



COINLOAN REHABILITATION

INTRODUCTION

The situation we find ourselves in is regrettable and unsettling, but it also provides an opportunity for us to introspect and reinvent our business model for the greater benefit of all involved parties.

Our primary goal is to fully rectify the current predicament, ensuring the interests of our esteemed creditors are safeguarded. We understand the apprehensions and concerns you may have. In this light, we are proposing an alternative approach to the long bankruptcy process and selling of the remaining crypto assets by the bankruptcy administrator.

Instead of liquidation, we propose corporate rehabilitation. We firmly believe that rehabilitation offers a more beneficial outcome for our creditors. This approach allows us to sell the remaining assets at a much higher value, generating greater returns. While bankruptcy proceedings seek to merely liquidate assets to satisfy a maximum amount of outstanding debts, rehabilitation aims to preserve and enhance the company's value, ensuring higher returns.

Key to our rehabilitation proposal is the establishment of transparency in decision-making. We intend to collaborate closely with our creditors throughout this process, ensuring their voices are heard and their interests are prioritized. This partnership will shape the future trajectory of CoinLoan, serving as a testament to our commitment to inclusive and accountable corporate governance.

Our rehabilitation plan is not merely about rectifying past mistakes but also about restructuring our business model to eliminate similar risks that could potentially lead to such adverse situations in the future. We will meticulously review our business operations and processes, incorporating the best practices and stringent risk management strategies. Such a revised and risk-averse business model is likely to increase the company's equity value, thereby providing a higher return to our creditors (in addition to the current assets).

In summary, we propose a rehabilitation plan centered around rectification, transparency, restructuring, and growth. We hope that through this strategy, CoinLoan will not only regain its financial health but also foster stronger and more confident mutually beneficial relationships with all its creditors.

REMAINING ASSETS AND REHABILITATION FINANCING

We would like to provide further details on our rehabilitation proposal, which hinges upon the principles of preservation, maximum recovery, and portfolio rebalancing.

Over the past ten months, we have processed withdrawals totaling \$330 million. Managing these large withdrawal volumes, alongside balancing our portfolio daily, has been a laborious task, consuming substantial time and resources. Despite these withdrawals surpassing the amount of deposits, we remain dedicated to ensuring the maximum possible recovery for our creditors. This has always been and will continue to be our foremost priority.

To that end, our asset disposal strategy needs to be carefully coordinated with the creditors' council to ensure maximum return. We do not believe liquidating cryptocurrencies in the current market conditions would be prudent.

Instead, we should wait for the next bull run in the cryptocurrency market, which could offer a more favorable environment for liquidating these assets, thereby providing higher returns to our clients. It is important to note that we are also prepared to respect the wishes of our creditors. If the majority of them vote to liquidate our assets immediately, we will dutifully carry out their decision. Our portfolio rebalancing strategy will also be undertaken if the creditors' council approves of it.

Alongside this, we must also address the question of what will happen to the assets remaining on our balance sheet. Please rest assured these will not be used for the company's rehabilitation process. Instead, we are considering various financing options for this restructuring endeavor. It could potentially involve selling a portion of the company now or issuing convertible notes. Any funds raised will be used solely for the relaunch of CoinLoan.

Through these actions, we hope to recover from the current financial challenge and create a more resilient, responsible, and sustainable company that you can continue to trust. We sincerely appreciate your patience during these times and look forward to further discussions of this rehabilitation proposal.

OVERVIEW OF PROPOSED REHABILITATION PLAN

INTRODUCTION

Our restructuring proposal has been crafted with a single focal point – safeguarding the interests of all our stakeholders. The complexity of the situation is not lost on us, and we pledge to execute this plan with utmost transparency and responsibility.

NEW OPERATIONAL COMPANY

Our restructured organization will strictly adhere to industry-leading standards, ensuring full regulatory compliance. We aim to establish our company within a crypto-friendly jurisdiction that offers regulatory assurance and business-friendly policies.

CRUCIAL ROLE OF CREDITORS' BOARD

The Creditors' Board will play a significant role in our restructuring plan. We firmly believe in the valuable insights our creditors can provide, contributing to the efficacy of the restructuring process. The board will actively participate in decision-making processes, particularly regarding the sale of crypto assets and the distribution of repayments.

ASSET DISPOSAL STRATEGY

Working closely with the Creditors' Board, we will carefully devise an asset disposal strategy aimed at maximizing the recovery for our creditors. Given the crypto market's current state, we believe we should hold off on liquidating our crypto assets until the next bullish phase. This strategy aims to deliver greater returns to our clients. We plan to implement this strategy and complete any necessary disposals no later than December 31st, 2024.

