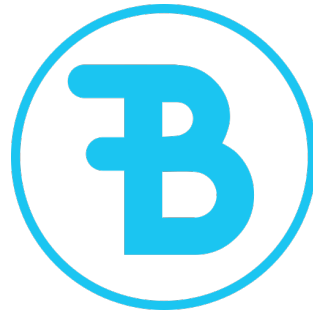


Token Offer Document

v1.0

BiDao



The Token Offer Document for the Bidao ICO

Bidao UG
Germany
26. July 2019

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1 Definitions

The following defined terms are used in this Token Offer Document:

- *Bidao Platform*: is the technical platform operated by the Operator.
- *Tokens*: There are 3 Tokens used within the Bidao system.
 - BAI (as stablecoin): The stablecoin of the BiDao system is called BAI.
 - BID (as staking and governance coin): BID is used as the staking and governance coin within the system. The BID is the token issued in this ICO.
 - BNB (as collateral): BNB will be used as collateral. BNB is the Token used to power Binancechain.
- *Binance chain*: Binance chain is a Blockchain developed and maintained by Binance. Binance chain will be used as Settlement layer by the Bidao system.
- *Initial Token Offering*: is the offering of Bidao Tokens.
- *Offer Period*: Is the limited period of time in which Participants can buy Bidao Tokens.
- *Operator*: is Bidao UG a limited liability company.
- *Participant*: is any potential and/or actual participant in the Intial Token Offering.
- *Token Offer Document*: refers to this document effective as of the beginning of the Offer Period.
- *CDP*: CDPs have been introduced to the cryptocurrency market by the MakerDAO team. CDP stands for Collateralized Debt Position. This means that a CDP holds collateral assets that have been deposited by a user and permit this user to generate the BAI stablecoin that is pegged to USD. Generating BAI also generates debt in the system. This debt locks the collateral in the smart contract system until the debtor pays back an equivalent amount of BAI. After the equivalent amount of BAI is paid back, the debtor is able to withdraw the collateral.



Figure 1: 3 Tokens of Bidao

2 The Operator

The Bidao Platform as described in further detail below is operated by Bidao UG (haftungsbeschränkt) (in the following the “Operator”), a limited liability company under German law with its seat in Wiedergeltingen, Germany and its business address at Bachweg 12, 86879 Wiedergeltingen, registered in the commercial register of the Provincial Court of Memmingen under HRB 18412. The Operator will obtain all necessary trade permits to operate the Bidao Platform as described below under German law. The Operator may be contacted under the following addresses:

Postal address: Bachweg 12, 86879 Wiedergeltingen
E-Mail: hello@bidaochain.com

3 The Initial Token Offering

This Offer Document refers to the proposed initial offering of up to 1,95 billion BID Tokens as described below: The Operator intends to offer up to 1,95 billion BID Tokens during the period starting in Q3/2019 and ending in Q3/2020.

Procedure of buying Bidao Tokens:

- The Participant has to create an Account with the Operator. For creating an Account, the Participant has to provide his/her email address and has to set a strong and complicated password.

- The Participant confirms that he/she read the Token Offer Document and Privacy Policy. Moreover, the Participant confirms that he/she is not a citizen of the excluded countries listed in the Token Offer Document. The Participant confirms that he/she is aware of the risks inherent to Initial Token Offerings.
- The Participant provides the Operator with his/her email address and the payment method of choice for buying BID Tokens.
- The email address of the Participant is saved in the database of the Operator.
- The Participant selects the payment method of choice (Ether, Bitcoin, Litecoin or Bank transfer).
- The Participant enters how many BID Tokens he/she wants to buy from the Operator. The Operator calculates the exchange rate for Bitcoin/Ether/Litecoin. The maximum amount of BID Tokens each Participant can purchase is set to 10,000 USD.
- If the Participant wants to pay with Bitcoin/Litecoin/Ether, a cryptocurrency wallet will be presented to him/her. The Participant then sends the calculated amount of Bitcoin/Ether/Litecoin to these cryptocurrency wallets.
- If the Participant wants to pay with USD, the Operator presents to him/her the required banking data (IBAN, BIC). The Participant then sends the calculated amount to the bank account of the Operator. Moreover, the Participant is required to fill in a payment reference that is presented to him/her. This way the payment can be easily matched by the Operator.
- After the payment is verified by the Operator, the amount of Tokens bought by the Participant will be shown in the Participant's account. At this moment the coins are not transferable. The Participant will receive transferable Tokens (BEP-2) after the ICO will be finished in Q3/2020.

The exchange rate for 1 BID = 0.01 USD. The exchange rate remains unchanged during the ICO.

4 Purchase Agreement

With the Purchase Agreement (“**Purchase Agreement**”) the Operator intends to sell BID Tokens to the Participant, and the Participant intends to purchase BID Tokens from the Operator.

- The payment of the BID Tokens in the ICO can be made in Ether (ETH), Bitcoin (BTC) and Litecoin (LTC), or other payment methods listed on the Operator’s website only and subject to the provisions made in this Token Offer Document.
- In order to submit an offer to the Operator, the Participant has to use the form as provided by the Operator on his website. By clicking on the button “Buy Tokens”. The Participant has to insert an individual amount of ETH, BTC, LTC or other payment methods listed on the Operator’s website that should be contributed to the Participant to request an individual amount of BID Tokens and confirm this amount by clicking on the button “Next”. Further, the Participant has to accept or confirm the further conditions as set out in the form by activating the respective checkboxes. Only after activating the aforementioned checkboxes the Participant has to submit the form to the Operator by clicking on the button “Next”. After submitting the form, the Participant will be offered an individual destination address to send the chosen amount of BTC, ETH, LTC or other payment methods listed on the Operator’s website („Transaction“). For Purchases with some payment methods specifying a destination tag in addition to the destination address might be required. The corresponding instructions will be displayed on the Operator’s website. The filing of the form and carrying out of the Transaction by the Purchaser is considered as a binding offer towards the Operator. The Participant shall bear any transfer fees.
- In case the payment of the purchase price of the BID Tokens will be made in Bitcoin/Ether/Litecoin, the number of BID Tokens will be determined by the Operator. The transaction timestamp will be used to determine the exact price per BID Token. The decisive factor for the exchange rate is the transaction receipt. The confirmation of receipt does not serve as an acceptance of the Participants’s offer. For the exchange rate the ticker of Coingecko is used.

