

Date : March 27th, 2023 (Mon.)
To : JINHAK Global Corp.
From : **SHINWON LAW FIRM** / Attorneys in charge : Jin-wook Kim, So-hee Lee,
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Subject : Review on the EDUM Token legal type.
Pages : 20 in total (including the cover letter)

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We wish your company continued prosperity.

This law firm provides our legal opinion on your inquiry in a formal letter, which is attached hereto. We hope that our opinion addresses your concerns.

Thank you.

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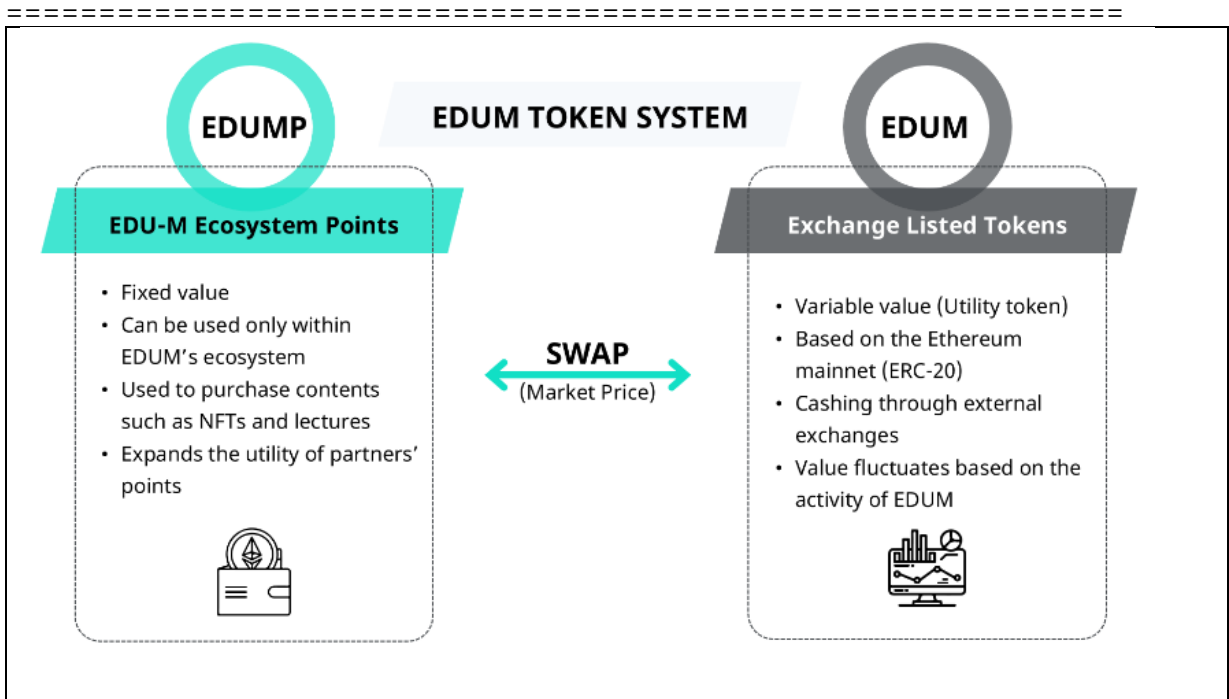
Legal Opinion

1. Underlying Facts and Points of Inquiry

According to your company's White Paper (hereinafter referred to as 'the white paper'), your company plan to build the EDU-Metacore Project (the "Project"), a Web 3.0-based blockchain ecosystem that will allow learners to pursue their dreams with financial rewards and participants to help them achieve them.

The Project will be implemented through the EDU-M platform (hereinafter referred to as the "Platform"), where participants of the Project will receive reasonable compensation for their learning and growth, where the compensation will have an immediate value that can contribute to real economic activity, and where they can utilize the Platform to certify their academic achievements.