PORTFOLIO REBALANCING AND ASSET ALLOCATION

At this time, we are limited in our capacity to disclose detailed information about our asset allocation publicly. Such disclosures could aggravate the situation for our creditors and jeopardize the remaining balance of their funds.

With the approval of the Creditors' Board, we intend to rebalance our portfolio. A clear plan will be established for the assets remaining on our balance sheet, which we do not intend to use for the restructuring process. The financing for the restructuring will be sought through various channels, potentially involving the sale of a part of the company or issuing convertible notes. Only the raised funds will be used for the relaunch of CoinLoan.

Our company has found itself in a challenging situation where our assets and liabilities have diverged due to an abrupt downturn in the market. Amidst a period of economic uncertainty, we experienced an imbalance and surplus of liquidity, which we subsequently invested in alternative cryptocurrencies, or 'altcoins.' Regrettably, those assets have suffered a significant depreciation following the overall market decline and the upheaval triggered by the bankruptcies of several cryptocurrency companies last year. This has critically impacted our financial standing.

DEBT TOKEN ISSUANCE

We propose issuing a debt token as part of our restructuring plan. The issuance serves a dual purpose. First, it helps ensure a fair settlement of creditors' claims. Secondly, it allows our creditors to potentially benefit from the future success of the restructured company. We aim to complete this process no later than two months after the completion of the asset disposal or by March 1st, 2025, whichever comes first.

OVERVIEW OF PROPOSED REHABILITATION PLAN

PRODUCT/SERVICES REDESIGN

In line with our new direction, we plan to redesign our platform to remain competitive and responsive to our clients' needs in this ever-evolving market. We are planning a complete rebranding, including the introduction of a new token. Current holders of our CLT token will have an opportunity to convert their tokens into the new project's token.

DEBT CONVERSION OPTIONS

We would like to address the outstanding debt issue by providing two conversion options. The remaining debt may either be converted into the tokens of the new project, allowing creditors to partake directly in our rebranded venture, or into a debt token. This debt token will represent a claim on future earnings or assets, providing an alternative method of recovering the owed amount.

Our intention is to ensure a fair and balanced approach toward settling the debt while still recognizing the significant contribution of our creditors. More details of these conversion procedures will be disclosed shortly.

FUTURE INVESTMENTS AND DEBT TOKEN BUYBACK

Our proposed debt token buyback arrangement aligns the interests of our creditors with those of potential investors, allowing both parties to participate in the restructured company's growth.

FULL TRANSPARENCY AND ASSET TRACKING

We pledge to implement measures that ensure complete transparency in asset storage and distribution. Borrowers will be able to track their collateral, and staked coins will be traceable. We aim to provide concrete proof of reserves.

SERVICE OPTIMIZATION

To mitigate potential risks in crypto lending, we propose eliminating the Interest Account (IA) service, a critical step in enhancing our business model's resilience.

COLLABORATION

We reassert our commitment to closely collaborate with our creditors throughout this process. We value their input, especially regarding the appointment of key management personnel. This collective approach will, we believe, bolster CoinLoan's prospects for a successful restructuring and a profitable future.

REVAMPED BUSINESS MODEL

We propose a complete overhaul of our existing business model, intending to diversify our clientele. Our services will continue to cater to retail clients, recognizing their contribution to significant profitability during various market phases. We also aim to engage a wider array of clients who exhibit more predictable and stable investment behaviors.

A key change in our strategy involves transitioning toward a commission-based revenue model, eliminating all speculative and risk-heavy components that previously existed. This approach will fortify our business against market volatility and ensure a steady, risk-averse income stream. This transition underscores our commitment to delivering reliable services to our clients while securing the sustainability of our operations.

PROPOSED PRODUCT PORTFOLIO RESTRUCTURING

DESCRIPTION: This risk-free service allows clients to earn rewards by participating in blockchain consensus mechanisms. We offer both custodial and non-custodial options.

FIAT LOANS BACKED BY DIGITAL ASSETS

DESCRIPTION: We offer fiat loans to both individuals and legal entities, using digital assets as collateral.

SWAP CRYPTO-TO-CRYPTO AND CRYPTO-TO-FIAT

DESCRIPTION: This service allows clients to swap cryptocurrencies or convert cryptocurrency into fiat currency utilizing our proprietary trading engine, which allows deep liquidity (one order for significant exchange amounts).

CREDIT LINES: NEW SERVICE

DESCRIPTION: We provide credit lines to our clients, utilizing fiat currencies, stablecoins, or crypto assets as collateral. Our liquidity for these credit lines is sourced from banks, family funds, and institutional clients.

