

# BAYFRONT LAW

in alliance with Nishimura & Asahi (Singapore) LLP  
Company Registration No. 201723356G

VIA E-MAIL

PRIVILEGED AND CONFIDENTIAL

**DATE:** 11 October 2021  
**TO:** **CHEERSLAND FOUNDATION LTD.**  
**FROM:** Bayfront Law LLC  
**WRITER:** [clarence.guo@bayfrontlaw.sg](mailto:clarence.guo@bayfrontlaw.sg)  
**SUBJECT:** Opinion relating to CheersLand Foundation Ltd. (the **Company**) – CHEERS

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## 1. Background and scope of advice

- 1.1 We refer to the proposed token issuance project (**Issuance**) to be conducted by the Company (and/or its affiliates). We are informed that pursuant to the Issuance, a new digital asset (**CHEERS**) will be generated and distributed, which is intended to be utilised on a games ecosystem to be developed and operated by the Company and/or its affiliates. Further details in relation to the background are set out in Annex A.
- 1.2 We have been instructed to provide this advice solely on the question of whether the design of CHEERS would cause it to be considered:
- (a) a "capital markets product" for the purpose of the Securities and Futures Act (Chapter 289 of Singapore) (the **SFA**);
  - (b) a "digital payment token" under the Payment Services Act 2019 (No. 2 of 2019) (the **PS Act**); or
  - (c) "e-money" under the PS Act.
- 1.3 For the purpose of this advice, we have been provided with the draft whitepaper, which is a non-binding document that sets out, *inter alia*, the proposed design of CHEERS to be issued. We are informed that the version of the whitepaper which will be finally released will be in substantially the same form as that provided in Annex C. We have relied only on the relevant facts, documents and instructions as informed to us in Annex A and Annex C (and insofar as they are in the English language). We have not considered any other issues, other than that as set out at paragraph 1.2 above, and in particular we will not be aware of the status of any future rights or features that may be added to or removed from CHEERS, and have also not conducted any independent enquiries or due diligence in respect of the Issuance or the operation of the Company (or its affiliates). This advice is based on Singapore law as at 9.00 am of the date hereof, is limited to the matters expressly specified herein and must not be read as extending, by implication or otherwise, to any other matter.
- 1.4 We have not examined or expressed any views on, nor will we be deemed to have examined or expressed any views on, any regulatory requirements, restrictions or prohibitions (a) under the laws of any other jurisdictions that may be applicable, (b) in connection with the Company's (or its affiliates') activities, the network/ecosystem, or the circumstances or conduct of the Issuance or the commercial aspects of any of the foregoing, or (c) any other ancillary digital asset, ecosystem token, synthetic token, derivative token, wrapped token, staking token, HP, NFT or asset-backed token such as liquidity provider (LP) tokens, or any fractions thereof, which may be issued/created in connection with the operation of CheersLand. Where any reference or opinion is related to the foregoing or expressed beyond the jurisdiction of Singapore, we accordingly disclaim reliance thereupon and any obligation arising therefrom,

and you are advised to obtain legal advice regarding these issues as applicable. This advice should be read together with the annexes appended hereto, which form an integral part of this advice and will be governed by, and construed in accordance with, Singapore law.

- 1.5 Please also note that our advice does not cover any other areas of law such as tax law, privacy and data protection laws, issues relating to the licensing of information technology, intellectual property, money laundering and countering the financing of terrorism, or regulatory advice (save as mentioned at paragraph 2 below), and we do not assume any responsibility to update this advice after the date hereof.
- 1.6 The views expressed in this advice are solely our views as to the issues expressly dealt with in this advice. Our advice does not constitute an assurance, guarantee or warranty that the Singapore regulatory authorities or Singapore Courts would necessarily agree with the views stated in this advice or that any challenge would not be made or would necessarily fail. This advice is not intended to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed by any applicable law.
- 1.7 Further, it is assumed that (a) CHEERS and CheersLand, when developed, would meet their description in this advice and in the whitepaper, (b) there will be no material variations in CHEERS or CheersLand from their descriptions therein which would affect our advice, (c) all services offered on CheersLand (which is still in the development stage and the final features are under review) will not be illegal and the necessary approvals and licences will be held by the Company, its relevant operating entities or affiliates in all applicable jurisdictions as necessary (in particular relating to the sale of tokens from any Singapore entity), (d) the Company will conduct all activities in accordance with good corporate governance principles (e) the Company has conducted the Issuance as described herein, and will not be undertaking any business or activities in Singapore which would result in it requiring to be approved, registered or otherwise regulated by the Monetary Authority of Singapore (the **MAS**) under the SFA or the Payment Services Act, or any other competent authority under any applicable law or regulation, and (f) any notifications that have to be provided to the relevant authorities will be undertaken as required.
- 1.8 As of the date hereof, to our knowledge there has been no court case nor any formal notice published by the MAS which directly address the issues raised in this advice, save for various releases, guidelines and papers. Accordingly, the MAS or a court may reach an alternative conclusion different from the one provided in this advice.

## **2. Advice**

- 2.1 A "utility token" is not a defined term under Singapore law. Solely considering the design of CHEERS as set out in Annex A and Annex C, we are of the view that, in itself, the design of CHEERS:
  - (a) constitutes a digital payment token under the PS Act;
  - (b) does not constitute e-money under the PS Act;
  - (c) does not constitute a "debenture" under the SFA;
  - (d) does not constitute the operation of a collective investment scheme under the SFA; and
  - (e) accordingly would not cause CHEERS to be deemed a "security" or a "capital markets product" for the purpose of the SFA.
- 2.2 Our detailed analysis is set out in Annex B.

## **3. Benefit of advice**

Our advice herein is addressed to yourselves solely for your benefit, and may be disclosed exclusively for the purpose of listing CHEERS on a digital asset exchange, on a non-reliance basis. It is not to be relied upon by any other person or quoted or referred to in any public

document or filed with any governmental authority or agency or disclosed in any way to any other person without our prior written consent.

Yours sincerely

*Bayfront Law*

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**BAYFRONT LAW LLC**

Encl: Annexes A to C

## Annex A

### Background

1. We understand that the Company is working on developing the "CheersLand" games ecosystem (**CheersLand**), which is planned to be an expandable GameFi universe where anyone can monetize their gaming experiences and social networks. In CheersLand, gamers can earn rewards through skilled gameplay and contributions to the ecosystem.
2. Game builders are allowed to use CheersLand API to launch their own games in CheersLand GameFi Universe and share the economic model. This new model has been dubbed Build to Earn and will inspire game builders to create their own game earn from their own efforts in expanding the game scenes for CheersLand.
3. We are informed that CHEERS is designed to have the following functions within the ecosystem:
  - 3.1 CHEERS may only be utilised on CheersLand (when fully completed and deployed) as the medium of exchange for valuable services provided in the ecosystem on CheersLand. It is not intended to be a medium of exchange accepted by the public, or a section of the public, as payment for goods or services or for the discharge of a debt; nor is it designed or intended to be used by any person as payment for any goods or services whatsoever that are not exclusively provided by the issuer. For each exchange of services on CheersLand, the costs are to be quantified in CHEERS and paid to CheersLand and/or the other party providing the service.
  - 3.2 CHEERS would also function as the incentive which would be distributed to encourage users to exert efforts towards contribution and participation in the ecosystem on CheersLand. Further, it is mentioned that additional CHEERS will be awarded to a user based only on its actual usage, activity and efforts made on CheersLand (and/or proportionate to the frequency and volume of transactions), so users of CheersLand and/or holders of CHEERS which did not actively participate will not receive any CHEERS incentives.
  - 3.3 CHEERS has the following specific features:
    - (a) Gamers will be able to get the rankings on the leaderboard by constantly passing levels in the game and various other achievements. CheersLand will take a snapshot of Ranking List every week and reward users who rank on it (with native CHEERS tokens and other airdrops, NFTs or benefits).
    - (b) CHEERS functions as an access token (i.e. ticker), so users may stake them for exclusive access rights within the ecosystem. For example, available allocations to purchase secondary project tokens of IGO projects will be reserved for whitelisted users (part of the allocation will be set aside for eligible tokens stakers like users who stake at least 10,000 CHEERS in the pool to obtain access to IGO projects).
    - (c) In the NFT Market, CHEERS will be accepted as the universal platform currency which will be used to settle trades of NFTs, and by extension may be used to measure and calculate the value of NFTs.
    - (d) CheersLand has 5% of total CHEERS supply as rewards for the Build to Earn mode in order to attract enough participants to create utility value for the network, which will be gradually unlocked according to the development of the Multi-game Universe.
    - (e) All users who contribute to the ecosystem, including gamers, game builders, stakers, contributors, will be rewarded with CHEERS for their contributions.

- (f) CHEERS would allow holders to create and vote on on-chain governance proposals to determine future features and/or parameters of CheersLand, for example level of incentives for active contributors, projects listing on IGO, games onboarding, level of resale royalties and level of service fees. The right to vote is restricted solely to voting on features of CheersLand; it does not entitle CHEERS holders to vote on the operation and management of the Company, its affiliates, or their assets or the disposition of such assets to token holders, or select the board of directors of these entities, or determine the development direction of these entities, does not constitute any equity interest in any of these entities or any collective investment scheme; the arrangement is not intended to be any form of joint venture or partnership. After governance launch there will be no individual or corporate entity or other active promoter, sponsor, or group or affiliated party that maintains sole control over CheersLand.
- 3.4 CHEERS is not intended to constitute securities in Singapore or any relevant jurisdiction, and will not entitle token holders to any promise of dividends, revenue, fees, profits or investment returns.
- 3.5 CHEERS is non-refundable and cannot be exchanged with the Company or any affiliate for cash (or its equivalent value in any other digital asset) or any payment obligation by the Company or any affiliate.
- 3.6 CHEERS does not represent any shareholding, participation, right, title, or interest in the Company or any other company, enterprise or undertaking.
- 3.7 CHEERS is not for speculative investment, and (although CHEERS may eventually be traded on digital asset exchanges), there is no guarantee or representation of value or liquidity for CHEERS.
- 3.8 CHEERS is not intended to be a representation of money (including electronic money), security, commodity, bond, debt instrument, unit in a collective investment scheme or any other kind of financial instrument or investment.
- 3.9 There does not appear to be any buy-back or destruction mechanism planned for CHEERS.
4. CheersLand does not facilitate the transmission of fiat currency on behalf of its users or other third parties, nor does it assist with the conversion of CHEERS to fiat currency.
5. The documents indicate that any conversion of CHEERS to fiat currency will be done on third party digital asset exchanges. It is mentioned that to the extent a secondary market or exchange for trading CHEERS does develop, it would be run and operated wholly independently of the Company (or its affiliates), the distribution of CHEERS and CheersLand. The Company will not create such secondary markets nor will it act as an exchange for CHEERS.
6. CHEERS does not have any tangible or physical manifestation, and does not have any intrinsic value (nor does the Company or any other person make any representation or give any commitment as to its value).
7. The terms and conditions for distribution of CHEERS are consistent with and would not include any substantive modifications to the foregoing functionality for either CHEERS or CheersLand.

## Annex B

### Analysis

1. There is no specific law or regulation in Singapore that provides specifically for regulation of digital assets or digital tokens as such in relation to Singapore securities law. This has been confirmed in a statement (the **August 2017 Statement**) issued on 1 August 2017 ("MAS clarifies regulatory position on the offer of digital tokens in Singapore") by the MAS.
2. However, this cannot be taken to mean that digital assets and digital tokens are wholly unregulated in Singapore. As noted in the August 2017 Statement, digital tokens have evolved beyond just being a digital token, and depending on the features of a particular digital token, they may be subject to re-characterisation under Singapore's laws and consequently be subject to various regulatory regimes in Singapore, in particular under the SFA.