Meanwhile, your company intends to operate a value-fixed EDUM point token (hereinafter referred to as "EDUMP") and a marketable EDU-M token (hereinafter referred to as "EDUM") for participants' platform activities as described above. Participants in the Project can earn the above tokens according to their contribution to platform activities, and the earned EDUMP and EDUM can be used for various purposes on the Platform. EDUMP and EDUM are interchangeable through the Platform's SWAP system.



Furthermore, according to your company's whitepaper, EDUM is built on the Ethereum ERC 20 foundation, with a total minting capacity of 2 billion. Participants can earn EDUMP through various activities in the ecosystem and use it to access various services on the Platform, such as purchasing lecture content and NFTs. As a value-pegged token, EDUMP will function as a payment method within the Platform, so 1 EDUMP will be pegged to 1 Korean Won (KRW1).

Based on this fact, your company asked which type of EDUM may be suitably classified as.

2. Review Methods

It needs to be noted that at the moment, there is no globally agreed-upon standard for classifying the types of cryptocurrency. Accordingly, we will perform our reviews as follows: firstly, we will observe the structure of EDUM; secondly, we will clarify whether EDUM falls in the category of securities as defined in the Financial Investment Services

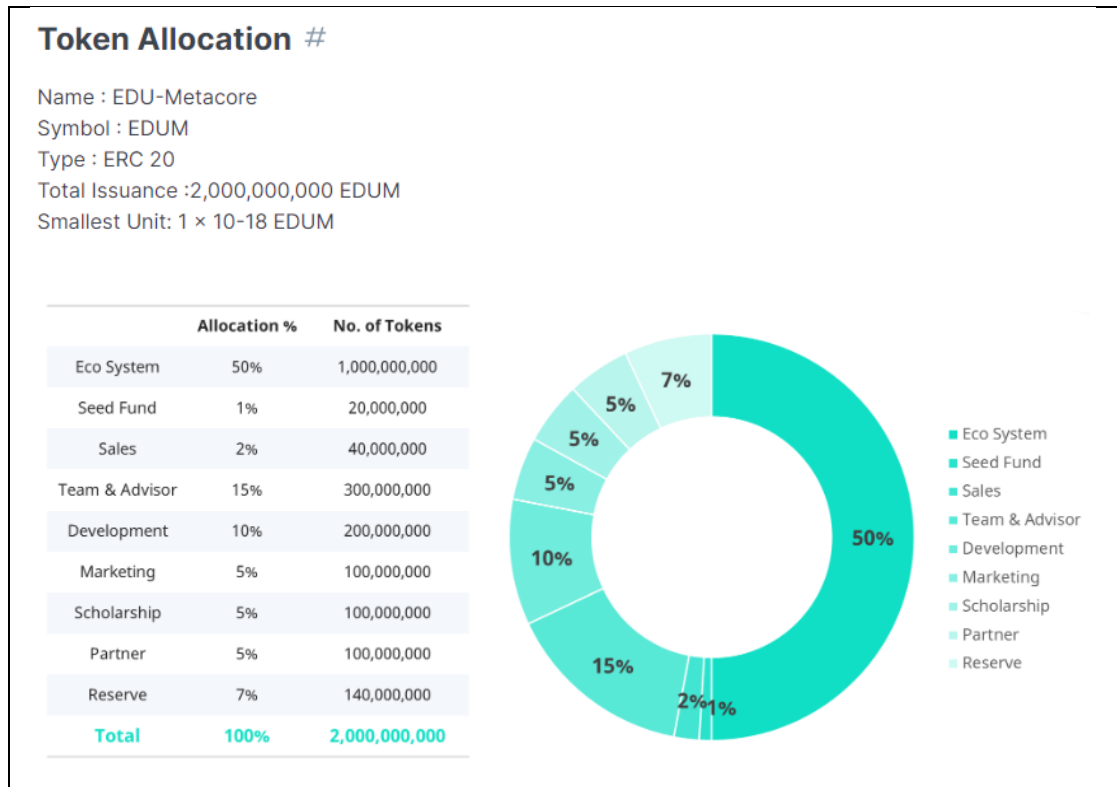
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and Capital Markets Act (the “Capital Markets Act”); thirdly, we will further review the types of tokens suitable to EDUM under the standards of certain foreign countries such as the United States, Singapore and Hong Kong.

