Node Upgrade and VeThor Rewards Service Agreement

Dear User:

To provide you a better service, we suggest you to read this Node Upgrade and VeThor Rewards Service Agreement (hereinafter referred to as this "Agreement") carefully. This Agreement is made by and between VeChain Foundation San Marino SRL (hereinafter referred to as the "Company" or "we") and the User hereinafter referred to as "you" or "User(s)"), and both parties are to be bounded by this Agreement. Please be sure to read carefully and fully understand the content of this Agreement, especially the clauses marked in bold and underlined.

ARTICLE I. DEFINITION

Unless otherwise defined, the terms in this Agreement shall have the same meaning ascribed to them under the User Service Agreement (hereinafter referred to as "Master Agreement").

1. VET(s): means the original digital tokens used in the economic and commercial activities occurred on the VeChainThor
   Blockchain, acting as the media of value. When the VETs You hold in the Wallet meets the requirement of quantity under this Agreement and hold the VeChainThor Node, the VeThor rewards corresponding to different Node levels will be obtained.
2. VeThor(s) (VTHO): means another kind of digital token, other than VET, developed by Singapore VeChain Foundation to prevent transaction costs from being directly affected by fluctuations in the prices of existing digital token VET, and to adjust the VeChain Thor Blockchain for ordinary people, enterprises and government users in daily business/financial activities.VeThor will be mainly used for the commission of transfer transactions and execution of smart contracts on the VeChainThor Blockchain. The economic value of the VeThor will be determined by the market situations, which is uncertain. We do not make any guarantee or commitment to the economic value of VeThor.
3. Basic Generation Rate: the basic generation rate of VeThor is temporarily set as 0.000432 VTHO/VET/ day. (The Basic Generation Rate is determined based on the status quo of the Wallet at the time of releasing this Agreement. We will use the automatic algorithm of the technical team to closely monitor the service condition and platform status of the Wallet. If we need to adjust the Basic Generation Rate of VeThor for the need to maintain the balance of the VeChain ecosystem, we will initiate a community vote and re-adjust it.)
4. VEN: means the digital tokens issued based on Ethereum ERC20,
   1VEN = 100VET.
5. VeChainThor Node/Node: means the Mjolnir Node, Thunder Node, Strength Node under the Ordinary Economic Node and the Mjolnir X Node, Thunder X Node, Strength X Node, VeThor X Node under the X- Economic Node. The User who holds the Node has the privilege rights and benefits to join the VeChain ecosystem construction in the future.These rights and benefits include the qualification on whitelist for the exclusive participation in VeChain ecosystem projects and the right to enjoy relevant discounts based on the level of Node when new projects release (in compliance with the laws as condition precedent), etc.
6. X-Node: means prior to the snapshot, which is taken at 12:00:00 p.m. March 20, 2018 (UTC+8) by the Company, the quantity of VENs holds by the User in an traceable Ethereum wallet that converted into VET at a ratio of 1VEN: 100VET met

the minimum requirement of any X-Node level under this Agreement, and the quantity kept by the User in the Ethereum wallet within the lock-in period of X-Node (from 12:00:00 p.m. on March 20th, 2018(UTC+8) to 23:59:59 on June 30th, 2018(UTC+8)) always met the corresponding requirement of X-Node level and no downgrades occurred. Besides, the User has finished binding the X-Node from July 9, 2018 to August 13, 2018, and when we started to monitor the Wallet through the VeChainThor Blockchain from 00:00:00 a.m. September 1, 2018, it has confirmed that the quantity of VETs held in the Wallet met the minimum quantity required by X-Node level at the time of the snapshot, the User would obtain the X-Node immediately and the VeThor rewards generated by X- Node.

7. X Node Rewards: known as VeChain Early Supporters Reward Project. X-Node holders will be rewarded with VeThors generated by 5 billion VETs held by Singapore VeChain Foundation. X Node holders are early participants and strong supporters of the development of the VeChain ecosystem. The program aims to appreciate for their early support for the VeChain projects and to provide them with additional rewards including VeThors.

8. Ordinary Economical Nodes: if there is no Node in the User's Wallet and the quantity of VETs held by the User meets the requirement of the Ordinary Economic Node under this Agreement, the User may apply for upgrading to the corresponding Node, but shall keep the quantity as required during the corresponding maturity period. Upon the expiry of the Maturity Period, the User will receive the Ordinary Economic Node so applied and the corresponding VeThor rewards.