#### Meaning of "capital markets products" and "securities"

3. The SFA sets out at section 2(1) a definition "capital markets products" as follows:  
  
*"capital markets products" means any securities, units in a collective investment scheme, derivatives contracts, spot foreign exchange contracts for the purposes of leveraged foreign exchange trading, and such other products as the [MAS] may prescribe as capital markets products;"*
4. Section 2(1) further defines "securities" as follows:  
  
*"securities" means:*
  - (a) *shares, units in a business trust or any instrument conferring or representing a legal or beneficial ownership interest in a corporation, partnership or limited liability partnership;*
  - (b) *debentures; or*
  - (c) *any other product or class of products as may be prescribed,*  
*but does not include:*
  - (i) *any unit of a collective investment scheme;*
  - (ii) *any bill of exchange;*
  - (iii) *any certificate of deposit issued by a bank or finance company, whether situated in Singapore or elsewhere; or*
  - (iv) *such other product or class of products as may be prescribed."*
5. Pursuant to the Securities and Futures (Prescribed Securities) Regulations 2012, various real estate investment trust (REIT) related securities have also been prescribed as "securities" (which do not appear relevant for the purposes of this advice).
6. The definitions of the terms "shares", "debenture", "derivatives contract" and "collective investment scheme", which are referred to in the definitions of "securities", are relevant for the purpose of this analysis. The other categories of instruments / relationships which would be categorised as securities (and hence capital markets products), such as spot foreign exchange

contracts, units in a business trust, or interests in partnerships, are not relevant for the purpose of this analysis and CHEERS would not constitute any of these.

#### Meaning of "debenture"

7. Section 2(1) of the SFA provides that:

*""debenture" includes:*

- (a) any debenture stock, bond, note and any other debt securities issued by or proposed to be issued by a corporation or any other entity, whether constituting a charge or not, on the assets of the issuer;*
- (b) any debenture stock, bond, note and any other debt securities issued by or proposed to be issued by a trustee-manager of a business trust in its capacity as trustee-manager of the business trust, or a trustee of a real estate investment trust in its capacity as trustee of the real estate investment trust, whether constituting a charge or not, on the assets of the business trust or real estate investment trust; or*
- (c) such other product or class of products as the Authority may prescribe,*

*but does not include:*

- (i) a cheque, letter of credit, order for the payment of money or bill of exchange; or*
- (ii) for the purposes of the application of this definition to a provision of [the SFA] in respect of which any regulations made thereunder provide that the word "debenture" does not include a prescribed document or a document included in a prescribed class of documents, that document or a document included in that class of documents, as the case may be;"*

8. In addition, it should also be noted that under section 239(3) of the SFA, it is stated that:

*"For the purposes of this Division [i.e. Division 1 of Part XIII]:*

- (a) any invitation to a person to deposit money with or to lend money to an entity shall be deemed to be an offer of debentures of the entity; and*
- (b) any document that is issued or intended or required to be issued by an entity acknowledging or evidencing or constituting an acknowledgment of the indebtedness of the entity in respect of any money that is or may be deposited with or lent to the entity in response to such an invitation shall be deemed to be a debenture."*

9. Debentures have also been judicially defined to mean a document which either creates a debt or acknowledges it and may include any obligation, covenant, undertaking or guarantee to pay, or any acknowledgement thereof. It is key to note, however, that not all company debts qualify as debentures.

#### Meaning of "derivatives contract"

10. Under the SFA, "derivatives contract" means:

- "(a) any contract or arrangement under which —*
  - (i) a party to the contract or arrangement is required to, or may be required to, discharge all or any of its obligations under the contract or arrangement at some future time; and*

- (ii) *the value of the contract or arrangement is determined (whether directly or indirectly, or whether wholly or in part) by reference to, is derived from, or varies by reference to, either of the following:*
      - (A) *the value or amount of one or more underlying things;*
      - (B) *fluctuations in the values or amounts of one or more underlying things; or*
- (b) *any contract or arrangement that is, or that belongs to a class of contracts or arrangements that is, prescribed to be a derivatives contract..."*

11. The MAS has, in the Frequently Asked Questions on Product Definitions, mentioned at A7 that: "a derivatives contract falls within the ambit of the [SFA] if its reference asset is a security, a unit in a collective investment scheme ("CIS"), a currency or currency index, an interest rate, a commodity and/or the credit of any person (collectively referred to as "underlying thing"). A derivatives contract whose reference asset is not any of the underlying thing will not be considered a derivatives contract under the [SFA], and thus, any person carrying on business in dealing in such derivatives contracts (e.g. weather derivatives) will not be required to hold a capital markets services licence".

Meaning of "collective investment scheme"

12. At present, the term "collective investment scheme" under the SFA means:

12.1 an arrangement in respect of any property:

- (a) under which the participants do not have day-to-day control over the management of the property, whether or not the participants have the right to be consulted or to give directions in respect of such management;
- (b) under which either or both of the following characteristics are present:
  - (i) the property is managed as a whole by or on behalf of a manager;
  - (ii) the contributions of the participants, and the profits or income out of which payments are to be made to the participants, are pooled; and
- (c) under which either or both of the following characteristics are present:
  - (i) the effect of the arrangement is to enable the participants (whether by acquiring any right, interest, title or benefit in the property or any part of the property or otherwise):
    - (A) to participate in or receive profits, income, or other payments or returns arising from the acquisition, holding, management, disposal, exercise, redemption or expiry of, any right, interest, title or benefit in the property or any part of the property; or (B) to receive sums paid out of such profits, income, or other payments or returns;
  - (ii) the purpose, purported purpose or purported effect of the arrangement is to enable the participants (whether by acquiring any right, interest, title or benefit in the property or any part of the property or otherwise):
    - (A) to participate in or receive profits, income, or other payments or returns arising from the acquisition, holding, management, disposal, exercise, redemption or expiry of, any right, interest, title or benefit in the property or any part of the property; or (B) to receive sums paid out of such profits, income, or other payments or returns,

whether or not: (AA) the arrangement provides for the participants to receive any benefit other than those set out in sub-paragraph 12.1(c)(ii)(A) or 12.1(c)(ii)(B) in the event that the purpose, purported purpose or purported effect is not realised; or (BB) the purpose, purported purpose or purported effect is realised; or



- 12.2 an arrangement which is an arrangement, or is of a class or description of arrangements, specified by the Authority as a collective investment scheme by notice published in the Gazette.
- 13.** The following are not considered collective investment schemes under the SFA (each an Excluded Arrangement):
- 13.1 an arrangement operated by a person otherwise than by way of business;
- 13.2 an arrangement under which each of the participants carries on a business other than investment business and enters into the arrangement solely incidental to that other business;
- 13.3 an arrangement under which each of the participants is a related corporation of the manager;
- 13.4 an arrangement made by or on behalf of an entity solely for the benefit of persons, each of whom is:
- (a) a bona fide director or equivalent person, a former director or equivalent person, a consultant, an adviser, an employee or a former employee of that entity or, where that entity is a corporation, a related corporation of that entity; or
  - (b) a spouse, widow or widower, or a child, adopted child or step-child below the age of 18 years, of such director or equivalent person, former director or equivalent person, employee or former employee;
- 13.5 an arrangement made by or on behalf of 2 or more entities solely for the benefit of persons, each of whom is:
- (a) a bona fide director or equivalent person, a former director or equivalent person, a consultant, an adviser, an employee or a former employee of any of those entities or, where any of those entities is a corporation, a related corporation of the entity which is a corporation; or
  - (b) a spouse, widow or widower, or a child, adopted child or step-child below the age of 18 years, of such director or equivalent person, former director or equivalent person, employee or former employee;
- 13.6 a franchise;
- 13.7 an arrangement under which money received by an advocate and solicitor from his client, whether as a stakeholder or otherwise, acting in his professional capacity in the ordinary course of his practice, or under which money is received by a statutory body as a stakeholder in the carrying out of its statutory functions;
- 13.8 an arrangement made by any co-operative society registered under the Co-operative Societies Act (Chapter 62 of Singapore) in accordance with the objects thereof solely for the benefit of its members;
- 13.9 an arrangement made for the purposes of any chit fund permitted to operate under the Chit Funds Act (Chapter 39 of Singapore);
- 13.10 an arrangement arising out of a life policy within the meaning of the Insurance Act (Chapter 142 of Singapore);
- 13.11 a closed-end fund (see below) constituted either as an entity or a trust;
- 13.12 an arrangement under which the whole amount of each participant's contribution is a deposit as defined in section 4B of the Banking Act (Chapter 19 of Singapore);

13.13 an arrangement of which —

- (a) the predominant purpose is to enable the participants to share in the use or enjoyment of the property or to make its use or enjoyment available gratuitously to others; and
- (b) the property does not consist of any of the following:
  - (i) any currency of any country or territory;
  - (ii) any capital markets products;
  - (iii) any policy as defined in the First Schedule to the Insurance Act (Chapter 142 of Singapore);
  - (iv) any deposit as defined in section 4B of the Banking Act (Chapter 19 of Singapore);
  - (v) any credit facilities as defined in section 2(1) of the Banking Act (Chapter 19 of Singapore);

13.14 an arrangement which is an arrangement, or is of a class or description of arrangements, specified by the Authority as not constituting a collective investment scheme by notice published in the Gazette.

14. A "closed-end fund", as referred to above, means an arrangement referred to in sub-paragraphs 12.1 or 12.2 in the definition of "collective investment scheme" in paragraph 12 above, under which units that are issued are exclusively or primarily non-redeemable at the election of the holders of units.

#### Analysis

- 15. At the outset, it is worthwhile to note that it does not appear to us that the design of CHEERS, in itself (as described in Annex A), results in any stocks or shares in the Company or its affiliates being issued or subscribed for.
- 16. Besides the statutory provisions, statements made by the MAS in relation to the definitions of "debentures", "collective investment schemes" and "digital tokens" are instructive.
- 17. In the August 2017 Statement, the MAS observed that:

*"...the function of digital tokens has evolved beyond just being a virtual currency. For example, digital tokens may represent ownership or a security interest over an issuer's assets or property. Such tokens may therefore be considered an offer of shares or units in a collective investment scheme [including under the revised definition of a collective investment scheme proposed in the Enhanced Safeguards Consultation Paper] under the SFA. Digital tokens may also represent a debt owed by an issuer and be considered a debenture under the SFA." (emphasis added)*

Further, in "A Guide to Digital Token Offerings" (last updated 26 May 2020) (the **Digital Token Guide**), the MAS has stated that offers or issues of digital tokens may be regulated by the MAS if the digital tokens are capital markets products, citing the following as (non-exhaustive) examples of capital markets products that a digital token may constitute:

- (a) a share, where it confers or represents ownership interest in a corporation, represents liability of the token holder in the corporation, and represents mutual covenants with other token holders in the corporation inter se;
- (b) a debenture, where it constitutes or evidences the indebtedness 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; or
- (c) a unit in a collective investment scheme, where it represents a right or interest in a collective investment scheme, or an option to acquire a right or interest in a CIS.

18. In the "Consultation Paper on Proposals to Enhance Regulatory Safeguards for Investors in the Capital Markets" issued by the MAS dated 21 July 2014 (the **Enhanced Safeguards Consultation Paper**), the MAS described debentures as:

*"2.1 Debentures are debt securities regulated under the SFA. Broadly, debentures are instruments representing indebtedness. These are capital-raising instruments, under which the debenture issuer offers to pay interest in lieu of money borrowed for a certain period. These may be:*

- (i) unsecured – backed by general creditworthiness of the debenture issuer; or*
- (ii) secured – backed by assets, which the debenture holder would have legal claim to if the issuer defaults on its payment obligations under the debenture. Examples include asset-backed securities and collateralised debt obligations." (emphasis added).*

19. In the Enhanced Safeguards Consultation Paper, the MAS contrasted debentures with buy-back arrangements, in particular, of non-financial assets, which are considered normal economic transactions, entered into in the ordinary course of business, examples of which include arrangements allowing consumers to trade-in products after use for a portion of the initial purchase price, or where the purchaser has the right to sell the product back to the seller at the prevailing market price in future.