- By acceptance of the Participant's offer, the Participant and the Operator enter into the Purchase Agreement. The Purchaser waives the receipt of the acceptance declaration. The Operator will separately inform the Participant regarding the acceptance of the Participant's offer with undue delay. This notice has only informational character.
- The Operator reserves the right to reject the Participant's offer if there is any cause in his sole discretion. § 19 of the German General Equal Treatment Act (AGG) remains unaffected.
- Notwithstanding the statutory right of withdrawal and the consequences of the withdrawal, in case the Operator does not accept the Participant's offer the Operator is obliged to reimburse the price paid by the Participant without undue delay. For the purpose of reimbursement the Operator will use the same payment method the Participant used for the initial transaction to be carried out, unless otherwise expressly agreed by the parties. The Operator may reimburse the number of ETH, BTC, LTC or other selected payment method that was contributed by the Participant.

4.1 Representations and Warranties of the Operator

- The Operator hereby represents and warrants that following is true and accurate as of the time of the conclusion of this Agreement:
 - The Operator is a limited liability company (Unternehmergeellschaft (haftungsbeschränkt)) under German law and is currently in good standing;
 - the Operator is authorized to validly conclude this Agreement and fulfill its obligations thereunder;
 - the Operator will undertake all reasonable measures to transfer legal property and factual access to the Tokens to be transferred under this Agreement to the Participant.
- The Operator does not make any further representations or warranties and – to the extent legally permissible – waives all other (statutory and/or contractual) representations and warranties not explicitly listed in this Section.

4.2 Representations and Warranties of the Participant

- The Participant hereby represents and warrants that following is true and accurate as of the time of the conclusion of this Agreement:
 - The Participant is not acting for a third party and any transaction considered in this Agreement shall be effected by the Participant for his/her own account;
 - the Participant is able and authorized to validly conclude this Agreement and fulfill their obligations thereunder;
 - the Participant is not a resident or otherwise subject to the jurisdiction of any of the countries which have been expressly listed as excluded countries in the Offer Document;
 - the conclusion and/or execution of this Agreement shall not constitute a breach of any laws, regulations or other statutory and/or contractual obligations of the Participant;
 - the Participant will undertake all reasonable measures to transfer legal property and factual access to the Ether to be transferred under this Agreement to the Operator.
- The Participant confirms that he/she read the Token Offer Document and Privacy Policy. Moreover, the Participant confirms that he/she is not a citizen of the excluded countries listed in the Token Offer Document. The Participant confirms that he/she is aware of the risks inherent to Initial Token Offerings.

4.3 Miscellaneous

- This Agreement shall be exclusively governed by, and interpreted in accordance with, German law, excluding any conflict of laws rules and excluding the United Nations Convention on Contracts for the International Sale of Goods (CISG).
- All disputes arising out of or in connection with this Agreement or its validity shall be finally settled in accordance with the Arbitration Rules of the German Arbitration Institute (DIS) without recourse to the ordinary courts of law. The arbitral tribunal shall be comprised of three arbitrators. The seat of the arbitration shall be Munich, Germany.

The language of the arbitration shall be German. The law applicable to the merits shall be German law.

- Given the case that a German court declares the Arbitration clause set up above invalid, each of the Parties irrevocably submits to the exclusive jurisdiction of the provincial court of Memmingen with regard to all disputes arising out of or in connection with this Agreement.
- Each of the Parties irrevocably waives any right to contest and/or rescind this Agreement on whatever legal basis.
- This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof. All prior agreements or understandings, if any, between the Parties with respect to the subject matter hereof shall, upon the execution of this Agreement, be null and void.
- In case any one or more of the provisions contained in this Agreement shall be invalid, illegal, or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. Instead of the invalid or inoperable provision, this Agreement shall be applied in a reasonable manner, which, so far as legally permissible, comes as close as possible to the application of what the Parties intended, according to the spirit and purpose of this Agreement. This also applies to any gaps in this Agreement.
- This Agreement and any rights and obligations hereunder cannot be transferred or assigned in whole or in part to any third party.

5 Bidao BID Token Distribution

The Participant agrees that the Operator will distribute the Tokens at latest 4 weeks after the complete ICO is finished. Before the distribution of Tokens, the Participant can see the amount of Tokens he/she holds in his/her profile page. The amount shown in the profile page is a placeholder. This does not mean that actually BEP-2 Tokens have been generated on the Binance Blockchain.

6 Right to modify the Whitepaper

The Bidao project is described in detail in the Whitepaper. The Whitepaper can be found on the homepage of the Operator. The Operator reserves the right, in its sole discretion, to modify any of the content described in the Whitepaper especially to account technical challenges. The Operator will host the new Whitepaper on the Operator's website. By modifying the Whitepaper the Participant does not obtain any legal entitlements or claims against the Operator.

7 Suspension Right

The Operator is entitled to suspend the Token Sale – at any time before the acceptance of the Participant's offer and regardless of the status of the Participant's offer for a certain time period or end the Token Sale finally if there is any good cause to the Operator's sole discretion. As good cause could be deemed, inter alia, a significant (material) decrease/increase in the volatility of ETH, BTC, LTC or other payment methods, the presumption of fraud in connection with purchase processes of BID Token or the increase of strain regarding the use of IT resources and systems or any material changes in regulatory requirements with German or EU supervisory law, and/or any kind of intervention of the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin").

8 General Legal Notice / Disclaimer

8.1 Applicable Law

The Initial Token Offering described in this is solely governed by German material law explicitly excluding any and all conflict of law provisions that may lead to the application of the law of any other jurisdiction. Furthermore, the Initial Token Offering is subject to the terms and conditions as described in this Token Offer Document.

