other than the right to use $KFT as a means to enable usage of and interaction within KNIT Finance.

$KFT Token Use Cases

Governance

In order to promote decentralised community governance for the network, $KFT would allow holders to propose and vote on governance proposals to determine protocol features and/or parameters, with voting weight calculated in proportion to the tokens staked. For the avoidance of doubt, the right to vote is restricted solely to voting on features of KNIT Finance and/or changes to the governance process; the right to vote does not entitle $KFT holders to vote on the operation and management of the Company, its affiliates, or their assets or the disposition of such assets, and does not constitute any equity interest in any of these entities.

We're exploring converting into an independent SaaS model so developers and projects can build unique offerings for the different pools.

Staking

The KNIT Finance platform will work with various major staking wrapped asset projects to allow $KFT to be accepted as a supported asset, so that users will be able to provide liquidity to participate in these third party protocols and be rewarded for such work.

Premium Pools

KNIT Finance would be offering various premium products, which would be made available to $KFT token holders on a TIER structure as a type of membership privilege.

Premium Offerings

KNIT Finance is collaborating with several third party chains, projects, launchpads, platforms and service providers to synergies with them for special access etc. Similarly, this would be made available to $KFT token holders on a TIER structure as a type of membership privilege.

Add-ons Access

KNIT Finance is working on adding several add-ons (such as on-chain insurance, farming of NFTs etc). These would be made available to $KFT token holders for a TIER structure on a TIER structure as a type of membership privilege.

Paying Fees

As we move towards a SaaS model, all limited access features would be accessible to developers and projects by paying fees in $KFT token. Essentially, it would be the utility token for building on KNIT Finance.

KFT Token details

Ticker	: KFT
Blockchain Network	: ETH
Token Supply	: 100 million
Initial Token Circulation	: 3900000
Initial Market Cap	: 585000
Platform Raise	: 100,000
Individual Allocation	: 750

$KFT are designed to be utilised, and that is the goal of the $KFT distribution. In fact, the project to develop KNIT Finance would fail if all $KFT holders simply held onto their $KFT and did nothing with it. In particular, it is highlighted that $KFT: (a) does not have any tangible or physical manifestation, and does not have any intrinsic value (nor does any person make any representation or give any commitment as to its value); (b) is non-refundable and cannot be exchanged for cash (or its equivalent value in any other digital asset) or any payment obligation by the Company, the Distributor or any of their respective affiliates; (c) does not represent or confer on the token holder any right of any form with respect to the Company, the Distributor (or any of their respective affiliates), or its revenues or assets, including without limitation any right to receive future dividends, revenue, shares, ownership right or stake, share or security, any voting, distribution, redemption, liquidation, proprietary (including all forms of intellectual property or licence rights), right to receive accounts, financial statements or other financial data, the right to requisition or participate in shareholder meetings, the right to nominate a director, or other financial or legal rights or equivalent rights, or intellectual property rights or any other form of participation in or relating to KNIT Finance, the Company, the Distributor and/or their service providers; (d) is not intended to represent any rights under a contract for differences or under any other contract the purpose or pretended purpose of which is to secure a profit or avoid a loss; (e) is not intended to be a representation of money (including electronic money), security, commodity, bond, debt instrument, unit in a collective investment scheme or any other kind of financial instrument or investment; (f) is not a loan to the Company, the Distributor or any of their respective affiliates, is not intended to represent a debt owed by the Company, the Distributor or any of their respective affiliates, and there is no expectation of profit; and (g) does not provide the token holder with any ownership or other interest in the Company, the Distributor or any of their respective affiliates.

Notwithstanding the $KFT distribution, users have no economic or legal right over or beneficial interest in the assets of the Company, the Distributor, or any of their affiliates after the token distribution.

To the extent a secondary market or exchange for trading $KFT does develop, it would be run and operated wholly independently of the Company, the Distributor, the distribution of $KFT and KNIT Finance. Neither the Company nor the Distributor will create such secondary markets nor will either entity act as an exchange for $KFT.

Market Potentials

The market applications for KNIT Finance is boundless, cutting across people who can't or don't want to hold their original assets, users wanting to hold USD or a particular Fiat on a Blockchain, market players that want harmonized control of their assets, crypto-platforms that wants to hop on DeFi, private Blockchains owners that want to seamlessly operate in hybrid setting, and lot more. All of these can only be optimally achieved using Wrapped tokens.

Projects like RenBTC and wBTC currently handle close to $9 billion in just 5 assets. These projects however have limitations on the assets that they can support. KNIT finance's custody model is a unique differentiator and will help us stand apart from others in this space.