20. The above was in the context of the (then proposed) regulation of buy-back arrangements involving precious metals (gold, silver and platinum). In its September 2015 response to the Enhanced Safeguards Consultation Paper, the MAS announced that the regulatory regime for debentures under the SFA (and Financial Advisers Act, Cap 110) would extend to arrangements which display the following characteristics as debentures:

- 20.1 Buy-back structure – Party A purchases gold, silver or platinum ("**precious metal**") from Party B for an agreed sum of money or money's worth, with Party B being under an obligation to re-purchase the precious metal back from Party A at a future time; and

- 20.2 Debenture effect – The purpose or effect of the arrangement is to enable Party A to receive a "financial benefit" from Party B. The main risk that Party A is exposed to is the credit risk of Party B, and not fluctuations in market value of the asset.

21. As to the requirement and interpretation of "financial benefit", it was stated in the Enhanced Safeguards Consultation Paper that the "right to receipt of a financial benefit **must be agreed upon at the point in time that the parties enter into the arrangement, although the actual amount received may vary according to pre-determined factors** [including where the pre-determined factors move against Party A such that at the end of the transaction, Party A is in a net financial loss position]" (emphasis added). Examples provided by the MAS of commercial transactions where there would not be deemed to be a financial benefit would include trading contracts, storage contracts, consignment arrangements and sale and lease-back arrangements, whereas there would be a financial benefit where the effective re-purchase price that Party B agreed to pay for buy-back at the time the arrangement is entered into is higher than the initial purchase price that Party A paid for the asset.

22. The SFA refers to section 4(1) of the Companies Act (Chapter 50 of Singapore) in its definition of "share", namely being "share in the share capital of a corporation and includes stock except where a distinction between stocks and shares is expressed or implied". Typically, a share may be understood as a chose in action that gives its owner, the shareholder, a bundle of rights against the company that issued said share, and one of the most fundamental rights is the right to vote in affairs of the company. It has also been judicially noted that "a share is the interest of a shareholder in the company measured by a sum of money, for the purpose of liability in the first place, and of interest in the second, but also consisting of a series of mutual covenants entered into by all the shareholders inter se in accordance with s 16 of the Companies Act, 1862. The contract contained in the articles of association is one of the original incidents of the

share. A share is not a sum of money settled in the way suggested, but is an interest measured by a sum of money and made up of various rights contained in the contract, including the right to a sum of money of a more or less amount."

- 23.** In this regard, it is expressly stated that CHEERS does not represent any shareholding, participation, right, title, or interest in the Company or any other company, enterprise or undertaking. Once issued, it does not appear that holders of CHEERS incur any liability to the Company (or any other company, enterprise or undertaking), nor do they enter into mutual covenants, or agree to rights and obligations, with other CHEERS holders inter se. Consequently, it is unlikely that there would be any dealing in "securities" in the form of stocks or shares arising solely out of the design of CHEERS in itself.
- 24.** As to whether CHEERS may be considered to be a debenture, CHEERS does not appear to be a "debenture" under the SFA for the following reasons:
- 24.1 in order for an instrument to be deemed a debenture some element of indebtedness is required, but this is not present in the material provided for review;
- 24.2 CHEERS is non-refundable and CHEERS cannot be exchanged for cash (or its equivalent value in any other digital asset) or any payment obligation by the Company or any affiliate;
- 24.3 CHEERS is not a loan to the Company or any of its affiliates and there is no expectation of profit;
- 24.4 CHEERS is not intended to represent a debt owed by the Company or any of its affiliates (and in this regard there does not appear to be any payment obligation on the part of the issuer, payment of coupon and/or invitation to deposit money with or to lend money to the Company or any of its affiliates);
- 24.5 CHEERS may have no value and there is no guarantee or representation of value or liquidity for CHEERS; and
- 24.6 CHEERS may only be utilised on CheersLand (when fully completed and deployed) as a medium of exchange for valuable services provided in the ecosystem on CheersLand, and provide economic incentives which will encourage users to contribute to and participate in the ecosystem on CheersLand (e.g. CHEERS will be paid for NFTs/items, or distributed to users for playing the game or for outstanding rankings).
- 25.** For completeness, we would mention that CHEERS does not appear to constitute a buy-back arrangement (which inherently carries a higher risk of inviting regulation under Singapore securities laws for the reasons described at paragraphs 19 to 21 above) as CHEERS is non-refundable.
- 26.** From the whitepaper provided to us for review, CHEERS does not appear to reference any underlying asset or any underlying thing (but rather it is a useable digital token with certain prescribed functions); accordingly it is also unlikely that CHEERS will be construed as a "derivatives contract".

Analysis of the token issuer's activity under the definition of "collective investment scheme"

- 27.** In relation to collective investment schemes, in the Frequently Asked Questions Specific to Collective Investment Schemes issued by the MAS (the **CIS FAQs**) a collective investment scheme is an arrangement where money from investors is pooled together with a view to deriving profits or income from the scheme. The scheme may invest in all kinds of assets, be they financial, real estate, precious metals or commodities. Whether or not exotic schemes (such as commodity investment schemes and schemes which involve digital assets or some other digital token) fall within the scope of that definition depends on the structure of each scheme. Where money invested in the scheme and profits or income from it are pooled, the

scheme would be subject to the MAS' approval process. If a commodity is sold directly and separately to individuals, such sales would not be subject to any regulation. Schemes whose objectives are not to generate profit or income but for consumption (e.g. time-sharing schemes and memberships in golf or country clubs) would not fall within the regulatory scope of collective investment schemes under the SFA.

In the Enhanced Safeguards Consultation Paper, the MAS further mentioned that it:

*"...has observed a number of arrangements offered to retail investors that fall out of the statutory definition of a CIS [i.e. collective investment scheme], simply by offering investors direct interests in underlying physical assets. This is in spite of an arrangement providing that while investors obtain legal title of the asset, they will cede day-to-day control over management of their property to the scheme operator to be managed collectively with assets of other scheme participants, for the purpose of enabling them to participate in profits of the scheme (collectively-managed investment schemes).*

*The key distinguishing characteristic of such schemes were that investors' contributions are not initially pooled. Apart from this, such collectively-managed investment schemes do not differ from regulated CIS..."*

In this regard, MAS has also announced that the intention is to extend the scope of collective investment schemes to include schemes which are in substance similar to traditional regulated investment funds but do not pool investor's contributions.

28. Under the definition of "collective investment scheme", the "management" limb is an alternative to the "pooling" limb. The two limbs are to be assessed independently of each other, and the absence of the pooling of contributions or profits will not preclude a finding that there is management as a whole. An arrangement would fall outside the scope of regulation if the factual matrix indicates that (a) there is no initial pooling of assets, or (b) there is no expectation of deriving profits or income from the scheme.
29. It should also be noted that the MAS has issued the "Response to Feedback Received – Proposals to Enhance Regulatory Safeguards for Investors in the Capital Markets" dated 22 September 2015 (the **Response to the Enhanced Safeguards Consultation Paper**). This is noteworthy because of its discussion of the meanings of the "management" and "control" limbs found in the definition of "collective investment scheme", which may be summarised as follows:
- 29.1 in relation to the "management" limb, whether there is management "as a whole" will depend on the investment objectives of the arrangements and the collective or individual nature of the arrangements made in order to produce the intended profits. Indications of whether there is collective management appear to be:
- (a) whether the scheme operator is likely to look after the essential profit-generating activity under the instructions of, or at least in consultation with, individual owner/investors, or whether it may do so without having regard to individual investors' interests or preferences; and/or
  - (b) whether management on an individual basis is likely to be impracticable – e.g. even where returns are generated from ownership rights to specific property, the returns are generated as a result of the operators' management of activities collectively on the property as a whole;
- 29.2 in relation to the "control" limb, the MAS is of the view that for investors to be considered as having day-to-day control, they should have direct and on-going power to decide on operational matters relating to management of the scheme property. The greater the extent of reliance on the particular scheme operator's professed expertise in managing the scheme property, the less likely it is that investors have effective day-to-day control. It is also significant that the MAS considers that "if expectations created between the parties in the arrangement are such that

investors would not be involved in the day-to-day management of the property, having contractual rights to be consulted on or to give the manager direction from time to time will not be considered as effective day-to-day control" (emphasis added); and

- 29.3 the MAS' intent is to extend capital markets regulatory safeguards to investors in arrangements which are in substance made and managed on a collective basis and hence pose similar risks to investors as traditional collective investment schemes. In particular, the MAS has noted that a number of such schemes previously avoided regulation as a collective investment scheme by offering investors direct legal title to individual assets (i.e. no pooling of investors' contributions). Nonetheless, investors' assets are effectively managed collectively by a third party such that their payoff is the same as the payoff that they would have obtained had their contributions been pooled.
30. From the various pronouncements from the MAS, it appears that the MAS is shifting its focus towards the fundamental purpose of transaction, and this should be analysed in detail. A "utility" token by itself, once issued, with genuine functionality and circulating on its network, would rarely be construed as a "security". In the present case, it does not appear that the design of CHEERS, in itself, would be construed as a collective investment scheme.
31. For the following reasons, the management and control limbs of the definition of a collective investment scheme are not fulfilled:
- 31.1 there are no contributions or funds being "managed" by any party for the purpose of generating returns or other benefits (pooled or otherwise) to be paid to CHEERS holders;
- 31.2 the whitepaper states that none of the Company and/or the team members shall be responsible for or liable for the value or liquidity of CHEERS;
- 31.3 we understand that there is no promise by the Company or any of its affiliates to pool, manage any asset and/or return any assets to project participants;
- 31.4 there does not appear to be any economic benefit, beneficial interest or legal title conferred on token holders over any property, and CHEERS will not entitle token holders to any promise of dividends, fees, revenue, profits or investment returns;
- 31.5 the nature of digital tokens is that they are inherently transferable to other parties, and the mere fact (or even any hope) that CHEERS may be resold at a price that is potentially higher than the original purchase price does not change the fact that the intention and goal of the token distribution is so that CHEERS can be utilised by users. The MAS has also acknowledged in the Digital Token Guide that the ability for a digital token to be traded on the secondary market alone does not result in a digital token being construed as capital markets products under the SFA. In this regard, users are required to acknowledge that they are acquiring CHEERS to participate in CheersLand and to obtain services on the ecosystem thereon;
- 31.6 holders of CHEERS have control over how to manage their CHEERS held, whether for participation in CheersLand and acquiring various services/products thereon, or by selling or trading CHEERS in a secondary market, or even simply holding and doing nothing with their CHEERS;
- 31.7 even if CHEERS holders are able to obtain additional CHEERS, this would not occur through the action or activities of any person or manager, but only through that token holder's participation in the ecosystem on CheersLand (e.g. playing the game and/or achieving ranking);
- 31.8 given that a CHEERS holder is required to perform work each time before being entitled to the CHEERS incentives as described in Annex A, it does not appear to us that the CHEERS incentives would constitute any dividend, profit or investment return; and

- 31.9 further, it is mentioned that users of CheersLand and/or holders of CHEERS which did not actively participate in CheersLand will not receive any CHEERS incentives.
- 32.** Based on our understanding of the token issuer's activities relating solely to the Issuance for CHEERS set out in Annex A, it appears that the element of pooling of contributions and profits, which is a factor affecting whether an arrangement to fall within the definition of a collective investment scheme, is not present for the following reasons:
- 32.1 there is no promise of any profit or return back to any token holder (i.e. CHEERS is non-refundable and CHEERS cannot be exchanged for cash or any payment obligation); and
- 32.2 notwithstanding the distribution of CHEERS, token holders will have no economic or legal right over or beneficial interest in the assets of the Company or any of its affiliates after the token distribution.
- 33.** There is a potential residual risk that pursuant to the powers granted under section 2(1)(h) of the SFA, the MAS may prescribe digital assets / digital tokens to be "securities" for the purpose of the SFA. However, we would mention that as at the date hereof, there is no indication that the MAS intends to exercise its power to make such a declaration. Public statements released by the MAS have indicated that it would avoid taking such a broad-brush approach towards the regulation of digital assets / digital tokens.
- 34.** The key characteristic of a closed-end fund is that units in such a collective investment scheme are not redeemable at the option of the investor. Closed-end funds typically take the form of investments in the shares of an investment company (such that the investor may not realise its investment until the shares have been redeemed) – for such closed-end funds though, because shares of a company are involved, this may trigger prospectus requirements under the SFA's regime in respect of offers of shares or debentures. One further important requirement is that the closed-end fund must be constituted as an entity or trust in order to qualify as an Excluded Arrangement.
- 35.** It is unlikely that the investment arrangement offered (if applicable) may be deemed to be a closed-end fund because in the first place, for the reasons set out above, it is not likely that the design of CHEERS, in itself, will be considered the operation of a collective investment scheme.
- 36.** Considering the factors in their entirety, our view is that the design of CHEERS (as set out in Annex A), in itself, would not be considered the operation of a collective investment scheme, the management of which, or dealing of interests in which, would trigger an obligation to obtain a CMS licence.