8.2 Application of Capital Market Laws and Regulations

The BID Tokens to be issued in the course of the Initial Token Offering are not securities (especially within the meaning of Art. 4 par. 1 Nr. 44 of the Directive 2014/65/EU of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU) and do not confer any rights usually associated with securities or other investments on the holders of BID Tokens. In particular, the BID Tokens do not convey any ownership, participation or control rights and/or claims on the future revenues, profits or assets of the Operator, the Operator itself or any third party. Furthermore, the holders of BID Tokens are not entitled to any interest payments or similar claims and may not demand the repayment of the assets transferred in exchange for the acquisition of BID Tokens at any time. Therefore, this document is not and must not be considered as a prospectus subject to German and/or European capital market laws and regulations and such laws and regulations do not apply to the Initial Token Offering described in this Token Offer Document. Consequently, this Token Offer Document has not been filed with and has not been approved by any government or public authority and/or any other third party.

8.3 General Disclaimer

The information in this document has been prepared by the Operator based on the information available to the operator at the time of the drafting of this Token Offer Document and is intended to provide the Participants with the necessary information concerning a potential participation in the Initial Token Offering. Nothing in this Token Offer Document constitutes specific advice with regard to legal, tax, commercial or technical issues and, therefore, no user may rely on such information without further consultation with advisers qualified with regard to these issues. This Token Offer Document may only be used for the purpose for which it has been drafted. In particular, it may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. The Operator does not make and expressly disclaims any representation, warranty or undertaking in any form whatsoever to any Participant or other third party regarding the correctness, the accuracy and the completeness of any of the

information contained in this Token Offer Document.

8.4 Forward-Looking Statements

Certain information contained in this Token Offer Document may qualify as “forward-looking statements”. Except for statements of historical fact, information contained herein constitutes forward-looking statements including but not limited to, the (i) intended operation and performance of the Bidao Platform, (ii) use of the assets acquired in the course of the Initial Token Offering (iii) the expected development of the Operator’s business (iv) the development of the Operator’s vision and future strategy regarding the Bidao Platform, (v) the development of the markets in which the Bidao Platform will operate, (vi) the future legal and regulatory framework applicable to the Operator, the Bidao Platform and the BID Token. Forward-looking statements are provided to allow Participants the opportunity to understand the Operator’s beliefs and assumptions in respect of the future so that they may use such beliefs and assumptions as one factor in evaluating a potential participation in the Initial Token Offering.

9 Restrictions on the Initial Token Offering

In the past, legal regulations pertaining to cryptocurrencies and/or tokens have been implemented and/or proposed in a variety of countries. Such regulation may render the use of this Token Offer Document in any or all forms and/or the participation in this Initial Token Offering illegal. The Operator has only assessed the lawfulness of this Token Offer Document and the Initial Token Offering described therein with respect to German and European capital markets law and expressly waives any liability with regard to the laws and regulations of jurisdictions other than Germany or the European Union. Therefore, the Initial Token Offering described in this Token Offer Document is only open to persons and/or entities whose participation in the Initial Token Offering is in full compliance with all applicable laws, regulations and other legal provisions. Furthermore, this Token Offer Document and the Initial Token Offering described therein may not be used or published if such use or publication would constitute a breach of any applicable legal provisions. Any and all Participants in this Initial Token Offering are obligated to obtain any necessary information to assess the lawfulness of their use of

this Token Offer Document and/or their participation in the Initial Token Offering on their own. Because of the regulatory frameworks that apply in certain jurisdictions which may impact the lawfulness of the Initial Token Offering considered in this Token Offer Document, the Initial Token Offering expressly does not apply to residents and other persons and/or entities subject to the jurisdiction of the following countries:

- People's Republic of China
- Singapore
- United States of America
- Canada
- Hong Kong
- South Korea
- Afghanistan
- Crimea Peninsula
- Cuba
- Eritrea
- Gaza Strip
- India
- Iran
- Iraq
- Kosovo
- Lebanon
- Libya
- Myanmar
- Palestine

- Palestine
- Somalia
- South Sudan
- Sudan
- Syria
- Venezuela
- Yemen
- North Korea

Residents and other persons and/or entities subject to the jurisdictions of such countries, therefore, may not participate in this Initial Token Offering and the Operator will decline any offer to acquire BID Tokens in the course of the Initial Token Offering and will actively prevent the participation of such residents and other persons and/or entities in the Initial Token Offering to the extent possible.

10 Privacy Notice

Any personal data submitted by Participants to the Operator will be processed by the Operator in accordance with current and future applicable data protection provisions.

The Operator will only use such data in connection with the conclusion and fulfilment of the Token Sale Agreement to be concluded with Participants, the fulfilment of agreements concerning the Bidao Platform or based on mandatory legal provision applicable to such processing of personal data (e.g., mandatory retention periods). The Operator will never disclose and/or transmit personal data to any other third party unless obligated by mandatory provisions or instructed by the respective Participant. Any personal data no longer necessary for the above-mentioned purposes will be deleted by the Operator. Any participant has the right to access, the right to rectification, the right to erasure and the right to restrict processing with regard to their personal data pursuant to the respective legal requirements in connection with such rights.

11 Technology

11.1 Binance-chain as Settlement Layer

Instead of using ETH as collateral and Ethereum as the settlement layer, BiDao uses BNB (Binance coin) as collateral and the Binance-chain as Settlement Layer. Using BNB instead of ETH as collateral has multiple advantages for the Users.

11.1.1 BNB vs. ETH

- ETH is primarily used to pay for code execution on the Ethereum Blockchain. The drawback of this is that ETH is not used as a store of value. Instead of that BNB, it the primary coin of Binance Exchange and Binance DEX. BNB is the base pair for multiple other cryptocurrencies on Binance Exchange and Binance DEX. Moreover, BNB is burned regularly, which makes it more attractive for users to hold.
- The core focus of Binance-chain is to be a fast and reliable settlement layer. Binance-chain allows the easy and fast creation of digital Tokens and allows to integrate different Tokens. Ethereum and its Turing complete programming languages like Solidiy and Vyper allow Ethereum Developers to create all kinds of smart contracts, but the drawback is that the Ethereum chain becomes slow, needs lots of memory and is not able to scale.
- Sidechains can be easily deployed to allow smart-contract functionality for Binance-chain. The smart-contract functionality can be easily outsourced to side-chains and Binance-chain is used as a Settlement Layer.