3. Structure of EDUM

A. Basic Information of EDUM and Token Economy

EDUM is the cryptocurrency that will play a fundamental role in the Project, and 2 billion are currently scheduled to be issued. In the following, we will review EDUM based on tokenomics, including the distribution ratio of EDUM based on the current scheduled issuance.



Purpose of Issuance and Usage	Number of Tokens	Ratio
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Platform Ecosystem	1 billion	50%
Team & Advisor	300 million	15%
System Development	200 million	10%
Reserve	140 million	7%
Partner	100 million	5%
Scholarship	100 million	5%
Marketing	100 million	5%
Sales	40 million	2%
Seed Fund	20 million	1%

B. How the Users Acquire EDUM

Platform users can obtain EDUM through a number of methods as shown below.

Method of Acquisition	Specific Details
EDUMP Exchange	Obtained by exchanging EDUMP, a payment method for using services on the platform, for EDUM
Event Participation	Earned through participation in airdrop events, etc.
Purchase through Cryptocurrency Exchanges	Acquired by purchasing EDUM through a virtual asset (cryptocurrency) exchange

C. How the Users Consume EDUM

Users can consume the EDUM obtained above in various ways both inside and outside the Platform.

Method of Consumption	Specific Details
B2B Fees	Instructors spend EDUM by paying EDUM to enter the Platform, pay B2B fees, etc.



DAO Vesting	Consumption as a way to vest the EDUM needed to run DAO which operates to provide scholarships for the Projects, etc.
Exchanges with EDUMP	Consumption of EDUM to acquire EDUMP required for consumption of educational content on the platform, NFT trading, etc.

4. Whether EDUM Falls in the Category of Securities under the Capital Markets Act

A. How the Capital Markets Act regulates securities

Paragraph 1, Article 4 of the Capital Markets Act defines “securities” as follows: The term “securities” means financial investment instruments issued by a Korean national or a foreigner, for which an investor does not owe any obligation to make any additional payment on any ground, in addition to the money, etc. that the investor paid at the time he/she acquires such instruments (excluding obligation of payment that the investor assumes by exercising a right to effectuate the trading of an underlying asset). Paragraph 2 of the same article classifies “securities” into debt securities, equity securities, beneficiary securities, investment contract securities, derivatives-linked securities and depository receipts.

Article 4 of the Capital Markets Act (Securities)

(1) The term “securities” in this Act means financial investment instruments issued by a Korean national or a foreigner, for which an investor does not owe any obligation to make any additional payment on any ground, in addition to the money, etc. that the investor paid at the time he/she acquires such instruments (excluding obligation of payment that the investor assumes by exercising a right to



effectuate the trading of an underlying asset). Provided, That any of the following securities shall be deemed to be securities only for the purposes of Chapter 5 of Part II, Chapter 1 of Part III (including the part concerning the violation of obligation prescribed in Chapter 5 of Part II and Chapter 1 of Part III among the provisions of Parts VIII through X), Articles 178 and 179. <Amended by Act No. 11845, May 28, 2013; Act No. 13448, Jul. 24, 2015>

1. Investment contract securities
2. Securities prescribed by Presidential Decree, taking into comprehensive account related issues, such as the possibility of circulation, the existence of any regulation under this Act or finance-related statutes, etc. among equity securities, beneficiary certificates or depository receipts.