Conclusion as to whether CHEERS would constitute a security under the SFA

- 37.** Further, we set out below certain characteristics displayed by financial products which would satisfy the definition of "securities":
- 37.1 the product provides the holder with ownership interest in a legal entity such as a private limited company or an unincorporated body such as a limited liability partnership;
- 37.2 the product provides the holder with a payment of interest;
- 37.3 the product provides the holder with an interest in underlying securities (including equity, shares or debentures);
- 37.4 the product provides the holder with a direct or indirect exposure to underlying profits and/or losses, or assets and/or liabilities;

- 37.5 the issuer (or any related company) has a legal obligation to repay the holder for his purchase of the product or the holder has a legal right to sell the product to the issuer (or any related company), such that the holder may potentially receive a "financial benefit"; or
- 37.6 the product has a feature that allows the holder to convert a product into another token with characteristics set out above or otherwise grants the holder an option to purchase securities.

From the information provided to us, CHEERS does not appear to exhibit any of these characteristics described in this paragraph 37.

38. For the various reasons set out above in this Annex B, the design of CHEERS would, on balance, not cause CHEERS to be deemed a "security" under section 2(1) of the SFA.
39. It is however important to note that even if CHEERS would not be considered a security by design, it may be considered a security in the manner in which it was distributed, described in marketing material, and/or how it is treated. Where CHEERS is eventually acquired by users for investment purposes, there is an increased risk that CHEERS will be considered a security.

#### Exemptions under the SFA

40. For completeness, we now turn to consider the various exemptions to CMS licensing available under the SFA.
41. While there is a general exemption available to financial institutions (e.g. banks) that are regulated by the MAS, specific exemptions also apply to certain categories of persons carrying on business in regulated activities.
42. Based on our understanding of the design of CHEERS (even if the Company or its affiliates were considered to be operating a collective investment scheme) the relevant entities at present would not qualify for any of these exemptions. In the context of an Issuance, the Company is unlikely to engage a financial institution to handle the Issuance and we understand that the Company has no plans to do so. Further, we believe that any such exemptions are not practical in the context of token distributions.
43. Presently, there are no specific exemptions or exclusions under the SFA for activities relating to digital assets or for companies dealing with digital assets (except to the extent that such activities do not fall within the scope of any of the regulated activities). It is unclear if any new exemptions will be introduced, but it is likely that it will be some time before such exemptions would come into effect (if at all).

#### Meaning of "digital payment token" and "e-money" under the PS Act

44. For the purpose of this advice, the two important definitions under the PS Act are the definition of "digital payment token" and "e-money". These are alternative categories under the PS Act and depending on its exact characteristics, a digital token may fall under either category (but not both).
45. A "digital payment token" is defined as any digital representation of value (other than an excluded digital representation of value) that:
- 45.1 is expressed as a unit;
  - 45.2 is not denominated in any currency, and is not pegged by its issuer to any currency;
  - 45.3 is, or is intended to be, a medium of exchange accepted by the public, or a section of the public, as payment for goods or services or for the discharge of a debt;
  - 45.4 can be transferred, stored or traded electronically; and



- 45.5 satisfies such other characteristics as the MAS may prescribe.
46. On the other hand, "e-money" is further defined as any electronically stored monetary value that:
- 46.1 is denominated in any currency, or pegged by its issuer to any currency;
  - 46.2 has been paid for in advance to enable the making of payment transactions through the use of a payment account;
  - 46.3 is accepted by a person other than its issuer; and
  - 46.4 represents a claim on its issuer,
- but does not include any deposit accepted in Singapore, from any person in Singapore.

Analysis under the definition of "digital payment token" and "e-money"

47. From the above definitions, we can observe that the key distinction between a digital payment token and e-money is that where the monetary value of the electronically stored amount in fiat currency cannot be determined without referring to some form of market mechanism, for example through the trading of the electronically stored monetary value on an exchange, such electronically stored amount is not e-money but may be a digital payment token.
48. It is critical to note that in the "Consultation paper on proposed regulatory approach for derivatives contracts on payment tokens" issued by the MAS dated 20 November 2019 (the **Token Derivatives Consultation Paper**), the MAS described (at Footnote 1) that there are three main types of digital tokens – securities tokens, payment tokens (in particular, the MAS has affirmed that bitcoin and ether are payment tokens) and utility tokens. Payment tokens do not include utility tokens which are used to access a good or service offered by the token issuer only. Further, in the Digital Token Guide, Case Study 1 mentioned that a token which is accepted only on a native platform and is not or is not intended to be, a medium of exchange accepted by the public, or a section of the public, as payment for goods or services or for the discharge of a debt, would not be considered to be a payment token under the PS Act.
49. As such, most "stablecoins", such as USDT, USDC and GUSD would constitute "e-money" under the PS Act. These are denominated/pegged in USD, are paid for in advance, are accepted by a variety of vendors as payment for goods or services, and represent a claim on the underlying USD value.
50. CHEERS is primarily used as the native token on CheersLand as a medium of exchange for various services, for example to pay for items or incentives for playing the game.
51. CHEERS is not denominated or pegged to any currency, is not paid for in advance to enable the making of payment transactions through the use of any payment account, and does not represent a claim against the issuer. This is in contrast to some of the other leading "stable tokens" in the industry, such as USDT.
52. In the Frequently Asked Questions (FAQs) on the Payment Services Act (updated 31 March 2021) (the **PS Act FAQs**), the MAS explained that one important distinction of "e-money" from digital payment tokens is the denomination / pegging aspect. Where the monetary value of the digital token cannot be determined without referring to some form of market mechanism, for example through the trading of the digital token on an exchange, then such digital token would not be viewed as "e-money".
53. Based on the foregoing, it does not appear that CHEERS would constitute "e-money" as there was no monies paid in advance to any issuer of CHEERS, and CHEERS does not represent a claim for any value against any entity. It is indicated that CHEERS is not intended to be a

representation of money or electronic money. There is no inherent "value" or guarantee of the monetary value of CHEERS, nor any kind of buyback or repurchase mechanism, so the only way to ascertain the price of CHEERS would be the price that third parties would be willing to purchase it for on the secondary market. Further, CHEERS is non-refundable and cannot be exchanged for cash (or its equivalent value in any other virtual currency) or any payment obligation by the Company or any affiliate.

54. While it appears that CHEERS would satisfy many of the elements for being characterised as a "digital payment token", the critical issue is whether it is a "medium of exchange accepted by the public, or a section of the public, as payment for goods or services or for the discharge of a debt". The term "section of the public" under the PS Act is a fact-sensitive determination, so a group of individuals with a subsisting relationship with the service provider, or a group of individuals selected because of rational characteristics common to them may not be regarded as a section of the public per se. This determination depends on factors such as size of the group, nature of the service offered, and the significance of the particular characteristic that is common. Generally, a group of individuals selected with a certain degree of indiscriminability would likely be regarded as a section of the public. The PS Act FAQs has also provided an example where a token is accessible by individuals who do not subscribe to the services of the issuer, and is used by them as payment for goods and services that are not exclusively provided by the issuer, would be regarded as a medium of exchange accepted by a "section of the public".
55. Notwithstanding that CHEERS is "not intended to be a medium of exchange accepted by the public, or a section of the public, as payment for goods or services or for the discharge of a debt" outside CheersLand, we understand that it is freely tradeable on various virtual currency exchanges, and may be exchanged and accessed in a peer-to-peer manner by users. CHEERS is not restricted to users of CheersLand, and it does not appear that holders of CHEERS may be characterised by any rational characteristics common to them.
56. Further, we note that where CHEERS is distributed as incentives to various actors interacting within the ecosystem; these are not paid to the issuer, but are instead paid to any user on the games ecosystem which had participated or contributed. Once acquired by any party (via a secondary exchange or otherwise), CHEERS may be used by the holder in a peer-to-peer manner to pay for any product or service offered by a third party who is unrelated to the issuer (and this is outside the control of the issuer). This is quite distinct from the example raised at Case Study 1 of the Guide to Digital Token Offerings, which indicates that utility tokens are used to access a good or service offered by the token issuer only.
57. In such situation, assuming that the MAS accepts our finding (for the reasons set out at paragraphs 55 and 56 above) that CHEERS is indeed a medium of exchange accepted by the public, or a section of the public, as payment for goods or services or for the discharge of a debt, our conclusion would then accordingly be that CHEERS constitutes a "digital payment token" under the PS Act.

#### Other considerations

58. The MAS has indicated that whilst certain digital tokens may not be within the regulatory purview of the MAS, the issuance of such tokens may nonetheless be subject to other legislation regarding anti-money laundering (AML) and counter-terrorism financing (CTF), and in particular the following:
  - 58.1 obligations to report suspicious transactions with the Suspicious Transaction Reporting Office, Commercial Affairs Department of the Singapore Police Force pursuant to the provisions of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Chapter 65A of Singapore); and

- 58.2 prohibitions from dealing with or providing financial services to designated individuals and entities pursuant to the Terrorism (Suppression of Financing) Act (Chapter 325 of Singapore), as well as various regulations giving effect to United Nations Security Council Resolutions.
- 59.** Do note that the aforesaid measures and guidelines are not exhaustive. The Company should refer to other relevant MAS Notices and Guidelines to ensure compliance with AML/CTF measures as appropriate.

**Annex C**  
**Documents**

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# CheersLand



*Redefine a more cheerful world with GameFi*

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**Project purpose:** You agree that you are acquiring CHEERS to participate in CheersLand and to obtain services on the ecosystem thereon. The Company, the Distributor and their respective affiliates would develop and contribute to the underlying source code for CheersLand. The Company is acting solely as an arms' length third party in relation to the CHEERS distribution, and not in the capacity as a financial advisor or fiduciary of any person with regard to the distribution of CHEERS.

**Nature of the Whitepaper:** The Whitepaper and the Website are intended for general informational purposes only and do not constitute a prospectus, an offer document, an offer of securities, a solicitation for investment, or any offer to sell any product, item, or asset (whether digital or otherwise). The information herein may not be exhaustive and does not imply any element of a contractual relationship. There is no assurance as to the accuracy or completeness of such information and no representation, warranty or undertaking is purported to be provided as to the accuracy or completeness of such information. Where the Whitepaper or the Website includes information that has been obtained from third party sources, the Company, the Distributor, their respective affiliates and/or the CheersLand team have not independently verified the accuracy or completeness of such information. Further, you acknowledge that circumstances may change and that the Whitepaper or the Website may become outdated as a result; and neither the Company nor the Distributor is under any obligation to update or correct this document in connection therewith.