We have, however, studied the market to stay ahead of the competitors and maintain long term leadership.

Comparative Analysis

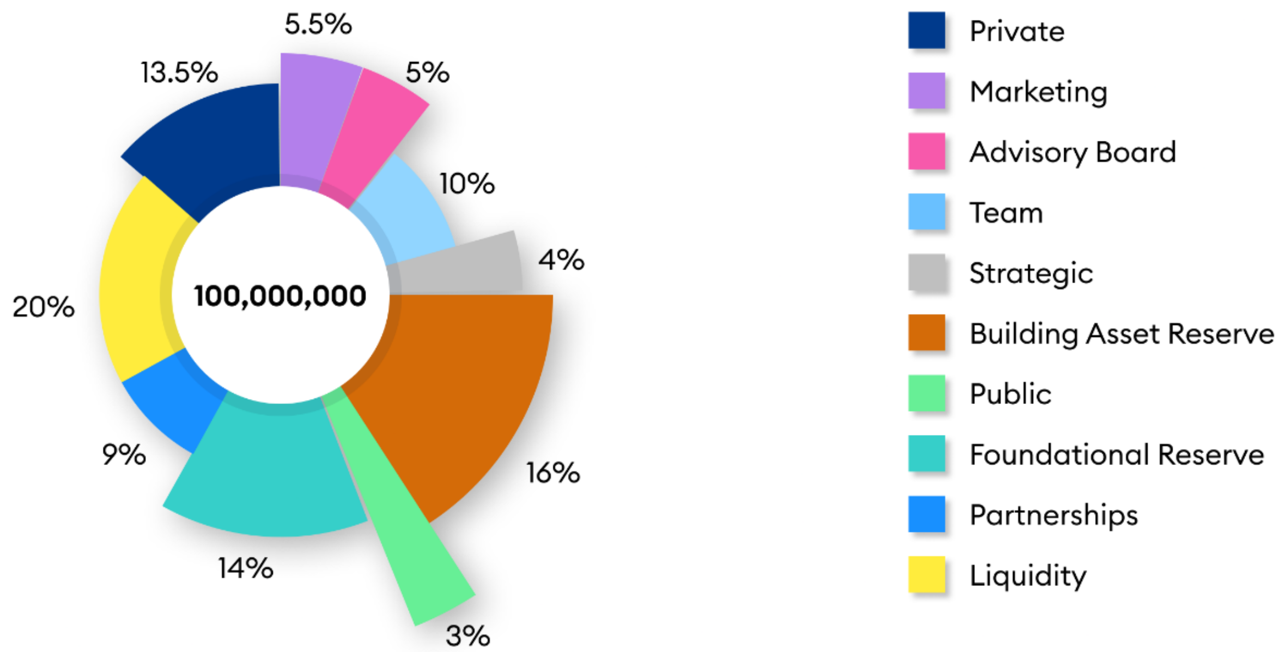
Parameter	Knit	wBTC	REN	SNX
Supporting Any Crypto Asset	✓	✗	✗	✓
Support Any Capital Asset	✓	✗	✗	✗
Token Governance Model	✓	✗	✓	✓
Tokenization Of Asset	✓	✗	✗	✓
Multi-Chain Support	✓	✗	✗	✗
Bullion Support	✓	✗	✗	✗
Market Cap	821K	8.6B	719M	3.08B

Project Sustainability

Sustaining the product cost and supporting costs like marketing, salaries etc will be covered by the following streams:

1. Keeping our part of assets with third party centralised and decentralised platforms
2. Custodians will be required to pay to the platform a portion of the yield which they generate.
3. Platform transaction fees of 0.25% that is charged on each swap
4. Getting fees from supporting the running of multi chains run DEX and yield solutions

Knit Finance Token Metrics



Subject	Amount	Vesting Description
Private	13,500,000	20% on TGE, 20% every quarter
Marketing	5,500,000	4% On TGE, 3% Monthly unlock from month 4
Advisory Board	5,000,000	30% after 1 year, Followed By 5% Monthly Unlock
Team	10,000,000	22% after 1 year, followed by 3% monthly Unlock
Strategic	4,000,000	20% on TGE, 20% every quarter
Building Asset Reserve	16,000,000	Deployment Controlled VIA Governance
Public	3,000,000	Full unlock on TGE
Foundational Reserve	14,000,000	25% quarterly unlock from month 15
Partnerships	9,000,000	10% quarterly unlock
Liquidity	20,000,000	13% on TGE, 3% monthly unlock from month 2