(2) The securities as defined in Paragraph (1) are classified as follows:

1. Debt securities
2. Equity securities
3. Beneficiary securities
4. Investment contract securities
5. Derivatives-linked securities
6. Depository receipts

B. Whether EDUM falls in the category of debt securities under the Capital Markets Act

Meanwhile, Paragraph 3, Article 4 of the Capital Markets Act provides that the term “debt securities” means state bonds, local government bonds, special purpose bonds (referring to bonds issued by a corporation established by direct operation of an Act), and corporate bonds (limited to the bonds falling under Paragraph (7) 1, if they fall under Article 469 (2) 3 of the Commercial Act), corporate commercial paper (referring to promissory notes issued by a company for raising funds required for its business,



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which shall meet the requirements prescribed by Presidential Decree), and other similar instruments, which bear the indication of a right to claim the payment.

Your company, the issuer of EDUM, has existed as a corporation as opposed to a state or local government and there is no special law regulating the issuance of EDUM. Accordingly, EDUM does not fall in the category of state bonds, local government bonds or special purpose bonds.

In addition, while Article 469 of the Commercial Code regulates bonds, Paragraph 2 of the article classifies bonds into participating bonds, convertible bonds, etc. Given the fact that EDUM is not related to dividend payments of your company and is not intended to be exchanged for other securities or be redeemed, EDUM may not be considered as a bond under the Commercial Code.

Article 469 of the Commercial Code (Issuance of Bonds)

- (1) The Company may issue bonds by a resolution of the Board of Directors.
- (2) The following bonds shall be included in the bonds mentioned in Paragraph (1):
 1. Bonds entitling its holders to dividends;
 2. Bonds that can be exchanged or redeemed with stocks or other securities;
 3. Bonds the redemption or payment amount of which is determined by the pre-determined methods that are linked to the fluctuation of such things as securities, currencies, or other assets or indexes determined by Presidential Decree.
- (3) Detailed matters necessary for the issuance of bonds pursuant to Paragraph (2), such as the nature and the methods of issuance of such bonds, shall be determined by Presidential Decree.
- (4) Notwithstanding the provisions of Paragraph (1), as prescribed by the articles of



incorporation, the board of directors may determine the amount and type of bonds and entrust the representative director with the issuance of such bonds within a period not exceeding one year.

If EDUM shall be classified as a promissory note that is issued by a company to secure business funds, EDUM should be subject to certain terms such as the issue price and the payment term, etc. Nonetheless, since your company does not have any EDUM-related plan for monetary payment in whatever form, EDUM may not be considered as a corporate commercial paper.

Further, given that EDUM does not contain any specific right to claim the payment, EDUM may hardly fall in the category of debt securities under the Capital Markets Act.

C. Whether EDUM falls in the category of equity securities under the Capital Markets Act

Paragraph 4, Article 4 of the Capital Markets Act provides that the term “equity securities” means stock certificates, instruments representing a preemptive right to new stocks, investment securities issued by a corporation established by direct operation of an Act, equity shares in contribution to a limited partnership company, limited liability company, limited company, limited partnership, or undisclosed association established under the Commercial Act, and other similar instruments, which bear the indication of equity shares in contribution or a right to acquire the equity shares. Accordingly, the essential feature of equity securities is the indication of equity shares in contribution or a right to acquire the equity shares.

Nonetheless, EDUM does not have any indication of equity shares in contribution or recognize the right to acquire the equity shares. Also, a holder of EDUM is not



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considered as a shareholder of your company. Accordingly, EDUM may hardly fall in the category of equity securities under the Capital Markets Act.

D. Whether EDUM falls in the category of beneficiary securities under the Capital Markets Act

Paragraph 5, Article 4 of the Capital Markets Act provides that the term “beneficiary certificates” means beneficiary certificates provided for in Article 110, beneficiary certificates provided for in Article 189, and other similar instruments, which bear the indication of a beneficial interest in a trust.

And the beneficiary securities issued by a trust business entity (Article 110 of the same Act) and the beneficiary securities issued by a collective investment business entity (Article 189 of the same Act) provides in essence the specific indication of beneficiary rights of a trust. Accordingly, beneficiary securities presuppose in essence a specific indication of beneficiary rights of a trust.