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The information set out in the Whitepaper and the Website is for community discussion only and is not legally binding. No person is bound to enter into any contract or binding legal commitment in relation to the acquisition of CHEERS, and no digital asset or other form of payment is to be accepted on the basis of the Whitepaper or the Website. The agreement for distribution of CHEERS and/or continued holding of CHEERS shall be governed by a separate set of Terms and Conditions or Token Distribution Agreement (as the case may be) setting out the terms of such distribution and/or continued holding of CHEERS (the Terms and Conditions), which shall be separately provided to you or made available on the Website. The Terms and Conditions must be read together with the Whitepaper. In the event of any inconsistencies between the Terms and Conditions and the Whitepaper or the Website, the Terms and Conditions shall prevail.

**Deemed Representations and Warranties:** By accessing the Whitepaper or the Website (or any part thereof), you shall be deemed to represent and warrant to the Company, the

Distributor, their respective affiliates, and the CheersLand team as follows:

- (a) in any decision to acquire any CHEERS, you have shall not rely on any statement set out in the Whitepaper or the Website;
- (b) you will and shall at your own expense ensure compliance with all laws, regulatory requirements and restrictions applicable to you (as the case may be);
- (c) you acknowledge, understand and agree that CHEERS may have no value, there is no guarantee or representation of value or liquidity for CHEERS, and CHEERS is not an investment product nor is it intended for any speculative investment whatsoever;
- (d) none of the Company, the Distributor, their respective affiliates, and/or the CheersLand team members shall be responsible for or liable for the value of CHEERS, the transferability and/or liquidity of CHEERS and/or the availability of any market for CHEERS through third parties or otherwise; and
- (e) you acknowledge, understand and agree that you are not eligible to participate in the distribution of CHEERS if you are a citizen, national, resident (tax or otherwise), domiciliary and/or green card holder of a geographic area or country (i) where it is likely that the distribution of CHEERS would be construed as the sale of a security (howsoever named), financial service or investment product and/or (ii) where participation in token distributions is prohibited by applicable law, decree, regulation, treaty, or administrative act (including without limitation the United States of America and the People's Republic of China); and to this effect you agree to provide all such identity verification document when requested in order for the relevant checks to be carried out.

The Company, the Distributor and the CheersLand team do not and do not purport to make, and hereby disclaims, all representations, warranties or undertaking to any entity or person (including without limitation warranties as to the accuracy, completeness, timeliness, or reliability of the contents of the Whitepaper or the Website, or any other materials published by the Company or the Distributor). To the maximum extent permitted by law, the Company, the Distributor, their respective affiliates and service providers shall not be liable for any indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including, without limitation, any liability arising from default or negligence on the part of any of them, or any loss of revenue, income or profits, and loss of use or data) arising from the use of the Whitepaper or the Website, or any other materials published, or its contents (including without limitation any errors or omissions) or otherwise arising in connection with the same. Prospective acquirors of CHEERS should carefully consider and evaluate all risks and uncertainties (including financial and legal risks and uncertainties) associated with the distribution of CHEERS, the Company, the Distributor and the CheersLand team.

**CHEERS Token:** CHEERS are designed to be utilised, and that is the goal of the CHEERS distribution. In fact, the project to develop CheersLand would fail if all CHEERS holders simply held onto their CHEERS and did nothing with it. In particular, it is highlighted that CHEERS:

- (a) does not have any tangible or physical manifestation, and does not have any intrinsic value (nor does any person make any representation or give any commitment as to its value);
- (b) is non-refundable and cannot be exchanged for cash (or its equivalent value in any other digital asset) or any payment obligation by the Company, the Distributor or any of their respective affiliates;
- (c) does not represent or confer on the token holder any right of any form with respect to the Company, the Distributor (or any of their respective affiliates), or its revenues or assets, including without limitation any right to receive future dividends, revenue, shares, ownership right or stake, share or security, any voting, distribution, redemption, liquidation, proprietary (including all forms of intellectual property or licence rights), right to



receive accounts, financial statements or other financial data, the right to requisition or participate in shareholder meetings, the right to nominate a director, or other financial or legal rights or equivalent rights, or intellectual property rights or any other form of participation in or relating to CheersLand, the Company, the Distributor and/or their service providers;

- (d) is not intended to represent any rights under a contract for differences or under any other contract the purpose or pretended purpose of which is to secure a profit or avoid a loss;
- (e) is not intended to be a representation of money (including electronic money), security, commodity, bond, debt instrument, unit in a collective investment scheme or any other kind of financial instrument or investment;
- (f) is not a loan to the Company, the Distributor or any of their respective affiliates, is not intended to represent a debt owed by the Company, the Distributor or any of their respective affiliates, and there is no expectation of profit; and
- (g) does not provide the token holder with any ownership or other interest in the Company, the Distributor or any of their respective affiliates.

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

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

**Informational purposes only:** The information set out herein is only conceptual, and describes the future development goals for CheersLand to be developed. In particular, the project roadmap in the Whitepaper is being shared in order to outline some of the plans of the CheersLand team, and is provided solely for **INFORMATIONAL PURPOSES** and does not constitute any binding commitment. Please do not rely on this information in deciding whether to participate in the token distribution because ultimately, the development, release, and timing of any products, features or functionality remains at the sole discretion of the Company, the Distributor or their respective affiliates, and is subject to change. Further, the Whitepaper or the Website may be amended or replaced from time to time. There are no obligations to update the Whitepaper or the Website, or to provide recipients with access to any information beyond what is provided herein.

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# CheersLand Overview



CheersLand is an expandable GameFi universe where anyone can monetize their gaming experiences and social networks. CheersLand GameFi Universe is composed of multi-game combinations, Ranking List, Initial Gaming Offering (IGO), NFT Market, Multi-asset Staking Platform, etc.

In CheersLand, gamers can earn rewards through skilled gameplay and contributions to the ecosystem. This Play to Earn mode is adopted by Axie Infinity, My Neighbor Alice, Alien Worlds, etc., which caused enthusiastic response and commercial success in GameFi.

Game builders are allowed to use CheersLand API to launch their own games in CheersLand GameFi Universe and share the economic model. This new model has been dubbed *Build to Earn* and will inspire game builders to create their own game earn from their own efforts in expanding the game scenes for CheersLand.

The first classic game, *Crypto Pirates*, has been launched on CheersLand and verified its business model while still in early access.

Gamers will be able to get the rankings on the leaderboard by constantly passing levels in the game and various other achievements. CheersLand will take a snapshot of Ranking List every week and reward users who rank on it (with native CHEERS tokens and other airdrops, NFTs or benefits).

**The weekly prizes for outstanding players are including but not limited to:**

- ♦ CHEERS tokens
- ♦ Allocations of the projects listed on IGO channel
- ♦ Multi-asset airdrops
- ♦ NFTs of in-game items

The gamified launchpad for startups is named *Initial Gaming Offering (IGO)*, which will provide a portion of allocations of startups to gamers on Ranking List. Gamers are free to buy and sell NFTs of in-game items on NFT Market.

Therefore, IGO and NFT Market provide CheersLand with expandable GameFi scenes.

In addition to *Crypto Pirates*, other games based on CheersLand will adopt the same business model and mechanism, which will help gamers receive rewards for their participation in playing the game.

All users who contribute to the ecosystem, including gamers, game builders, stakers, contributors, will be rewarded with CHEERS for their contributions. This blockchain economic design is the key difference between CheersLand and other traditional game platforms.

## **The Vision**

We want to redefine a more cheerful world with GameFi.

By creating more opportunities for users to participate and get rewarded for their efforts, CheersLand will make a difference. We hope to bring millions of Internet users into the blockchain through CheersLand and experience the GameFi revolution together.

Now, let's do it.

# Features

We are pleased to see that GameFi has detonated the crypto market.

Projects such as Axie Infinity, My Neighbor Alice and Alien Worlds have successfully improved crypto users' enthusiasm for paying attention to GameFi, but this is far from enough.

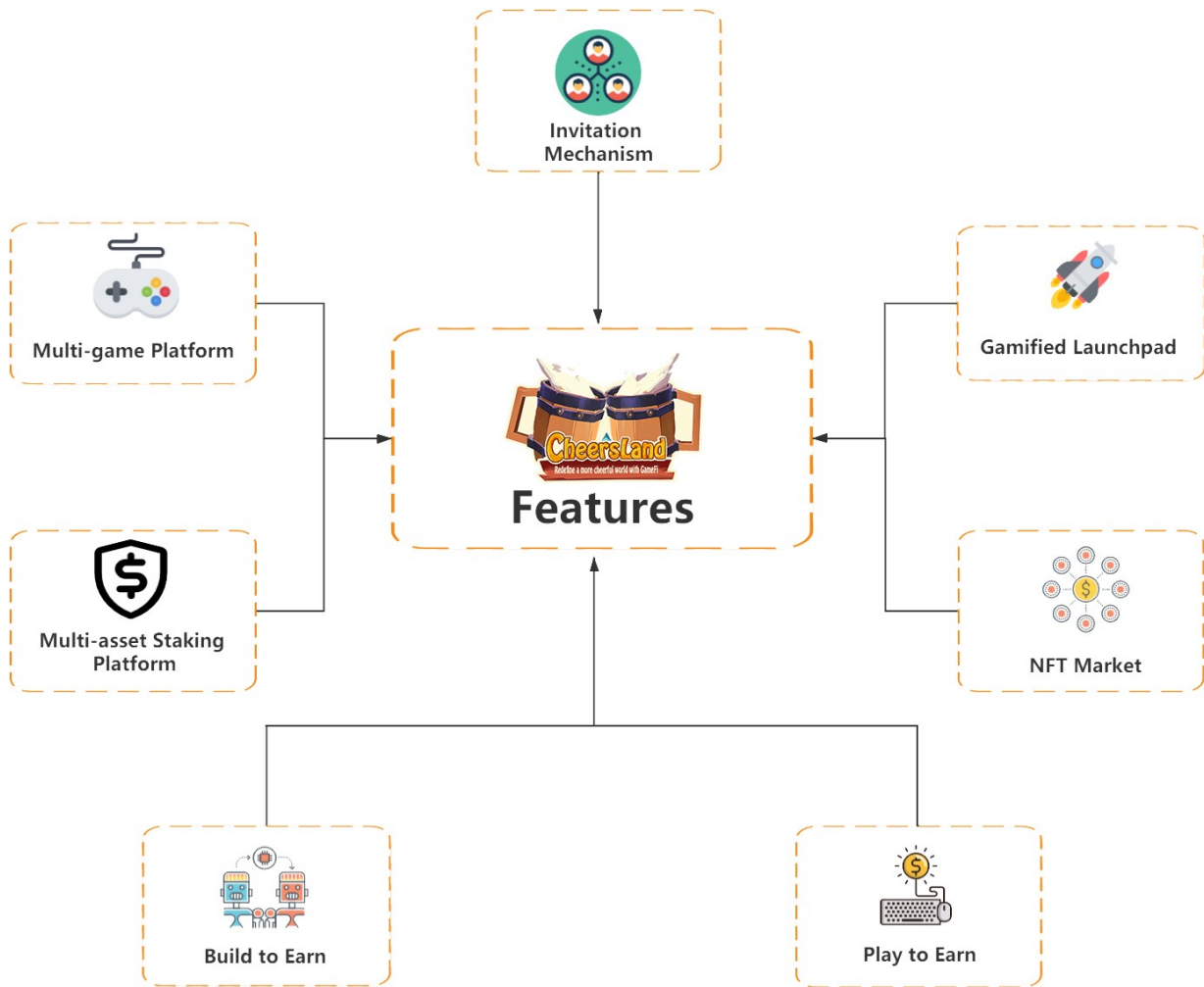
We firmly believe that the innovative gameplay of GameFi, which integrates NFT and Metaverse, will expand the boundaries of the crypto world.