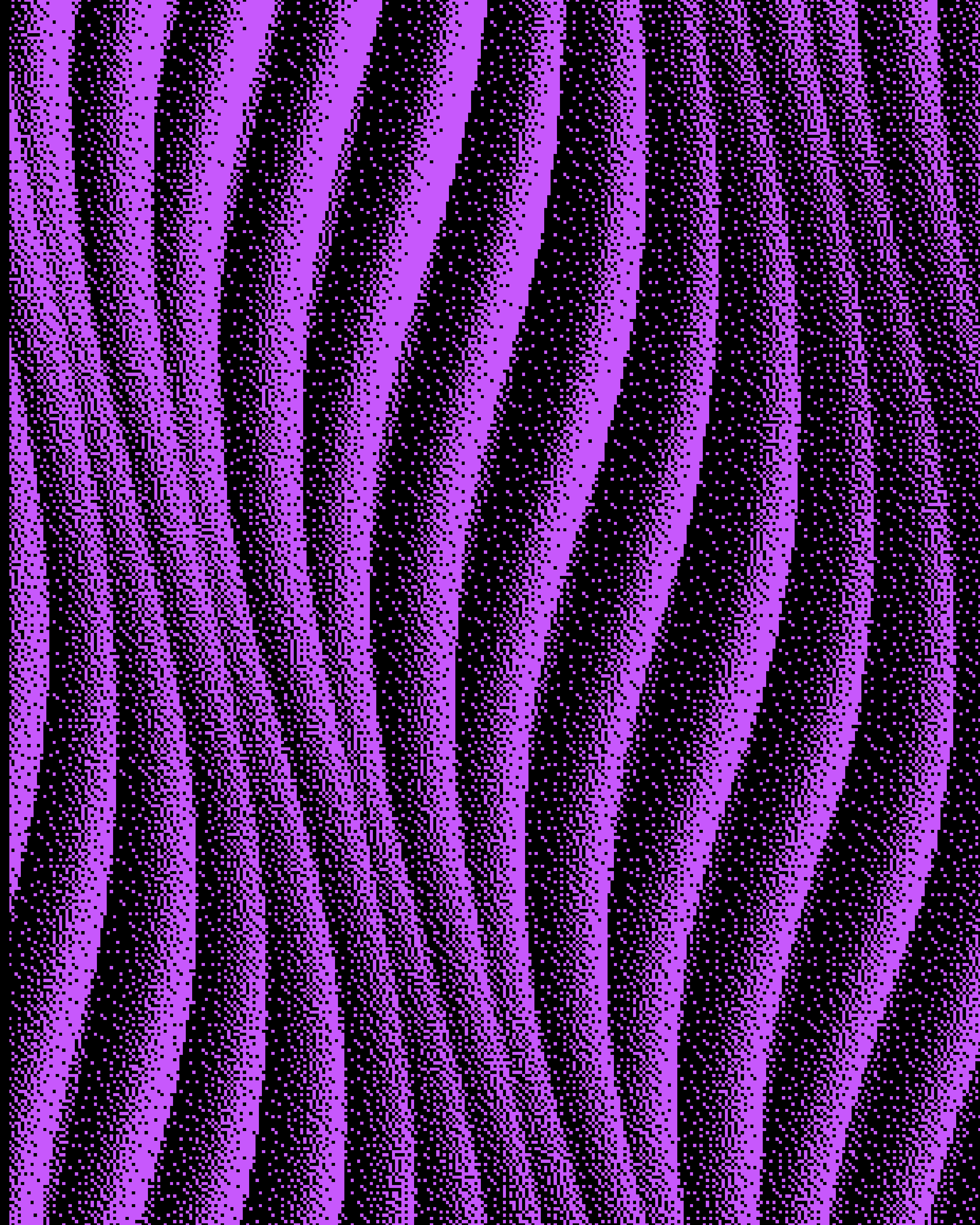
Our revamped business model is designed to diversify revenue streams and mitigate dependency on market cycles. The strategy to engage with a broadened clientele offers a more balanced and sustainable business model, enhancing our resilience in the face of market fluctuations.

FUTURE DEVELOPMENTS & PARTNERSHIPS

Looking forward, we aim to explore potential growth areas and partnerships in the following sectors:

1. Offering margin trading to institutional clients, allowing them to leverage their capital.
2. Implementing a fiat on-ramp service, allowing easy conversion of fiat currency into cryptocurrencies.
3. Issuing loans collateralized with tokenized assets, unlocking liquidity from traditional assets (real estate, arts, non-marketable shares, etc.).