11.2 The BiDao chain

BiDao uses a delegated Byzantine Fault Tolerance (dBFT) consensus mechanism and can support thousands of transactions. The BID Token is used as the native Staking token. The Staking reward is set at 3

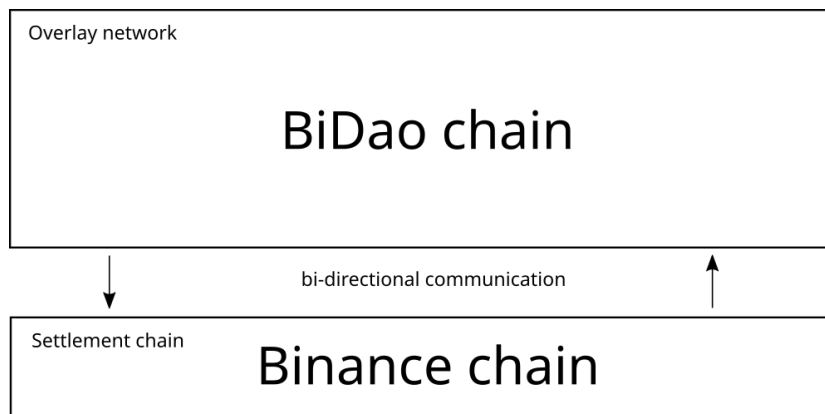


Figure 2: Binance chain as Settlement Layer

11.2.1 The BiDao clients

There will be many different BiDao clients. We will concentrate on creating a stable client written in the Haskell Programming language. Haskell is a Programming Language that belongs to the so-called Functional Paradigm of Programming. A big advantage of Functional Programming is that programs can be easily verified with HOL Theorem Provers. One such prover is Isabelle.

11.3 Three Token Architecture

There are 3 Tokens within the BiDao system. One Token is needed as the stablecoin. Another Token is needed for staking, governance and payment of fees. And of course, BNB is used as the collateral.

- **BAI as stablecoin:** The stablecoin of the BiDao system is called BAI. The target price of BAI is 1 USD. This means that 1 BAI can be sold for 1 USD on exchanges. The target price is reached through in-built game theory [2], that incentivizes participants to keep the value of 1 BAI to 1 USD.
- **BID as staking and governance coin:** BID is used as the staking and governance coin within the system. BID holders play an important role in governing the BiDao system. Moreover BID can be staked and used for paying the fees within the BiDao system.

- **BNB as collateral:** As shown in Section 11.1, BNB is perfectly suitable as collateral within a CDP system. BNB has all the important characteristics to be used as collateral.

11.4 The Stablecoin BAI

Once the Stablecoin (BAI) has been generated it can be used exactly like Bitcoin or Ethereum. This means that it can be transferred between accounts or simply held in the Wallet. The Target Price for one BAI is 1 USD which means that it is 1:1 pegged to the US Dollar. This value is guaranteed, because demand and supply of BAI can be readjusted by adapting the Stability Fee. The Stability mechanism is further described in the following section.

11.5 The Stability Mechanism of BAI

In this section, it will be described how the BAI stablecoin can be stabilized. The goal is that 1 BAI equals 1 USD. For the following it is important to understand the Target Price and the Stability Fee.

Target Price: The Target Price of 1 BAI equals 1 USD. This means that the equilibrium state of the system is that all participants value 1 BAI equal to 1 USD. This can be achieved by the Bidao stability mechanism.

Stability Fee: The Stability Fee is an internal parameter of the Bidao system. The Stability Fee can be changed by a quorum of the BID Tokenholders. The Stability Fee is a fee that has to be paid in order to close the CDP and withdraw the collateral.

In the following we will look at different market scenarios and how the BAI stablecoin can be stabilized in each situation. At first, we have to analyze the different situations that could occur. Basically, there are 3 cases:

- The market values 1 BAI equal to 1 USD,
- the market values $1 \text{ BAI} < 1 \text{ USD}$ and
- the market values $1 \text{ BAI} > 1 \text{ USD}$.

It can be seen that in case 1, BAI is stable and meets the Target Price. In this case, nothing has to be done in order to stabilize BAI. In order to understand the stability mechanism, we have to look at the cases in which BAI deviates from the Target price (1 USD).

Case 2 ($1 \text{ BAI} < 1 \text{ USD}$): In this case 1 BAI is worth less than 1 USD. In order to understand this outcome, we have to look at the market dynamics. Let us consider that $1 \text{ BAI} = 0.95 \text{ USD}$. This means that BAI is 5% below the Target Price and therefore a way to increase the price of BAI by 5% has to be found. In open and free markets there are only 2 options to increase the market value of an asset: increase demand and/or lower the supply of the asset. In order to increase the demand for BAI, the Stability Fee can be increased. If the Stability Fee is increased, open CDPs become more expensive and some users will close open CDPs. In order to close CDPs, BAI stablecoins have to be repaid, which means that the demand for BAI stablecoins increases. Moreover, the supply of BAI stablecoins decreases because users are paying back their debt in order to withdraw their collateral. Hence, in order to re-stabilize BAI, BID Tokenholders will vote for Stability Fee increases until $1 \text{ BAI} = 1 \text{ USD}$.

Case 3 ($1 \text{ BAI} > 1 \text{ USD}$): In this case 1 BAI is worth more than 1 USD. Let us consider that $1 \text{ BAI} = 1.05 \text{ USD}$. This means that BAI is 5% above the Target Price. In order to re-stabilize in this case, the supply of BAI has to be increased and the demand for BAI has to be decreased. This can be achieved by lowering the Stability Fee. If the Stability Fee is lower, it becomes more attractive for users to open CDPs, because open CDPs become cheaper. This way more BAI will be generated by opening CDPs and moreover the demand for BAI on the market will decrease, because less users need to buy BAI on the open market in order to close their CDPs. So in this case BID Tokenholders will vote for Stability Fee decreases until $1 \text{ BAI} = 1 \text{ USD}$.