But any game product will inevitably have the duration from popular to obsolete.

The game product's life can be extended only by frequently upgrading the game features and powering the ecosystem through attracting more new players.

Therefore, we focus on the exploration of how to establish a sustainable and healthy business model in the GameFi field, which is also the goal of CheersLand.

CheersLand is dual-driven in Play to Earn mode and Build to Earn mode, with the product portfolio of Gamified Launchpad, Multi-game Universe, Multi-asset Staking Platform and NFT Market, and powered developing new users by the invitation mechanism, which builds a unique and diversified GameFi ecosystem.



# Gameplay

In order for CheersLand to quickly enter the efficient operation phase, we choose Classic Mini Games as the prioritized type of games for launch.

Classic Mini Games have a broad user base at any age around the world, and allow players to play the game at any time and anywhere with no barriers to participation.

This is the reason why we chose to use the GameFi business model to power Classic Mini Games and we want to pay tribute to the classics. All games based on CheersLand will adopt similar business models and gameplay.



## The general concepts in the games are as follows:

### HP :

*Health Point (HP)* is the universal ticket for the Cheersland Multi-game Universe. Gamers can play all games based on CheersLand if they have HPs and spend 1 HP for onceplay.

There are two ways for players to earn HP:

- ♦ Use the exclusive invitation link generated by CheersLand to invite friends to visit CheersLand.
- ♦ Participate in staking on Multi-asset Staking Platform.

### Scores:

Scores are the core indicators for evaluating the gaming ability of the players.

The smart contract of CheersLand will automatically record the player's scores in the game. Different games will adopt different scoring formulas. Taking Crypto Pirates as an example, the scoring formula is:

$$\text{Scores} = \sum CT * DP$$

**Scores** refer to the gamer's effective scores only including the total scores of the levels passed by the gamer.

**CT** refers to the Coins Touched of each level and Coins are the in-game items.

**DP** refers to the *Difficulty Points* of each level and it's set to a linearly increasing sequence.



## **Ranking List:**

Ranking List is the leaderboard sorted by the games' scores. The current rankings only show the top 100, which means the scarcity of seats.

Ranking List can reflect the engagement of gamers to a certain extent. It is an effective way to rank and screen users, and also an important indicator for evaluating user value to the network. It is worth mentioning that the ranking will be dynamically changed and updated at all times, which means that all gamers will always be in competition.

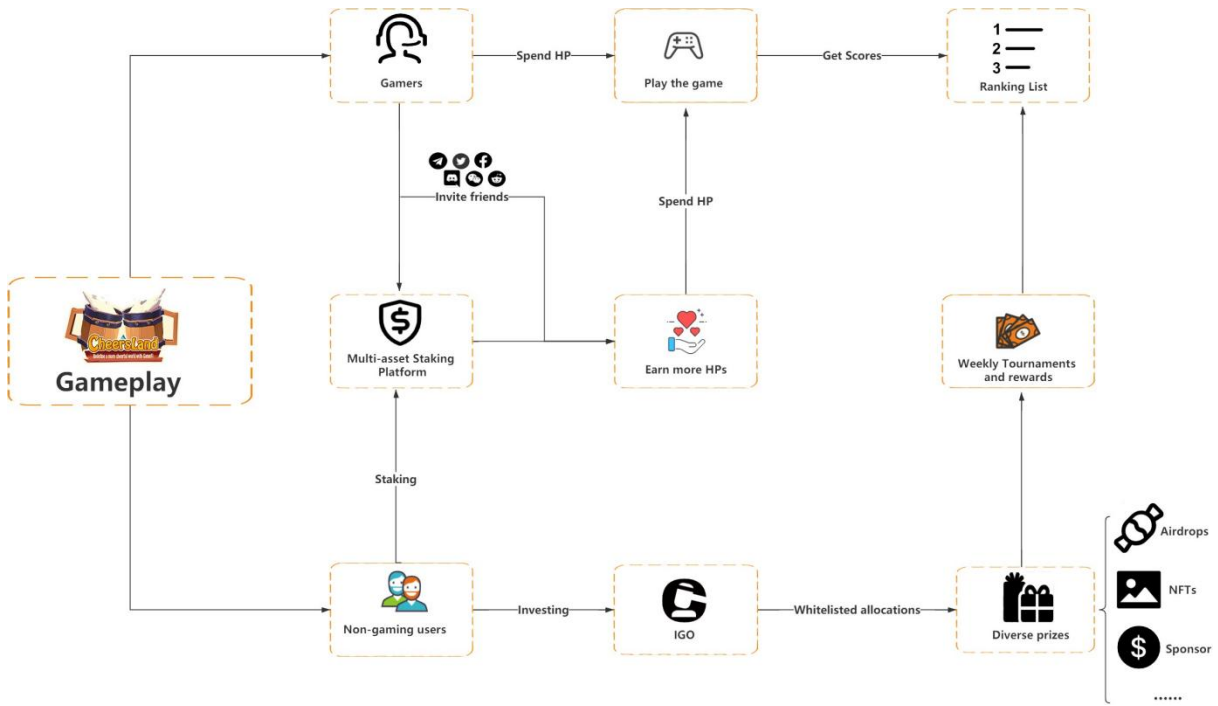
## **Weekly Tournaments:**

We can see that Ranking List can screen out valuable GameFi users for the CheersLand ecosystem, and it will be very meaningful to motivate them. Weekly Tournaments, titled by the sponsors, will take a weekly snapshot of the leaderboard and reward the gamers on the list for their engagement. CheersLand will provide diversified prizes by attracting external sponsors and internal ecological benefits.

## **The gameplay of CheersLand is generally as follows:**

- ♦ Gamers need to spend HPs to participate in the games to get scores as good as possible.
- ♦ Gamers can earn more HPs through staking or inviting friends to visit CheersLand.
- ♦ Ranking List will show the top 100 gamers based on their scores.
- ♦ The gamers listed on the leaderboard will have the chance to earn rewards every week.
- ♦ The rewards are including but not limited to CHEERS tokens, airdrops from other sponsors, whitelisted allocations of Initial Gaming Offering (IGO), and NFTs.

As for non-game users, they are also allowed to participate in staking on CheersLand to earn rewards or HPs, and opportunity to participate in the IGO of startups listed on CheersLand as well.



# Multi-game Universe

CheersLand is a multi-game universe where gamers can monetize their gaming experiences and social network.

*Health Point (HP)* as the universal ticket is able to be used within the Cheersland Multi-game Universe, which means gamers can play all games based on CheersLand if they have HPs and spend 1 HP for once play.

CheersLand designed *Play to Earn* mode and *Build to Earn* mode, forming a complete incentive scheme for CheersLand Multi-game Universe.

*Play to Earn* mode allows gamers to have chances to earn rewards for long term in CheersLand Multi-game Universe. In addition, gamers can earn extra HPs by inviting friends to visit CheersLand to get more chances to win the games and create utility value for the network. Gamers benefit from their social network, which guarantees the continuous supply of CheersLand user sources.

*Build to Earn* mode will inspire and attract game builders to create and launch high-quality and diverse game works based on CheersLand. This guarantees the supply of multi-game scenes.

According to the roadmap, CheersLand will release at least one game every quarter. In the early stage, the CheersLand team will participate in game development and operation as game builders. As the community grows, it will ultimately be up to the community to decide the release of the games.

CheersLand launched the first Classic Mini Game, *Crypto Pirates*, based on the principle of simplicity and ease to play, and it's in early access. [Click here](#) to read the gameplay of *Crypto Pirates*.

The CheersLand team plans to launch *Click Click*, *Gold Miner*, *Block Builder* and other classic games in the next few quarters.

## The advantages of multiple-game combinations are as follows:

- ♦ Satisfy the preferences of multiple user groups
- ♦ Relieve the fatigue of players and enhance User Stickiness
- ♦ Resonate between games with common in-game items
- ♦ Provide more commercial scenarios



# Invitation Mechanism

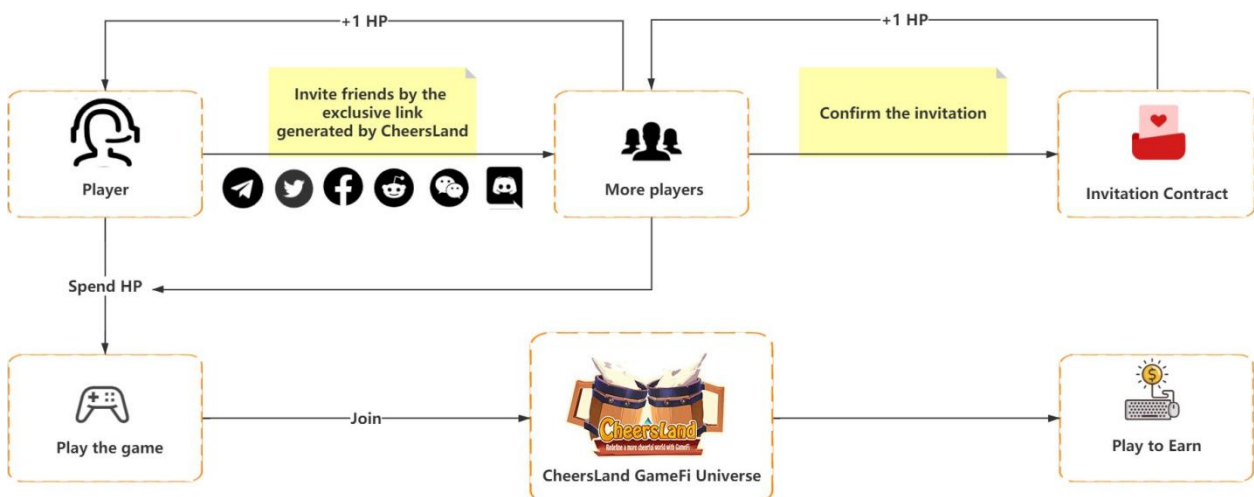
Players must spend HPs to play the game. Owning more HPs means that the player will have more chances to pass the levels in the game, which will more likely cause a better ranking for the player.

In order to bring more players to participate in CheersLand Multi-game Universe, we designed an invitation mechanism:

When the user clicks the Invite Friends button, CheersLand will generate an exclusive link based on the user's blockchain address. Once other users visit CheersLand through the exclusive link and authorize the contract to confirm the invitation relationship, both the host and guest will increase 1HP for the game. Therefore, everyone will be powered by his social network in CheersLand.

The Invitation Contract developed by the CheersLand team will record the user's invitation data and calculate HPs. Now it's live on Binance Smart Chain and will integrate other blockchains in the future.

The contract owner has the authority to modify the maximum amount of invitations. Since it is still in the early access stage, we set the maximum amount of invitations to 10 for each user.



Invitation Mechanism Framework

# Multi-asset Staking

The CheersLand team has completed the development of the Staking Contract, allowing players to stake tokens on Multi-asset Staking Platform to earn HPs.

The screenshot displays the CheersLand Multi-asset Staking Platform interface. At the top, a banner features the CheersLand logo and the text "Stake diverse tokens to earn Health Points (HP)<sup>®</sup> for the games!". Below this, it states "Multi-asset Staking Live on: BINANCE SMART CHAIN" and provides links for "Audit Report >" and "Play Now >". The main content area is divided into three columns, each representing a different token for staking: BNB, CHEERS, and USDT. Each column includes a "Staked only" toggle, a search bar set to "Token name", and a "START STAKING" button. Below the button is an "Unlock Wallet" button. At the bottom of each column are links for "Example" and "Buy Now>". A footer note states "You can also earn HPs by inviting your friends >".