EDUM is not a security issued by a trust business entity or collective investment business entity that has established an investment trust. And holders of EDUM do not place any rights in trust for your company. Accordingly, EDUM may hardly fall in the category of beneficiary securities under the Capital Markets Act.

E. Whether EDUM falls in the category of investment contract securities under the Capital Markets Act

Paragraph 6, Article 4 of the Capital Markets Act provides that the term “investment contract securities” means instruments bearing the indication of a contractual right under which a specific investor is entitled to the profits earned, or liable for losses



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sustained, depending upon the results of a joint venture in which the specific investor invests money, etc. jointly with a third person (including other investors) and which is to be run mainly by the third person.

Accordingly, the investment contract securities under the Capital Markets Act presuppose in essence the investment of money, etc. in a joint venture and a contractual right entitling the investor to profits earned or liability for losses sustained.

However, participants may purchase EDUM directly through virtual asset (cryptocurrency) exchanges, acquire EDUM through participation in events, and exchange EDUM for EDUMP, a token for using services on the Platform, it is unlikely that EDUM holders are investing money in your company, nor do they have a contractual right to receive profits or losses from your company, so it is unlikely to fall under the definition of investment contract securities under the Capital Markets Act.

F. Whether EDUM falls in the category of derivative-linked securities under the Capital Markets Act

Paragraph 7, Article 4 of the Capital Markets Act provides that the term “derivatives-linked securities” means instruments bearing the indication of a right under which money, etc. payable or recoverable shall be determined according to a predetermined formula linked to fluctuations in the price of any underlying assets, an interest rate, an indicator, a unit, an index based upon any of the aforementioned, or any other similar factor. These securities presuppose in essence the future existence of any right to recover money, etc. according to predetermined formula.

Meanwhile, your company won't pay money, etc. to the holders of EDUM for owning or returning EDUM. Further, your company won't assume any obligation to pay money, etc. to the holders of EDUM in predetermined formula linked to any index. Accordingly,

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EDUM may hardly fall in the category of derivative-linked securities under the Capital Markets Act.

G. Whether EDUM falls in the category of depository receipts under the Capital Markets Act

Paragraph 8, Article 4 of the Capital Markets Act provides that the term “depository receipts” mean instruments issued by an entity with whom debt securities, equity securities, beneficiary securities, investment contract securities, derivatives-linked securities, in a country other than the country where such securities were issued, which bear the indication of a right related to the deposited underlying securities.

Accordingly, the depository receipts presuppose in essence the deposit of debt securities, equity securities, beneficiary securities, investment contract securities, or derivatives-linked securities. Nonetheless, as reviewed above, EDUM does not fall in the category of debt securities, equity securities, beneficiary securities, investment contract securities, or derivatives-linked securities. And an act of depositing EDUM is not available under the current financial system. Hence, EDUM may hardly fall in the category of depository receipts under the Capital Markets Act.

H. Sub-conclusion

As reviewed above, while Paragraph 1 and 2, Article 4 of the Capital Markets Act classify “securities” into debt securities, equity securities, beneficiary securities, investment contract securities, derivatives-linked securities and depository receipts, EDUM may hardly fall in the category of any such securities.

Therefore, it is difficult to see that EDUM falls under the ‘securities’ stipulated by the

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Capital Markets Act, and it is considered that the possibility of being included in the regulation under the Capital Markets Act is low.

5. Review of EDUM under the Standards of Foreign Countries

A. Types of cryptocurrency and classification criteria

The Swiss Financial Market Supervisory Authority (FINMA) largely classifies cryptocurrency into securities tokens, utility tokens and payment tokens. The US Securities and Exchange Commission (SEC) decides whether any cryptocurrency is deemed to be a security by applying the Howey Test.