It can be seen that the game-theoretical equilibrium of this system is that 1 BAI equals 1 USD. If the market price deviates from the Target Price, there is an incentive for market participants to re-stabilize the value of BAI.

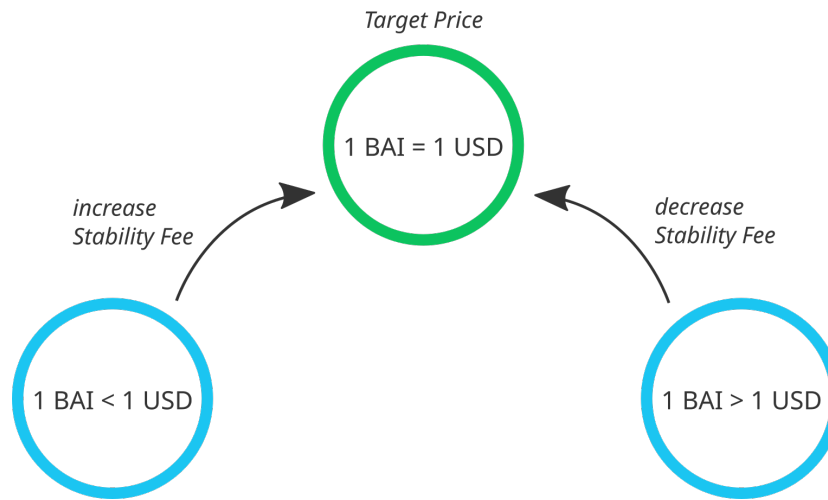


Figure 3: Stability of BAI

11.6 Fees on the BiDao Platform

2 Percent of the borrowed BAI are withheld and 100% of which are distributed among the BID Token Holders and therefore acts as a usage fee on the platform

11.7 Proof of Stake

The BID is a stake-able Token which means that its holders are able to generate Passive income on top of the Fees of the Platform just by holding their coins. To stake the BID Token all you need to do is download the BiDao wallet for your device, transfer your assets to it and after a maturity period of 12 hours you automatically receive a staking reward. On top of this, it's not necessary to keep your wallet open all the time like with POS cryptocurrencies. The POS mechanism is the same as used in the Binance chain or the NEO Blockchain. This mechanism is called Delegated Byzantine Fault Tolerance (dBFT) and is the most user-friendly way of Staking. This way you don't need a powerful computing system or exorbitant amounts of electricity to earn your reward. With BiDao you receive a staking reward of 3% which is much more than the Bank would pay you and there is no limit to the amount of BID Tokens you're able to stake.

11.8 BiDao Governance

The BID Token is used as the governance Token. By owning more BID, the voting power of a certain address increases. This means that addresses with more BID have more voting power than addresses with less BID. We refer to the voting power ϕ of a certain User ν as ϕ_ν . The total voting power Φ can then be calculated by $\sum_{\nu \in V} \phi_\nu$.

Theorem 11.1 *Let ϕ_ν be the voting power ϕ of a certain User ν , then the total voting power is $\Phi = \sum_{\nu \in V} \phi_\nu$.*

A BidDao Proposal can be proposed by any user who holds some BID. BidDao Proposals can change internal parameters of the BidDao system, like the Stability Fee. After a BidDao Proposal is accepted by the majority of Tokenholders, the Proposal becomes active and changes internal system parameters that have been defined within the proposal. Let V_1 be all the users that voted for Proposal 1. Proposal 1 will be only accepted if $\sum_{\nu \in V_1} \phi_\nu > \frac{\sum_{\nu \in V} \phi_\nu}{2}$

Theorem 11.2 *Let V_1 be the set of Users who voted for Proposal 1, then the Proposal will only be accepted if $\sum_{\nu \in V_1} \phi_\nu > \frac{\sum_{\nu \in V} \phi_\nu}{2}$.*

11.9 Collateralized Debt Position Smart Contracts

BiDao employs similar smart contracts to the MakerDao system. Instead of using ETH (Ethereum) as collateral, the BNB coin will be used as collateral. Moreover a faster and more specialized Blockchain architecture is used. The system uses Binanechain as settlement layer and builds upon this layer an additional Blockchain system that handles the Smart Contract process management. Everybody, who has collateral assets can use them to generate BAI in the BiDao smart contract environment. CDPs have been introduced to the cryptocurrency market by the MakerDAO team. CDP stands for Collateralized Debt Position. This means that a CDP holds collateral assets that have been deposited by a user and permit this user to generate the BAI stablecoin that is pegged to USD. Generating BAI also generates debt in the system. This debt locks the collateral in the smart contract system until the debtor pays back an equivalent amount of BAI. After the equivalent amount of BAI is paid back, the debtor is able to withdraw the collateral. To keep

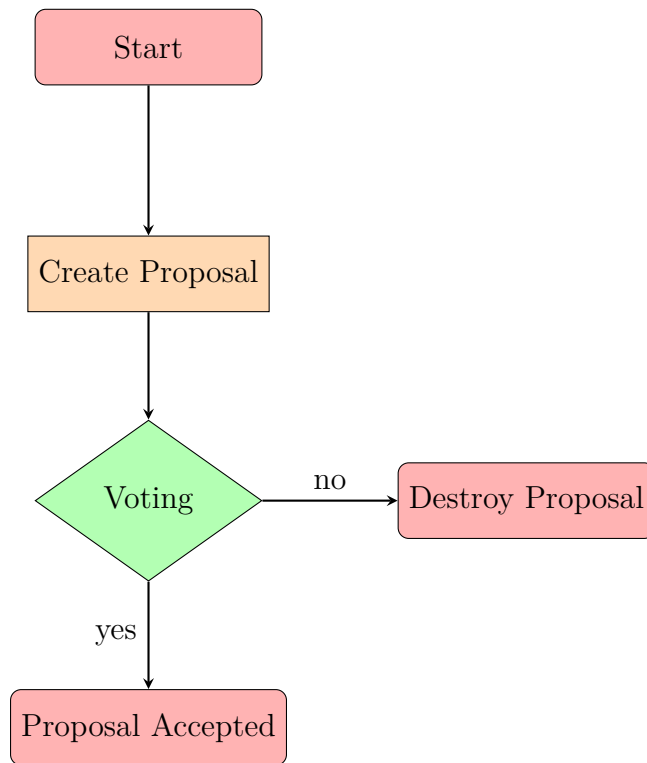


Figure 4: Process of Proposal governance

the system secure, the debt is always over-collateralized. This means that the value of the collateral is higher than the value of the open debt position.