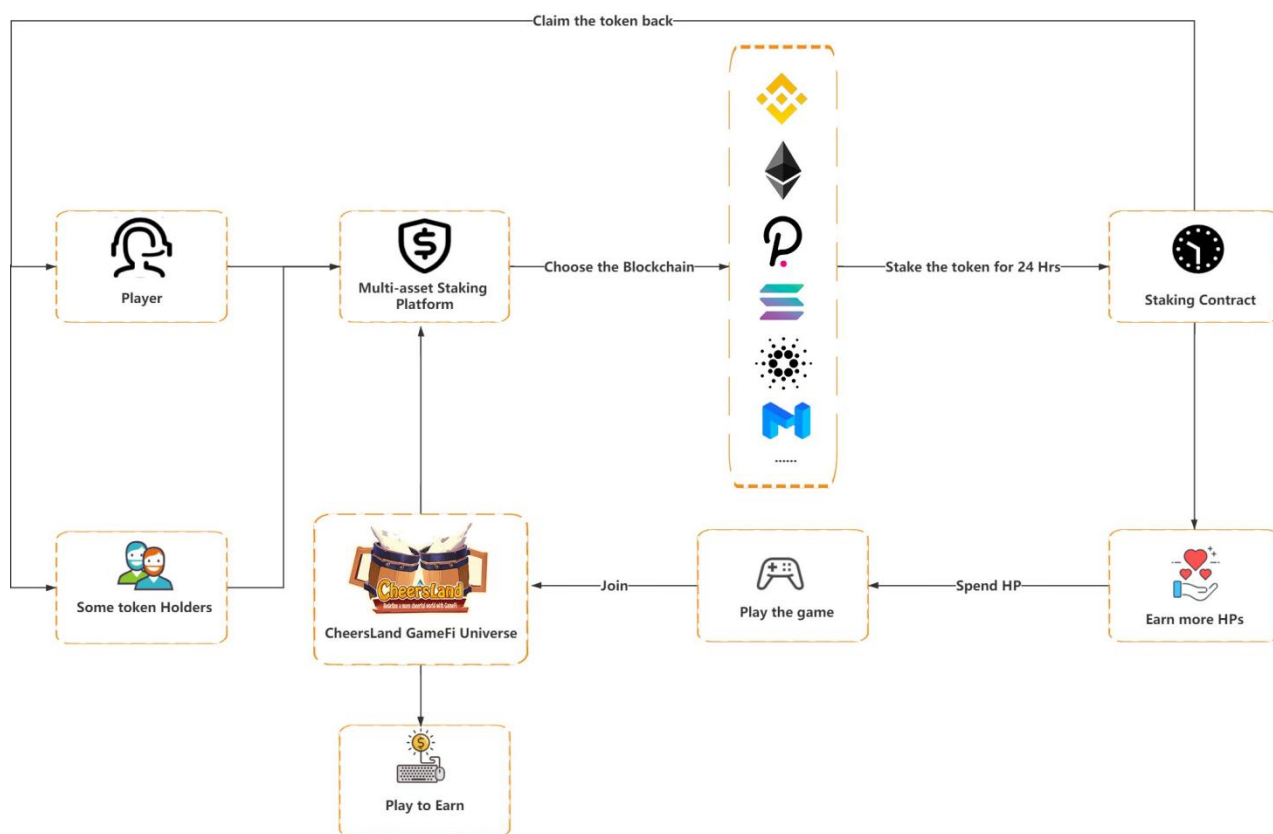
Token	Staking Duration	Staking Minimum
Stake BNB	24 Hours	0.1 BNB
Stake CHEERS	24 Hours	100CHEERS
Stake USDT	24 Hours	50USDT

## The rules are as follows:

1. Users choose any asset that has been listed on Multi-asset Staking Platform for staking.
2. There are restrictions on the staking minimum of the tokens. For example, 0.1 BNB is the staking minimum if you choose to stake BNB. 0.2 or 0.3 BNB are also acceptable.
3. The staking duration is 24 hours, and users will be able to claim tokens staked once it ends.



4. The more you stake, the more HPs you will earn. For example, Stake every 0.1 BNB for 24 Hours, then you will earn an extra HP. Similarly, you will earn 2 HPs if you stake 0.2 BNB.
5. Staking multi-asset is acceptable, which means that users are free to stake all kinds of tokens listed on Multi-asset Staking Platform at the same time. The contract will record them all.



Multi-asset Staking Framework

Multi-asset Staking, as one of the important features of the CheersLand ecosystem, originally realizes the business model of *Staking to Play and Earn*. Multi-asset Staking also provides gamified token use cases for holders and stakers of other crypto projects to activate their engagement, and attract them to the GameFi Universe and create utility value for the network.

Currently, Multi-asset Staking Platform supports all assets on Binance Smart Chain and will integrate other blockchains in the future. In the next stage, Various staking products with different staking caps, different staking durations and different prizes will be launched to provide users with more options.

# Play to Earn

The *Play to Earn* mode is adopted by Axie Infinity, My Neighbor Alice, Alien Worlds, etc., which caused enthusiastic response and commercial success in GameFi. So in CheersLand, Play to Earn mode has been used as an engine for the economy.

Different from other GameFi projects, *Play to Earn* mode in CheersLand has made three improvements:

## No Entry Barrier

All games based on CheersLand will support running on multiple clients so gamers can play the games at any time and anywhere. In CheersLand, all users can participate in games at zero cost, and earn rewards directly through skilled gameplay and contributions to the ecosystem.

Taking *Crypto Pirates* as an example, every new gamer will have 2 HPs at the beginning, which means that gamers will be able to play the game twice. Once the gamers' HP is 0, they can still choose to invite friends or stake tokens to earn HPs and continue to play the game.

## Hit the Rankings

Ranking List is the leaderboard sorted by the games' scores, which reflects the engagement of gamers to a certain extent.

Gamers listed on the leaderboard must be active users of CheersLand, as well as experienced players of GameFi. CheersLand will reward gamers on Ranking List every week, so gamers only need to focus on playing the game to get better rankings, and they can benefit from CheersLand all the time.

But at the same time, the rankings will be dynamically changed and updated at all times, which means that all gamers will always be in competition.

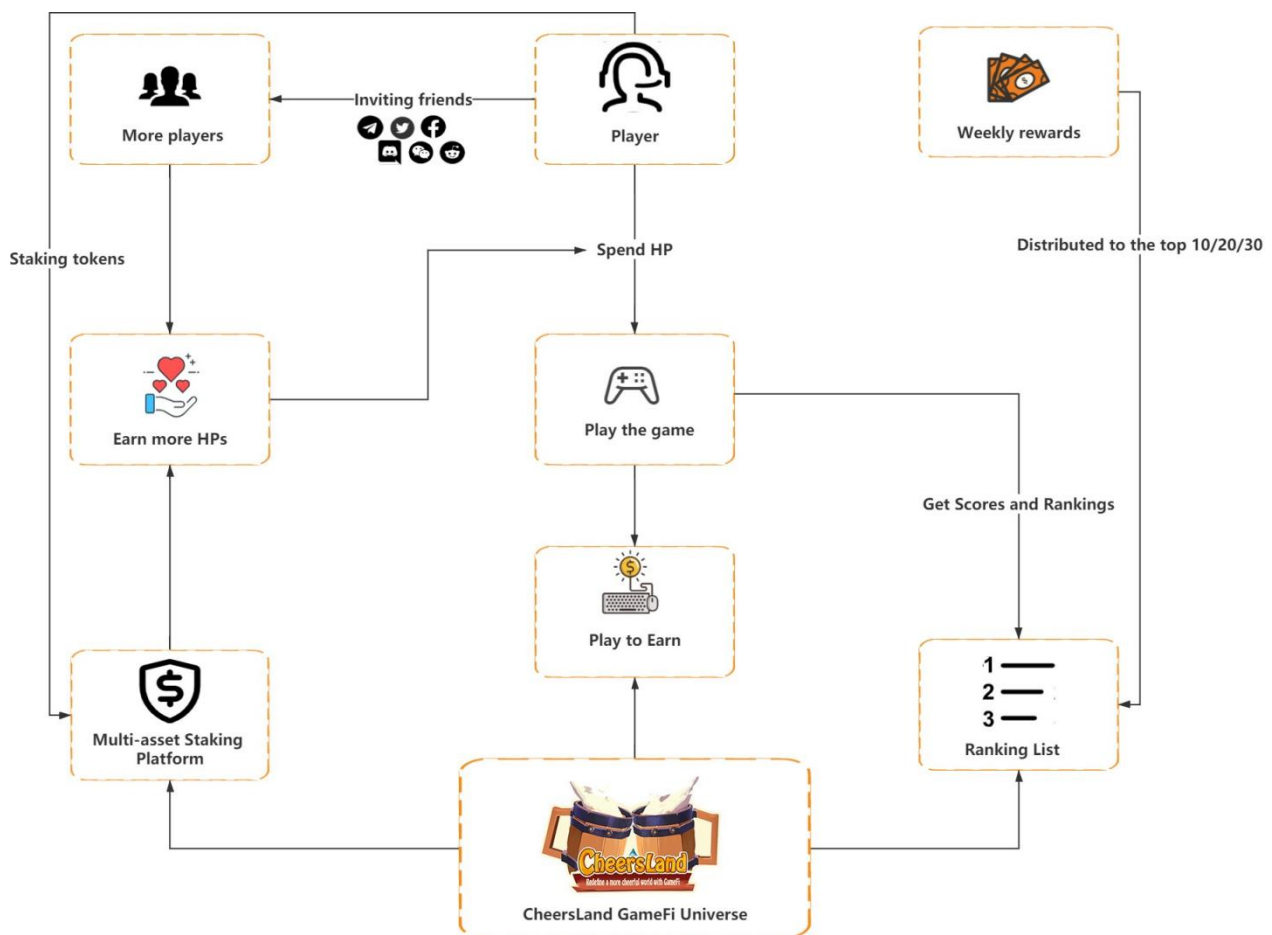


## Diversified Prizes

CheersLand will provide diversified prizes as rewards for gamers. Weekly Tournaments will be hosted and titled by the sponsors in CheersLand as a regular programme.