Token Symbol
$KFT

Private Sale
13,500,000

Strategic
4,000,000

Public Sale
3,000,000

Public Sale Price
$0.0925

Initial Market Cap
$820,938

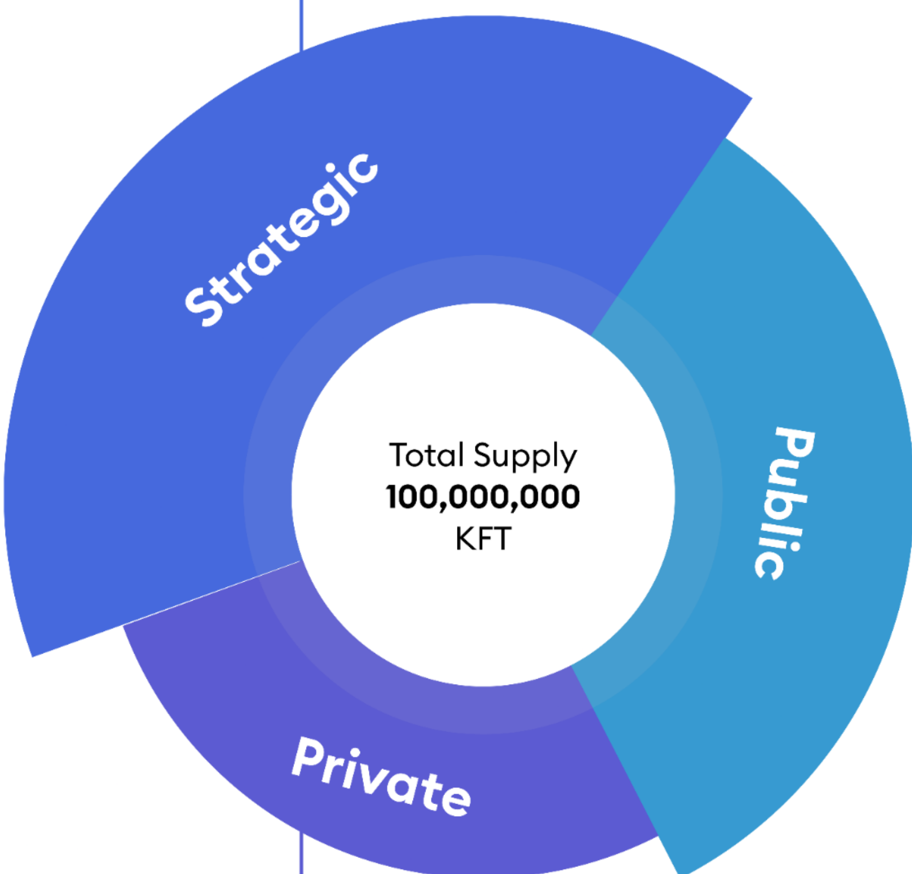
Token Sales Schedule

Strategic Sale Vesting
20% released on TGE
20% every quarter for 1 year

Strategic Hard Cap
$370,000

Strategic Round allocation
4,000,000 KFT

Strategic Round Token Price
$0.092500



Public Sale Hard Cap
$277,500

Public Sale Allocation
3,000,000 KFT

Public Sale Token Price
$0.0925

Private Sale Hard Cap
$1,000,000

Private Sale Allocation
13,500,000 KFT

Private Sale Vesting
20% released on TGE
20% every quarter for 1 year

Private Sale Token Price
$0.074

Go-to Market Strategy

Primary users and champions of KNIT finance will be targeted from the following spaces:

- Chains needing liquidity for more transactions to happen
- Projects needing liquidity to get more users and activities
- Projects and Chains Staking to reduce free liquidity by staking
- Social media campaigns and strategic marketing partners
- Influencers
- Mining / staking / yield farming activities

Conclusion

True decentralization is what KNIT Finance brings to participants within and outside the crypto-world, providing a way for any other token to be used on another Blockchain without loss of original utility or configuration.

This solution will further compel the introduction of new applications and use cases to the DeFi ecosystem as new paradigms are identified, explored and implemented while the ecosystem continues to grow and actively evolve.

The timing is perfect, as it gives KNIT Finance the opportunity to lead the market towards a new phase of Blockchain implementation, becoming the provider of the First Multichain Wrapped Assets developed on Polkadot.

KNIT Finance Team & Advisors

Sainath Gupta

CEO, KnitFinance

Successful Fintech entrepreneur & made india's first MPOS (Aasaanpay) has been in fintech space since 2013

Dr. Aviral Sharma

CTO, KnitFinance

Managing the technological advances In the KNIT finance

Nikhil R Karande

COO, KnitFinance

5+ Year experience in Crypto Industry in variety of domains.