11.10 The CDP Process Diagram

In this section, the process of creating and closing a CDP will be described. We will show, how to create a CDP and which steps are needed to set up a CDP. Moreover we will show at which step within the process, the BAI stablecoin will be generated. The basic process can be seen in Figure 1.

11.10.1 The Akteurs

- **Akteur 1: User** The *User* is the person or entity, that is interacting with the CDP.
- **Akteur 2: BID Holder** The *BID Holder* is the person or entity that holds the BID Token. The BID Token is used for paying fees and for governance purposes within the system.

11.10.2 The Process of creating a CDP

- **Process 1: Create the CDP and deposit the required collateral** At first the User has to create the CDP. This is done with a single transaction. After that, the User has to deposit the required collateral. After depositing the collateral, the User is able to generate the appropriate amount of BAI.
- **Process 2: Generating BAI** In a follow up transaction, the User is able to generate the BAI stablecoins. The BiDao system then locks the collateral. The collateral stays locked until the debt is paid back by the User.
- **Process 3: Paying the debt and Stability Fee** If the User decides that he wants to unlock the collateral, the User has to pay down the debt and additionally a Stability Fee. The Stability Fee has to be paid in BID Tokens.
- **Process 4: Withdraw the collateral** After the CDP is debt-free, the User can withdraw all of the collateral, or just parts of the collateral.

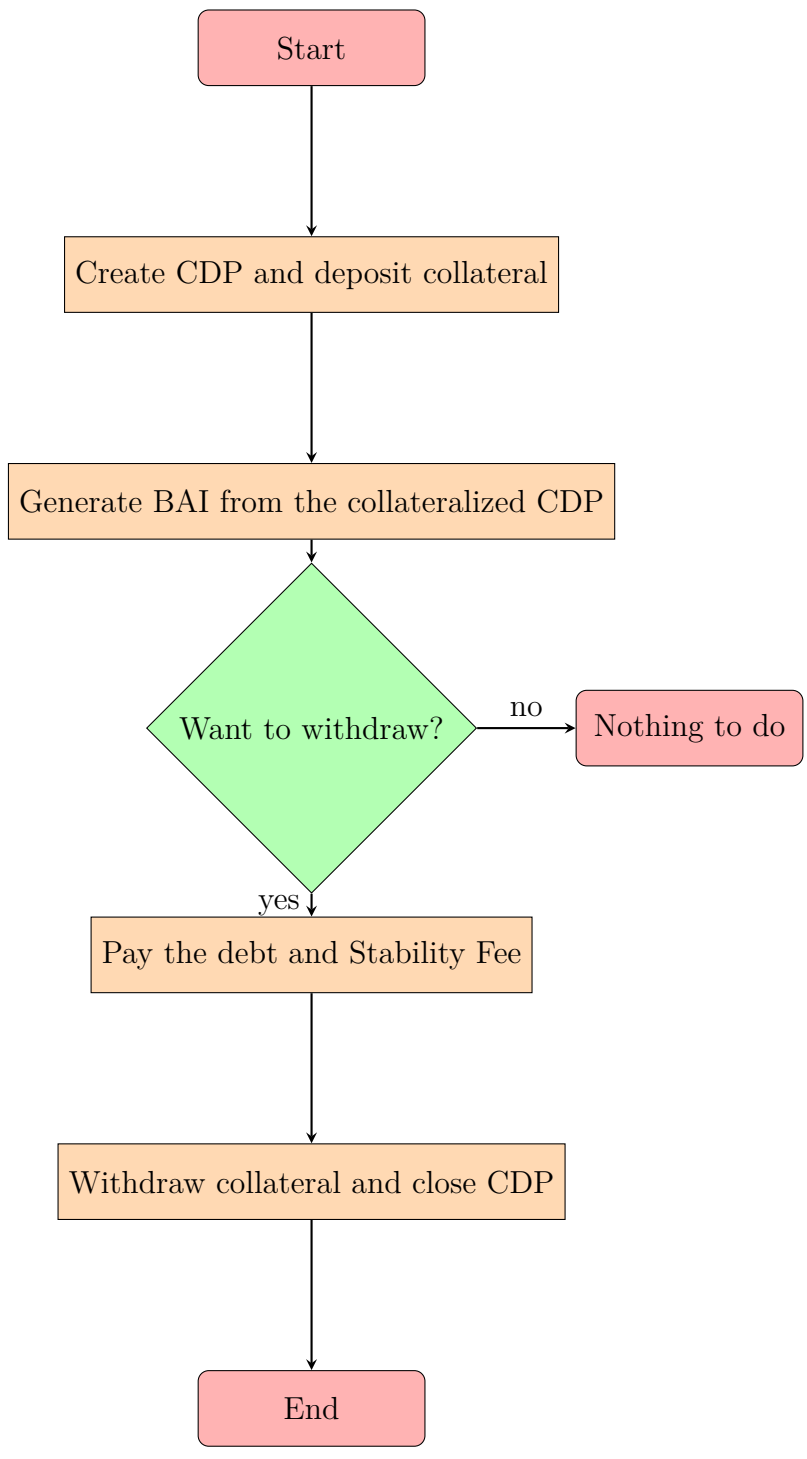


Figure 5: Process of CDP creation

12 Fundraise

BiDao is conducting a Tokensale for fundraising. A Tokensale can also be called ICO, which means Initial Coin Offering. During the sale, contributors will be able to buy BID Tokens. The Tokensale is organized in different phases with different goals and prices.