(1) Classification by FINMA

Around Feb. 16th, 2018, FINMA presented the ICO guidelines¹ and largely classified cryptocurrency into three types based on the economic functions and objectives of the cryptocurrency:

(a) Payment Tokens

Payment tokens play the role of payment means to purchase a product/service or pay money. The issuers do not have any significant authority over the tokens.

(b) Utility Tokens

Utility tokens are devised to provide rights to access digital products or services.

¹ <https://www.finma.ch/en/news/2018/02/20180216-mm-ico-wegleitung/>

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(c) Asset Tokens

Asset tokens represent certain assets such as debts or equity shares. Asset tokens embody the right to the distribution of future profits and cash flows of a company. These tokens play economic functions similar to derivatives, etc.

Please be advised that FINMA’s token classification is not coupled with mutual exclusion, and, in some cases, a specific cryptocurrency may have more than two functions.

(2) Howey Test

The “Howey Test” is a test created by the US Supreme Court to determine whether certain transactions qualify as “investment contracts.” (Securities and Exchange Commission v. W. J. Howey Co., 328 U.S. 293 (1946)). The US SEC checks whether a certain cryptocurrency satisfies the Howey Test criteria and, if so, decides that the cryptocurrency is a “security” that is subject to the regulatory scheme of the Securities Act.

The US Supreme Court has provided the Howey Test criteria as follows:

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| <ul style="list-style-type: none">(1) Investment of money(2) Reasonable expectation of profits from the investment(3) Investment of money in a common enterprise(4) Profits to be derived from the efforts of others |
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(3) Classification of Monetary Authority of Singapore



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 Singapore's Monetary Authority of Singapore (hereinafter referred to as 'MAS') defines the concept of cryptocurrency as 'digital token', meaning that which is a cryptographically-secured representation of a token-holder's rights to receive a benefit or to perform specified functions. And MAS classifies digital token as Utility Token, Payment Token, and Security Token according to their characteristics, including technology, usage, and transaction methods.

MAS presents guidelines through <A Guide to Digital Token Offering> (hereinafter referred to as 'the MAS Guideline') regarding the issuance of digital tokens. If the nature of digital token has exchange value within a specific platform, this is a type of utility token, and there is room for the Payment Service Act to be applied. On the other hand, if the nature of the token is practically a securities, bonds, or collective investment scheme, the conditions required by the Securities and Futures Act (hereinafter referred to as the 'SFA') must be met. And the MAS Guideline gives examples of digital tokens which may be considered as securities.

A GUIDE TO DIGITAL TOKEN OFFERINGS	
2.3	For instance, a digital token may constitute –
2.3.1	a share ² , where it confers or represents ownership interest in a corporation ³ , represents liability of the token holder in the corporation ⁴ , and represents mutual covenants with other token holders in the corporation <i>inter se</i> ⁵ ;
2.3.2	a debenture, where it constitutes or evidences the indebtedness ⁶ of the issuer of the digital token in respect of any money that is or may be lent to the issuer by a token holder;
2.3.3	a unit in a business trust ⁷ , where it confers or represents ownership interest in the trust property of a business trust;
2.3.4	a securities-based derivatives contract ⁸ , which includes any derivatives contract of which, the underlying thing is a share, debenture or unit in a business trust; or
2.3.5	a unit ⁹ in a collective investment scheme ¹⁰ (" CIS "), where it represents a right or interest in a CIS, or an option to acquire a right or interest in a CIS.



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(4) Classification of Securities and Future Commission of Hong Kong

Hong Kong's Securities and Future Commission (hereinafter referred to as 'SFC') names cryptocurrencies as 'Virtual Assets' defined it to include digital tokens, such as digital currencies, utility tokens or security or asset-backed tokens, and any other virtual commodities, crypto assets and other assets of essentially the same nature. Specifically, The Hong Kong Monetary Authority (HKMA) has said that it does not regulate virtual assets such as Bitcoin which is regarded as a virtual “commodity” and not as legal tender, or a means of payment or money.