9. Ordinary Economic Node Reward: The project aims to appreciate our Users and reward our Users with VeThors generated by the 15 billion VETs held by Singapore VeChain Foundation.

10. Maturity Period: When the quantity of VETs in the User's Wallet meets the minimum requirement of the Node under this Agreement and the User applies for upgrading as qualified quantity Node, the Maturity Period commences. After the Maturity Period expires, the quantity of VETs in the User's Wallet meets the requirement of Node level that he apply for, the User will receive the Node immediately and the VeThors generated by that Node level. Different Maturity Periods are required by different Node levels, please refer to Item 5 of Article 3 under this Agreement for details.

ARTICLE II. NODE CLASSIFICATION AND VETHOR REWARD RULES

1. Node Type
    a. The VeChainThor Node divides into Ordinary Economic Node svstem and X-Node system and are further classified by different levels: Mjolnir Node > Thunder Node > Strength Node, and Mjolnir X Node > Thunder X Node > Strength X Node > VeThor X Node. The two systems are not connected, so the node level under the Ordinary Economic Node cannot be upgraded to any Node level under the X-Node. The Node level under the X-Node can only be upgraded within its system and shall not be downgraded, otherwise, the User will lose his X-Node permanently. If there is no Node in the User's Wallet, the User may: (i) apply for upgrading to the Ordinary Economic Node in accordance with its requirement for the quantity of VETs under this Agreement and keep the quantity to meet the minimum requirement of corresponding Node level during the required Maturity Period. After the Maturity Period expires, the User will receive the Ordinary Economic Node immediately; or (i) obtain the Node, which can be X-Node or Ordinary

Economic Node, by purchasing from other User's directional sale or a collection auction on the open market. Notwithstanding the foregoing, the quantity of VETs in the User's Wallet shall still meets the quantity requirement of corresponding Node level under this Agreement. Please refer to Directional sale and auction service agreement for specific rules.

2. VeThor Reward Rules
    a. Ordinary Economic Node and X-Node classification and VET quantity requirement are as follows:

Node Rewards	Ordinary Economic Node			X-Economic Node			
	Mjolnir Node (15 million VETs)	Thunder Node (5 million VETs)	Strength Node (1 million VETs)	Mjolnir X Node (15.6 million VETs)	Thunder X Node (5.6 million VETs)	Strength X Node (1.6 million VETs)	VeThor X Node (0.6 million VETs)
The VeThor generated at basic generation rate to reward all VET holders	√	√	√	√	√	√	√
Special VeThor Rewards generated by 5 billion VET from the VeChain Foundation X-Node reward pool				√(+200%)	√(+150%)	√(+100%)	√ (+25%)

    b. X-Node Reward Formula

− B = Basic VeThor Generation Rate for a single VET (0.000432 VeThor/day)
− FRX = The quantity of VETs allocated to the planned X-Node Bonus Pool (5 billion VETs);
− FX = Quantity of VeThors generated daily by Singapore VeChain Foundation's planned X Node Bonus Pool (5 billion VETs x 0.000432 = 2.16 million VeThors)
− MX = Number of VETs delimited by Mjolnir X Node (variable);
− TX = Number of VETs delimited by Thunder X Node (variable);
− SX = Number of VETs delimited by Strength X Node (variable);
− X = Number of VETs delimited by VeThor X Node (variable);
− NBX = The Basic Generation Rate for all X-Node rewards.

– The X-Node calculation for additional VeThor rewards is as follows: where FX, MX, TX, SX, X are known, and NBX is to be evaluated: $FX = (MX * NBX * 200\%) + (TX * NBX * 150\%) + (SX * NBX * 100\%) + (X * NBX * 25\%)$, i.e. $NBX = FX / (MX * 2 + TX * 1.5 + SX * 1 + X * 0.25)$

ARTICLE III. NODE UPGRADING RULES

1. General rules
   a. If there is no Node in the User's Wallet, the User may apply for upgrading to Ordinary Economic Node when the requirement of quantity of VETs is satisfied, but can never upgrade to X-Node.
   b. Ordinary Economic Node and X-Node are two node systems and are not connected. Therefore, Ordinary Economic Node cannot be upgraded to X-Node across systems.
   c. The Ordinary Economic Node or X-Node in the User's Wallet can only be applied for upgrading gradually and cannot be upgraded across levels.
   d. The Ordinary Economic Node or X-Node in the User's Wallet may downgrade due the failure to meet the current Node's requirement for the quantity of VETs, and may be downgraded across levels. If the X-Node is downgraded, it will directly. downgrade to the Ordinary Economic Node and cannot be upgraded to the X-Node again.
   e. The Requirement of Maturity Period for Ordinary Economic Node and X-Node are as follow:

Ordinary Economic Node			X-Node		
Mjolnir Node	Thunder Node	Strength Node	Mjolnir X Node	Thunder X Node	Strength X Node
10 days	20 days	30 days	30 days	60 days	90 days

Take the X-Node as an example, Maturity Period Rule applies as follow: If You hold VeThor X Node and the quantity of VETs reaches to 1,600,000, then the Maturity Period is 30 days, counting from the day when You apply for upgrading to Mjolnir X Node. Upon the 30 days expires, if the quantity of VETs is no less than 1,600,000 after monitor, the VeThor Node in your Wallet will be upgraded to Mjolnir X Node and You will receive VeThors generated by Mjolnir X Node. Maturity Period Rule of X-Node applies to the upgrade of Ordinary Economic Node as well.

2. Operation steps

   a. Apply for Upgrade in Hot Wallet

– STEP 1: Open the Wallet, switch module to "Reward" on the swipe home page;
– STEP 2: Click "Upgrade" and enter into Node upgrade application dialog box;
– STEP 3: Click "Confirm" and enter into transaction signature procedure;
– STEP 4: Input Wallet password, verify successfully and send the request to the VeChainThor Blockchain.

b. Apply for Upgrade in Cold Wallet

- STEP 1: Open the Wallet and use the Observation Wallet, switch module to "Reward" on the swipe home page;
- STEP 2: Click "Upgrade" and generate a transaction signature QR code;
- STEP 3: Use the Cold Wallet and scan the QR code of the Observation Wallet; click and input the password of Cold Wallet to sign and generate a QR code of successful signature;
- STEP 4: Use the Observation Wallet to scan the QR code generated by the Cold Wallet, verify successfully and send request to VeChainThor Blockchain.

ARTICLE IV. RECEIVE VTHOR REWARDS

The Wallet grants the User with VeThors generated by the Node therein each 2 hours. The User may get the unreceived VeThors all day and in the past through one-click collection and will receive them within 24 hours. Receiving VeThor rewards consumes the User's 0.4 VTHO as transaction fee for each time. Therefore, if the rewards amount in your Wallet is less than 0.4VTHO transaction fee, You will fail to receive VeThor rewards.
Application to receive rewards for the Cold Wallet is carried out in the Observation Wallet, whose operation steps are as same as to the operation steps of Hot Wallet and as follows:

- STEP 1: Open the Wallet, switch module to "Reward" on the swipe home page;
- STEP 2: Click "Receive to Wallet" button or energy balls on the page and enter the confirmation collection dialog box;
- STEP 3: Click "OK" on the popup and send the request to the VeChainThor Blockchain.

ARTICLE V. LEGAL APPLICATION AND DISPUTE RESOLUTION

1. The effectiveness, interpretation, amendment, supplement and dispute resolution of this Agreement shall apply to the laws of the Republic of San Marinoand can be referred to commercial practices and/or industrial practices if there are no such relevant provisions under the laws of the Republic of Singapore.
2. Any dispute arising out of this Agreement or performance of this Agreement, or in connection with this Agreement, including any problem to its existence, validity or termination, the Parties shall endeavour to settle through friendly communication and negotiation. Where any party is unwilling to settle in good faith, or failure to reach an amicable settlement within 30 days from the first day when such dispute occurred, then either party shall have the right to submit the dispute to the International Chamber of Commerce ("ICC") and appoint one or more arbitrators in accordance with the current valid "Rules of Conciliation and Arbitration" to settle. The language for arbitration is English. Unless otherwise as agreed by the parties under this Agreement, the place for arbitration is in the Republic of Singapore, and the arbitration award is finally and legally binding to the parties.
3. Any matters uncovered hereof shall be subject to relevant provisions of the Master Agreement. Any discrepancy between this Agreement and relevant provisions of the Master Agreement, this Agreement shall prevail. In addition, You have to comply with the announcements and other relevant rules that the Company updates from time to time.