Building strong relationships with key market players is vital for our success, and while exact revenue projections are uncertain, we see potential in these areas. By broadening our service offerings and establishing a position as a reliable partner, we aim to become an integral part of the cryptocurrency ecosystem. We look forward to driving long-term growth and delivering value to our clients and partners through innovation and adaptation.



ROADMAP

YEAR 1

Relaunch of the company, partner acquisition, signing of partnership memorandums, development of new products, creditor negotiation, market strategy development, prioritization of focus areas, and attainment of necessary licenses.

YEAR 2

Product relaunch, new client acquisition, initiation of new strategic directions, and development of new market entry strategies. Additional funds will be raised through Round A investments.

YEAR 3

Expansion beyond the EU to ASIA/MENA (subject to regulatory conditions), increase in turnover in target sectors, capturing 3-10% of market share depending on product. Further fundraising through CLT sales, doubling of annual revenue, and development and pilot launch of new promising sectors depending on market evolution. By the end of the third year, an obligatory conversion of obligations to clients into equity will be implemented.

This three-year roadmap outlines our achievable plans for expansion, increased market share, and solidification of our position in the crypto lending industry. Through the execution of these milestones, we aim to foster sustainable growth and provide long-term value for our stakeholders.

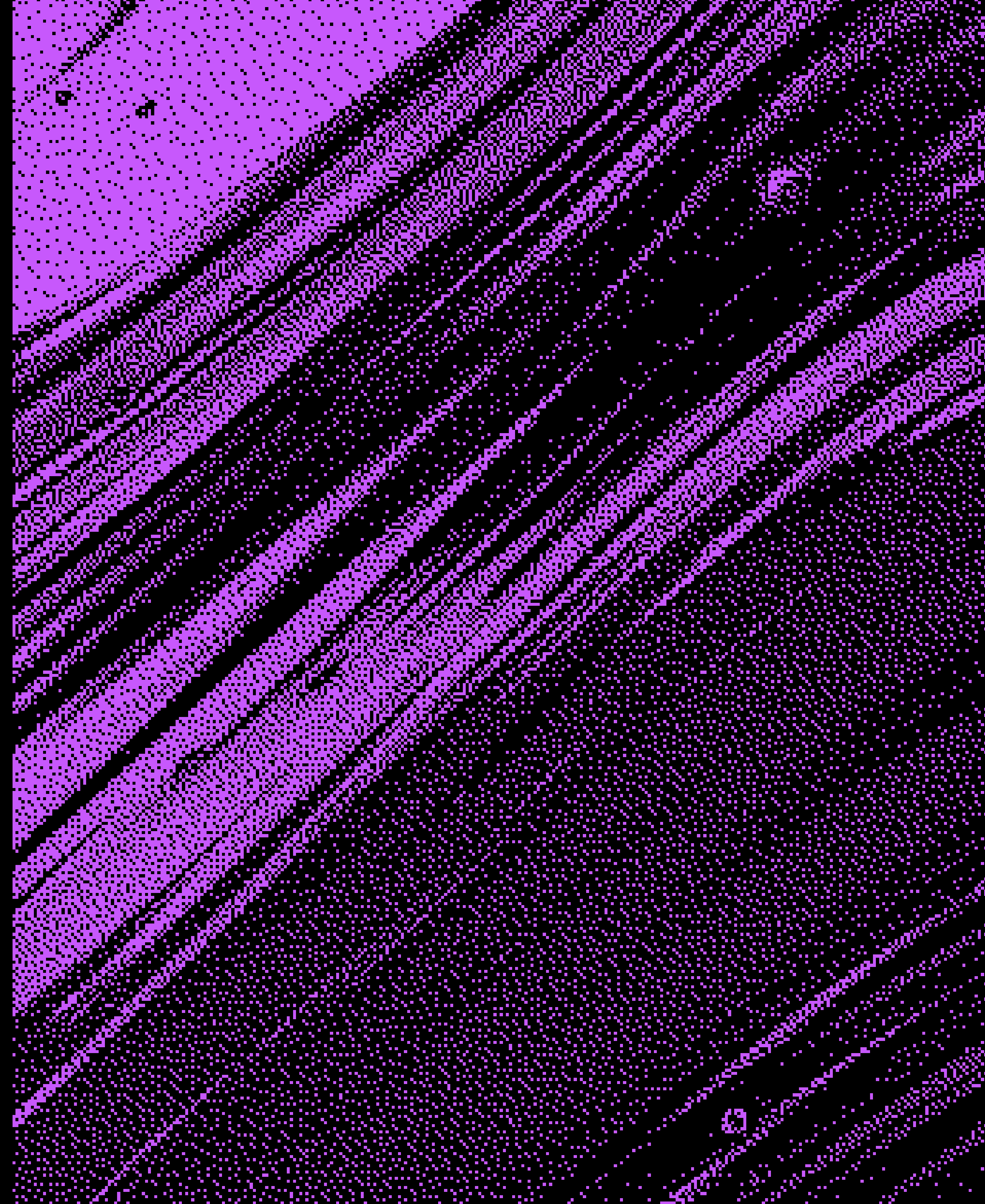
CONCLUSION

These four main services, along with our focus on new market segments, are expected to lead to a robust and diversified revenue stream. This diversification will enable us to be less reliant on market cycles and ensure the sustainable growth of the company.

In terms of equity value, the restructuring plan, along with the improved financial performance we expect, should significantly increase the company's overall value. The scalability and robustness of the new business model should contribute positively to the company's market valuation.

We also believe this model offers creditors a higher return on their investments than a conventional bankruptcy process. Not only can they expect a fair distribution of existing assets, but they can also look forward to potential value appreciation from the company's future success.

In summary, the proposed restructuring plan positions us well for substantial growth and improved profitability, offering significant benefits to both the company and its creditors.



REHABILITATION

DIFFERENCES BETWEEN THE REHABILITATION AND BANKRUPTCY

PROS

MAXIMUM PRESERVATION OF CURRENT ASSETS:

Rehabilitation efforts avoid the costs associated with liquidation, such as legal fees and insolvency practitioner charges. This approach allows for the maximum preservation of current assets.

ASSET REALIZATION AT FAVORABLE EXCHANGE RATES:

Rehabilitation can allow for the realization of assets at the most favorable exchange rates, utilizing specialized software to achieve the best outcomes.

RETURN OF ASSETS IN CRYPTOCURRENCY:

The option to return assets in the form of cryptocurrency could minimize tax risks and reduce additional costs associated with bank transactions.

DEBT TOKEN REALIZATION WITHIN THE PLATFORM:

Rehabilitation could allow for the realization of debt tokens within the platform, simplifying the repayment process.

CONVERSION OF DEBT TOKENS TO COMPANY EQUITY:

As part of the rehabilitation process, debt tokens could potentially be converted into the company's equity. In a favorable scenario, this not only allows for full compensation but also provides additional investment benefits.

FULL CONTROL BY THE CREDITORS' COUNCIL:

Under rehabilitation, a creditors' council can maintain complete control over asset allocation and sales, ensuring complete transparency in decision-making.

CONS

UNCERTAINTY AND RISK:

While rehabilitation does not guarantee a successful turnaround, it is important to note that this risk does not apply to remaining assets as they will not be used to finance the restructuring. There is, however, a risk that the company may still fall back into financial distress.

TIME-CONSUMING PROCESS:

Rehabilitation takes time, and the initial three-year plan could be extended depending on market conditions. Creditors must be prepared for a potentially lengthy process.

BANKRUPTCY

DIFFERENCES BETWEEN THE REHABILITATION AND BANKRUPTCY

CONS

SALE AT UNFAVORABLE EXCHANGE RATES:

During bankruptcy, a company's assets are often sold through auctions or directly on exchanges, which could result in a sale at unfavorable exchange rates that do not correspond to the current market value.

INEFFICIENT ASSET SALES:

Asset sales carried out directly on an exchange without specialized software may be inefficient, potentially leading to additional losses.

PAYOUTS ONLY IN FIAT AND EURO:

In the event of bankruptcy, creditors typically receive payouts only in traditional fiat currencies, which may be inconvenient for creditors who prefer other forms of payment.

ADDITIONAL BANKRUPTCY AND LEGAL EXPENSES:

The bankruptcy process includes unpredictable costs, such as lawyer fees, insolvency practitioner charges, and other procedural expenses.

UNPREDICTABLE DURATION:

The bankruptcy process can be protracted and uncertain, creating additional unpredictability for creditors.

NEED TO PROVE ASSET OWNERSHIP:

Creditors may need to provide evidence of their claims, such as screenshots or documents, to prove the existence of their assets on the platform.

LACK OF EXPERIENCE IN MANAGING SUCH BANKRUPTCIES:

The bankruptcy trustee or insolvency practitioner may lack experience managing complex bankruptcy cases. This can lead to increased risks of loss due to mismanagement or errors.

PROS

IMMEDIATE RECOVERY:

Through the sale of the debtor's assets, creditors may receive an immediate (though possibly partial) repayment.

CLOSURE AND CERTAINTY:

Creditors know they will not get anything more from the company, which allows them to write off the loss and move on.