Niksmac

Full Stack Developer

Evoluating multiple tech stack for the product based on Blockchain and design architecture of the products

Sibiraj PR

Blockchain Developer

12 Years of experience in blockchain development

Sruthi

Software Engineer

3+ Years experience as software engineer

Anshuman Sinha

Business Development Manager

Software Engineer 5+ years of Experience in Crypto Space, 7+ year Experience in Cyber Security

Meren

Business Developer

8 years experience in business development and will work in acquiring new partnership for Knit Finance.

Honey Solanki

Business Developer

3 Years of experience as a business developer with reputable companies

Risks

You acknowledge and agree that there are numerous risks associated with acquiring $KFT, holding $KFT, and using $KFT for participation in KNIT Finance. In the worst scenario, this could lead to the loss of all or part of $KFT held. **IF YOU DECIDE TO ACQUIRE $KFT OR PARTICIPATE IN KNIT FINANCE, YOU EXPRESSLY ACKNOWLEDGE, ACCEPT AND ASSUME THE FOLLOWING RISKS:**

1. Uncertain Regulations and Enforcement Actions: The regulatory status of KNIT Finance, $KFT and distributed ledger technology is unclear or unsettled in many jurisdictions. The regulation of digital assets has become a primary target of regulation in all major countries in the world. It is impossible to predict how, when or whether regulatory agencies may apply existing regulations or create new regulations with respect to such technology and its applications, including $KFT and/or KNIT Finance. Regulatory actions could negatively impact $KFT and/or KNIT Finance in various ways. The Company, the Distributor (or their respective affiliates) may cease operations in a jurisdiction in the event that regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction. After consulting with a wide range of legal advisors to mitigate the legal risks as much as

possible, the Company and Distributor have worked with the specialist blockchain department at Bayfront Law LLC and obtained a legal opinion on the token distribution, and will be conducting business in accordance with the prevailing market practice.

2. Inadequate disclosure of information: As at the date hereof, KNIT Finance is still under development and its design concepts, consensus mechanisms, algorithms, codes, and other technical details and parameters may be constantly and frequently updated and changed. Although this whitepaper contains the most current information relating to KNIT Finance, it is not absolutely complete and may still be adjusted and updated by the KNIT Finance team from time to time. The KNIT Finance team has no ability and obligation to keep holders of $KFT informed of every detail (including development progress and expected milestones) regarding the project to develop KNIT Finance, hence insufficient information disclosure is inevitable and reasonable.

3. Competitors: Various types of decentralised applications and networks are emerging at a rapid rate, and the industry is increasingly competitive. It is possible that alternative networks could be established that utilise the same or similar code and protocol underlying $KFT and/or KNIT Finance and attempt to re-create similar facilities. KNIT Finance may be required to compete with these alternative networks, which could negatively impact $KFT and/or KNIT Finance.

4. Loss of Talent: The development of KNIT Finance greatly depends on the continued co-operation of the existing technical team and expert consultants, who are highly knowledgeable and experienced in their respective sectors. The loss of any member may adversely affect KNIT Finance or its future development. Further, stability and cohesion within the team is critical to the overall development of KNIT Finance. There is the possibility that conflict within the team and/or departure of core personnel may occur, resulting in negative influence on the project in the future.

5. Failure to develop: There is the risk that the development of KNIT Finance will not be executed or implemented as planned, for a variety of reasons, including without limitation the event of a decline in the prices of any digital asset, virtual currency or $KFT, unforeseen technical difficulties, and shortage of development funds for activities.

6. Security weaknesses: Hackers or other malicious groups or organisations may attempt to interfere with $KFT and/or KNIT Finance in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. Furthermore, there is a risk that a third party or a member of the Company, the Distributor or their respective affiliates may intentionally or unintentionally introduce weaknesses into the core infrastructure of $KFT and/or KNIT Finance, which could negatively affect $KFT and/or KNIT Finance. Further, the future of cryptography and security innovations are highly unpredictable and advances in cryptography, or technical advances (including without limitation development of quantum computing), could present unknown risks to $KFT and/or KNIT Finance by rendering ineffective the cryptographic consensus mechanism that underpins that blockchain protocol.

7. Other risks: In addition, the potential risks briefly mentioned above are not exhaustive and there are other risks (as more particularly set out in the Terms and Conditions) associated with your participation in KNIT Finance, as well as acquisition of, holding and use of $KFT, including those that the Company or the Distributor cannot anticipate. Such risks may further materialise as unanticipated variations or combinations of the aforementioned risks. You should conduct full due diligence on the Company, the Distributor, their respective affiliates, and the KNIT Finance team, as well as understand the overall framework, mission and vision for KNIT Finance prior to participating in the same and/or acquiring $KFT.