12.1 Why is a Fundraise needed?

Developing a new cryptocurrency and blockchain system is very labour intensive. A professional team of highly skilled developers is needed to create a new blockchain system. We are only satisfied with the optimal solution, therefore a fundraise is needed to fund the development of BiDao. Moreover, the BiDao system can only work optimally if the BID Token can be distributed amongst many different people. This is the case, because the Bidao governance mechanism is more resistant against voting cartels and manipulation, the fairer the BID Tokens are distributed. By “fairer” we specifically mean, that single entities are not able to manipulate the output of votings. The best way to achieve a fair Token distribution is to conduct a Tokensale and allow as many people as possible to participate in the sale.

12.2 Distribution of BID Tokens after Fundraise

Our goal is to evenly distribute the BID Tokens amongst as many users as possible. Because of this, most BID Tokens will be sold during the BID Tokensale.

- **Tokensale (75%):** 75% of all BID Tokens will be sold during the Tokensale. This guarantees that there are no big entities that control most of the BID in circulation.
- **Founders (5%):** 5% of the BID Tokens will be held by the Founders.
- **Developer Bounties (5%):** 5% of the BID Tokens are reserved for Developer Bounties. Developer Bounties are helpful during the development, because this way developers can be incentivised to help debugging the platform.
- **Marketing Bounties (13%):** 13% of the BID Tokens are reserved for Marketing Bounties.

- **Advisory Board (2%):** 2% of the BID Tokens will be given to our Advisors. This shows that our Advisors will stay long-term committed to our project.

12.3 How is the Fundraise structured?

The fundraise uses a new model of fundraising - the so-called Power Stake Tokensale PST. This means that the earlier you join, the longer you will be able to stake your BID Tokens. The fundraise is structured in 5 different phases. In each phase people are able to buy the BID Tokens. In total, 1.95 billion BID Token will be sold during the Tokensale. Staking is already enabled during the Tokensale, moreover, Tokensale participants will be able to become so-called Powerstakers. In Table [funds] you can see the different phases of the fundraising. If the goal is reached early, the next phase starts automatically. The price for each phase is 0.01 USD per 1 BID. The earlier you join the Tokensale, the longer you will be able to powerstake. Staking Power in the following table refers to the actual Staking Reward in the Tokensale phase. This means that in Phase 1 of the Tokensale the Staking Reward is 50%, whereas in Phase 5 the Staking Reward drops to 5%. After the Tokensale, the Staking Reward stays 3%.

Table 1: Fundraise in 5 phases

	Date	BID for Sale	Staking Power
Phase 1	Q3/2019	100 million	50%
Phase 2	Q4/2019	150 million	30%
Phase 3	Q1/2020	200 million	18%
Phase 4	Q2/2020	500 million	10%
Phase 5	Q3/2020	1000 million	5%

12.4 How to Powerstake?

Powerstaking is super easy! You just have to keep your BID Tokens in your wallet without transferring them.

13 Termination

Notwithstanding the statutory right of withdrawal of the Participant a right of termination for convenience of the Participant is excluded. There are no refunds or cancellations except as set forth herein or as may be required by applicable law or regulation.

13.1 Statutory right of withdrawal (Widerrufsrecht)

If the Participant is a consumer within the European Union, the Participant is entitled to withdraw from the Purchase Agreement without giving any reason. Therefore, the Participant acknowledges the revocation instruction as set out in this Document.

14 Risk Factors

14.1 General Risk Factors

The following risk factors apply to the business of the Bidao Platform and to the Operator in general:

- **The Operator is a limited liability company under German law with a nominal capital in the amount of EUR 1.** Pursuant to German law, creditors of a limited liability company may only bring claims against the company itself. If the nominal capital has been paid in full at the time of the formation of the company (as is the case for the Operator), neither the shareholders nor its directors and/or any other third persons are directly liable for any claims brought against a limited liability company. The same applies in insolvency proceedings concerning a limited liability company.
- **The BID Tokens carry no rights of shareholders of the Operator or of third parties, such as voting or profit sharing rights**

or any right to payments (e.g., interest payments, dividends). The holders of BID Tokens have no shareholders' rights, in particular no participation and voting rights in the general assembly of the Operator or of a third party, and in particular no entitlement to participate in the distribution of earnings and/or profits of the Operator or of third parties. The BID Tokens do not confer any rights to the holders of BID Tokens vis-à-vis the Operator.

- **The future success of the Platform's business model depends on the economic development of the countries in which the Platform's clients are situated.** Therefore, negative economic developments in countries where clients of the Platform are active may have a negative impact on the Platform's business model and, consequently, on the future Tokenholders.
- **The potential losses in connection with the risks described in this Token Offer Document cannot be limited.** If one or more of the risks described in this Token Offer Document occur, this may result in material decreases in the value ascribed to the BID Tokens by the Participants or third persons or, in a worst-case scenario, in a total loss of any assets and/or efforts provided by the Participants to acquire such BID Tokens.
- **Every potential Participant in this Offering should consult their own legal advisor for the clarification of the fiscal and legal parameters of their Participation in this Offering and the clarification of possible legal restrictions of the holding of BID Tokens as the risk considerations in this Token Offer Document consider the general risks and cannot account for the individual circumstances of potential Participants. The Operator does not assume any form of guarantee or liability in this respect.**

14.2 General Risk Factors with regard to Cryptocurrencies and Tokens

The following risk factors apply to cryptocurrencies and tokens in general, and Ether and the BID Tokens in particular:

- **In the past, exchange rates between cryptocurrencies and/or fiat currencies have been very volatile and have been subject to massive upward and downward changes in very short periods of time.** The short-term volatility in the prices may have an impact on the BID Token in several respect: (i) Changes in exchange rates may negatively influence the possibility to exchange Tokens, (ii) fluctuations in the exchange rates of cryptocurrencies in general, and BNB in particular, may have an impact on the transactions costs of BID Tokens.
- **BID Tokens are based on blockchain technology and, in particular, the Binance block chain. Technical issues not foreseeable at the time of this Offering may have a negative impact on the functioning of such blockchain technology.** In the past technical issues in connection with cryptocurrencies and/or tokens have led to unauthorized access to such assets held by individuals. Therefore, it cannot be ruled out that any future technical issues may have a negative impact on the Participants' holdings of cryptocurrencies and/or tokens, including BID Tokens.
- **The handling of cryptocurrencies and/or tokens requires substantial technical knowledge regarding the operation of blockchain technology.** Any participant in this Offering lacking the required technical knowledge may incur the risk to lose access to any assets based on such blockchain technology or may otherwise compromise their holdings of such cryptocurrencies and/or tokens.
- **Any breach of the security of electronic devices used in connection with the administration and transfer of virtual currencies and/or tokens may also impact the holdings of such cryptocurrencies and/or tokens.** The actual access to holdings of cryptocurrencies and/or tokens is usually controlled by private keys stored on electronic devices. Any electronic device may be subject to attacks or intrusions by unauthorized parties and such unauthorized access to any electronic device used in connection with such cryptocurrencies and/or tokens may lead to a loss of access to such cryptocurrencies and/or tokens.

- **Transactions effected and stored using blockchain technology usually cannot be revoked and/or reversed.** Except under special circumstances any transactions effected using blockchain technology are final and cannot be revoked and/or reversed without the active cooperation of the respective counterparty.

14.3 Specific Risk Factors of Bidao Tokens

- **At the time of the this Offer the BID Tokens cannot be traded on virtual exchanges and the future liquidity of the market in BID Tokens cannot be predicted.** A secondary market for the BID Tokens issued in the Offering does not exist at the time of issuance or may not develop. Even a developed market may not be liquid and therefore holders of BID Tokens may not be able to sell and/or otherwise transfer their BID Tokens. Even if BID Tokens are traded after the Initial Token Offering, they may trade at a discount, depending on various factors that cannot be controlled by the Operator. The future development of a liquid market in BID Tokens and/or the possibility of a trade of BID Tokens via virtual exchanges and/or other means may have an impact on the ability of the Participants to transfer the BID Tokens to third parties in the future and may have an impact on the value ascribed to BID Tokens by the Participants or third parties.
- **After the issuance of the Bidao Tokens the Operator has no influence on the future trading of BID Tokens.** The Operator is not involved in any secondary market which might form with regard to BID Tokens and cannot influence the development of such secondary markets.
- **The BID Tokens may be subject to foreign law other than German law.** Pursuant to this Token Offer Document the BID Tokens are subject to German and European law. Despite such choice of law, however, the application of other mandatory foreign laws on or in relation to the BID Tokens cannot be excluded. In particular, BID Tokens may be exclusively subject to the laws of jurisdictions other than Germany and the European Union. Such applicable foreign laws may deviate significantly from German and/or European law and, consequently, may have a negative effect on the legal position of the holders of BID Tokens.

- **Changes in the legal parameters may affect the rights of the holders of BID Tokens.** This Token Offer Document is based on German and European law, including but not limited to tax laws and regulations presently in force. Future changes of the legal situation and/or the judicial or fiscal administrative practice in Germany and/or the European Union and/or other countries may have negative effects on the rights of the holders of BID Tokens. The purchase, the holding or the sale of BID Tokens may be made subject to additional conditions in the future, or may otherwise be treated negatively or even be prohibited at all.
- **The technical foundation can change significantly.** The Blockchain technology is at an early stage at the moment of the Token Offering. We cannot guarantee that this technology will be further developed or scalable at any time. It is possible that the Operator completely changes the technical foundation of Bidao (even completely abandoning the Bidao technology). Moreover, it cannot be guaranteed that it will be ever possible to create the Bidao platform.
- **The Operator does not assume any form of guarantee or liability for the consequences that changes in the applicable law, its interpretation or changes in judicial practice may have on the rights of holders of BID Tokens.**

14.4 Tax Issues and Other Issues concerning Participants in the Offer

- **The Bidao Platform offers various services to its clients and – under certain circumstances – may also transfer assets (including BID Tokens and/or other cryptocurrencies or tokens) to Participants (e.g., as a reward for staking). The provision of such services and/or the transfer of such assets may have an impact on the Participants’ tax situation.** Participants may be required to pay taxes and/or other charges and duties levied in accordance with the laws and judicial and administrative practices of the applicable jurisdiction and should consult their own tax advisers in this regard. It cannot be ruled out that the transfer of BID Tokens and/or other assets in connection with the operation of the Bidao Plat-

form may be considered as personal income and/or revenue subject to personal and/or indirect taxes (e.g., VAT) pursuant to the tax laws applicable to the Participants. The tax consequences of any transfer of assets have to be assessed by the Participants and/or their respective tax advisers taking into account their personal tax situation.

- **A modification of the taxation or other fiscal parameters in the sphere of the Participants may have material adverse effects on their participation in the Bidao Platform.** No assurance can be given that the tax situation in the sphere of the Participants, as it exists at the date of this Token Offer Document, will remain unchanged in the future. Future changes of the legal situation, the judicial or fiscal administrative practice cannot be ruled out and the consequences of such changes in the legal situation, the judicial or fiscal administrative practice are exclusively the risk of the Participants and consequently have to be borne solely by the participants.
- **The participation in this Token Offering may be or become unlawful for certain Participants.** A participation in this token offering in breach of applicable laws or other legal regulations may lead to negative consequences for the respective Participants that cannot be controlled and/or mitigated by the Operator. The Operator is not responsible for the lawfulness of a participation in this Offering by a Participant, or its compliance with any applicable laws, regulation or regulatory policy, and potential Participants must not rely on the Operator as to the legality of their participation in this Offering.

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