However, as noted in its September 2017 <Statement on Initial Coin Offerings> (hereinafter referred to as “the SFC Statement”), the SFC determines the regulatory status of virtual assets on case-by-case basis depending on whether they carry rights equivalent to traditional securities, for example if ① they carry rights similar to those provided by shares, such as a right to a portion of the issuing company’s profits or surplus assets on winding up, ② they have rights similar to debentures such as a right to repayment of the purchase price, or ③ they are similar in nature to an interest in a collective investment scheme (CIS) where the purchase price will be invested in assets or projects and any return will be distributed to the holders.

B. Analysis of EDUM’s type (features)

(1) Classification by FINMA standards

EDUM is not related to your company's debt or sovereignty over your company, and can be acquired through direct purchase through a virtual asset (cryptocurrency) exchange or through exchange for EUMP required for participants' activities within the Platform, and EDUM may be used for purposes such as payment by Instructors for



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participation in the Platform as a fee or consumption to acquire EDUMP as a means to use the Platform services. In other words, EDUM is a token that can be utilized as a **payment method** for acquiring EDUMP, Platform's goods, and entering the Platform, and as a **voucher to access various activities and services** provided by the Project and the Platform, such as for use in the Project's DAO.

Therefore, EDUM is deemed to have features of a utility token and payment token; however, it is devoid of the features of a security token.

(2) Analysis of EDUM in light of the Howey Test

In terms of the Howey Test, the following points are deemed crucial for EDUM:

(1) Platform participants can acquire EDUM through exchange with EDUMP, and outside the Platform, they can acquire EDUM by paying a fee through a virtual asset (cryptocurrency) exchange or by acquiring EDUM through an event (which does not constitute a monetary investment);

(2) Even if participants hold EDUM, they are not expected to receive any monetary benefits, such as dividends, other than entering the Platform based on it or spending it to exchange for EDUMP for use within the Platform, so no reasonable profit is expected from the investment (no reasonable profit is expected from the investment);

(3) Participants are only acquiring, using, or paying EDUM for the exchange of EDUMP necessary for the use of various services and activities on the Platform, and not paying money as an investment in a common business (which does not constitute an investment in a common business);



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(4) Participants acquire EDUM by directly purchasing EDUM or exchanging EDUMP acquired within the Platform through their own efforts for EDUM, and do not expect the value of their assets to change based on their management (this does not constitute the generation of revenue from the management efforts of a third party).

Accordingly, under the Howey Test criteria, EDUM may hardly fall in the category of “securities”.

C. Analysis of EDUM’s type within the regulations of Singapore

According to the MAS Guideline, EDUM ① does not guarantee or agree to any ownership of your company to the token holder, ② does not function as a company bond, ③ does not form any trust relationship with the token holder, ④ does not form any equity or similar contractual relationship with your company, and ⑤ does not plan to make a collective investment scheme (CIS) between the token holders and your company.

Therefore, it is difficult to say that EDUM is recognized as securities due to the nature of the token, under the guidelines of MAS.

D. Analysis of EDUM’s type within the regulations of Hong Kong

Following the SFC Statement, EDUM ① does not guarantee any share or ownership of your company to the token holder, ② does not function as a company bond, ③ does not form any equity or similar contractual relationship with your company, and ④ does not plan to make a collective investment scheme (CIS) between the token holders and



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your company.

Therefore, EDUM is not likely to be treated as securities under the Statement of SFC.

6. Conclusion

Meanwhile, we would like to turn your attention to the fact that the Korean financial authorities have not yet provided any specific guidelines or made an authoritative interpretation on circumstances wherein certain cryptocurrency given as reward in proportion to users' platform use and liquidity supply (EDUM is an example) shall fall in the category of “securities” under the Capital Markets Act.

We would like to deliver our legal opinion as above. If you need any further assistance, please don't hesitate to contact our law firm.



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March 27th, 2023

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