The weekly prizes are including but not limited to:

- CHEERS tokens
- Allocations of the projects listed on IGO channel
- Multi-asset airdrops
- NFTs of in-game items



Play to Earn Framework

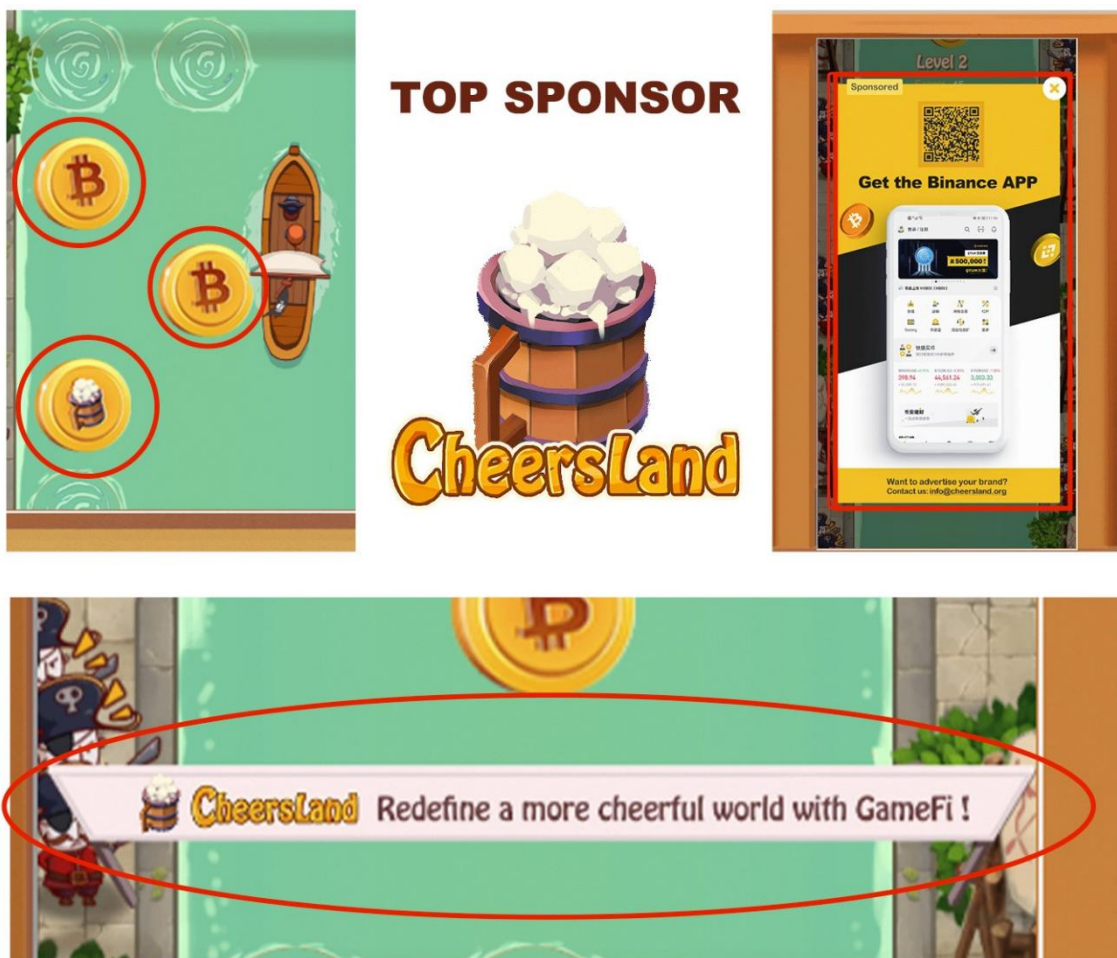
# IGO

The gamified launchpad for startups is named *Initial Gaming Offering (IGO)* in CheersLand, one of the important features of CheersLand GameFi Universe.

Startups can submit project information to apply for IGO. In the early stage, the CheersLand team will serve as the main jury to evaluate the projects and decide whether to list their IGOs.

In late 2021, the Community Vault will be established and CHEERS holders will be able to decide whether to list the IGO in the application through governance voting.

In addition to raising capitals for startups through IGO, CheersLand can also provide them with advertising and promotion services in the game.

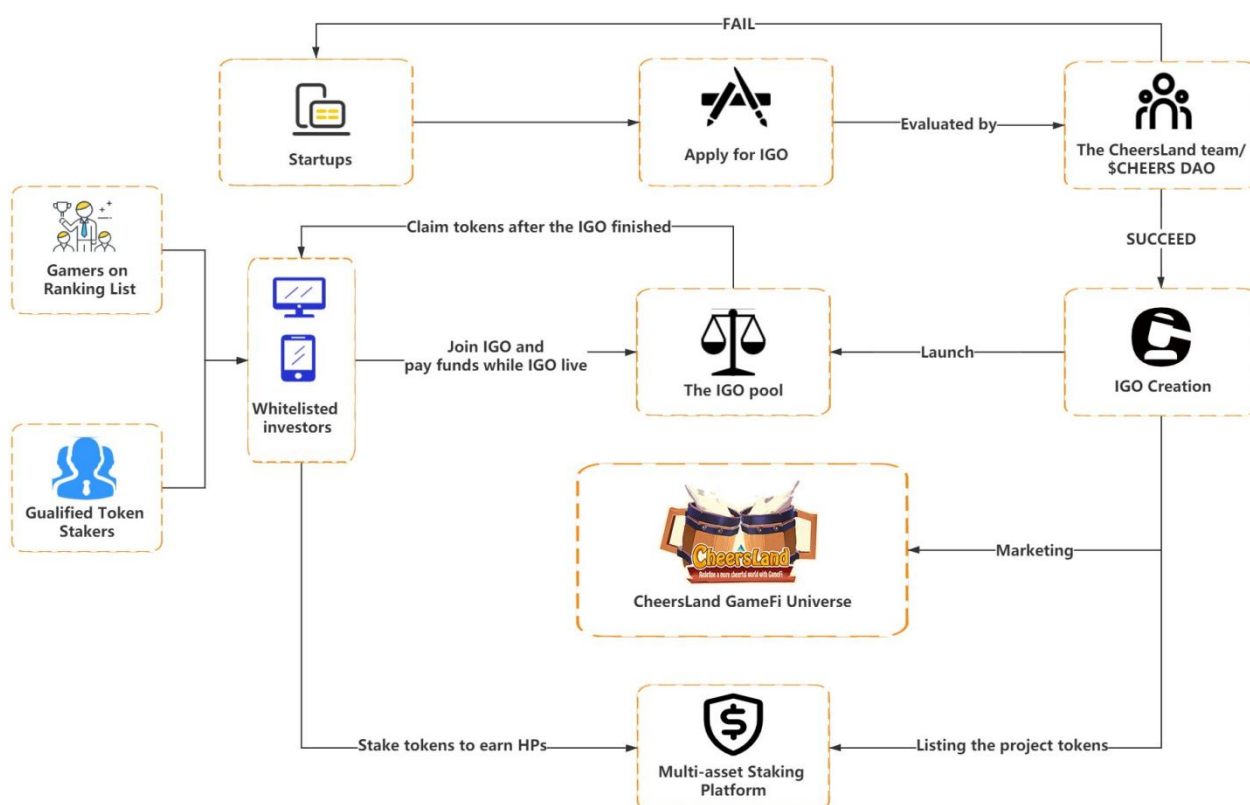


The tokens of startups will also be listed on Multi-asset Staking Platform and gamers will be allowed to stake the tokens to earn *Health Points (HPs)*, which are in-game access rights which allow players to play the game.

All approved IGO projects will be required to pay marketing fees in CHEERS to CheersLand, which will become part of revenue streams of the ecosystem.

CHEERS functions as an access token, so users may stake them for exclusive access rights within the ecosystem. For example, available allocations to purchase secondary project tokens of IGO projects will be reserved for whitelisted users (part of the allocation will be set aside for eligible tokens stakers like users who stake at least 10,000 CHEERS in the pool to obtain access to IGO projects).

The other part of the whitelist is allocated to the gamers on Ranking List. They have active engagement and experience as GameFi users. Their involvement will be helpful to the establishment of the project at early stage.



IGO business Framework

# NFT Market

We have seen that many crypto projects have used Non-Fungible Token (NFT) in the GameFi field. In the CheersLand ecosystem and business model, NFT will also play a very important role.

According to the roadmap of CheersLand, NFT Market Beta for trading will be launched in Q4 of 2021, after the launch of the second Classic Mini Game.

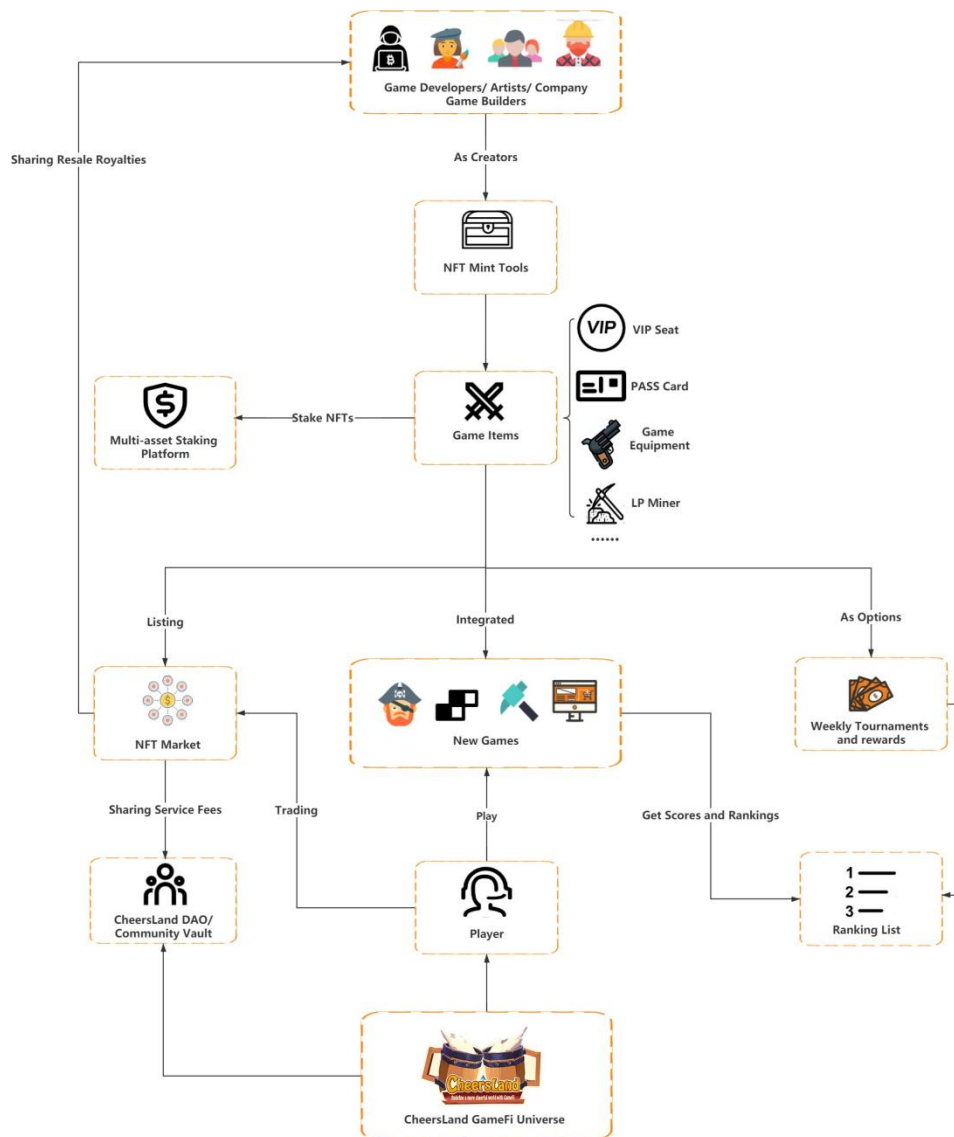
Game builders are the creators of NFTs in early access, and they are also the builders of the Multi-game Universe.

CheersLand will provide NFT Mint tools for game builders to tokenize the game items used in the ecosystem and list them on the NFT Market for trading.

NFT assets in CheersLand include *Pass Card*, *VIP Seat*, *LP Miner* and other in-game items, some of which can be staked to farm in Multi-asset Staking Platform. Also they will be taken to Weekly Tournaments as optional rewards.

As the NFT Market grows, some gamers on Ranking List will be allowed to mint and list NFTs for trading as the creators under the standards of CheersLand.

In the NFT Market, CHEERS will be accepted as the universal platform currency which will be used to settle trades of NFTs, and by extension may be used to measure and calculate the value of NFTs.



## NFT Market Framework

CheersLand NFT Market will take **resale royalties** and **service fees**. Resale royalties are used to incentivize NFT creators, which are initially set to 10%. The initial service fees are set to 1%, and a portion of all NFT Market service fees will be paid into the CheersLand Community Vault. Eventually both resale royalties and the level of service fees will be decided by CHEERS holders through governance voting.

# Build to Earn

As we know, CheersLand is structured as an open-ended and expandable GameFi platform. *Crypto Pirates* launched on CheersLand has proven the feasibility of the business model now. So a large number of excellent game works will be accepted and launched on CheersLand to build the CheersLand ecosystem based on the successful model.

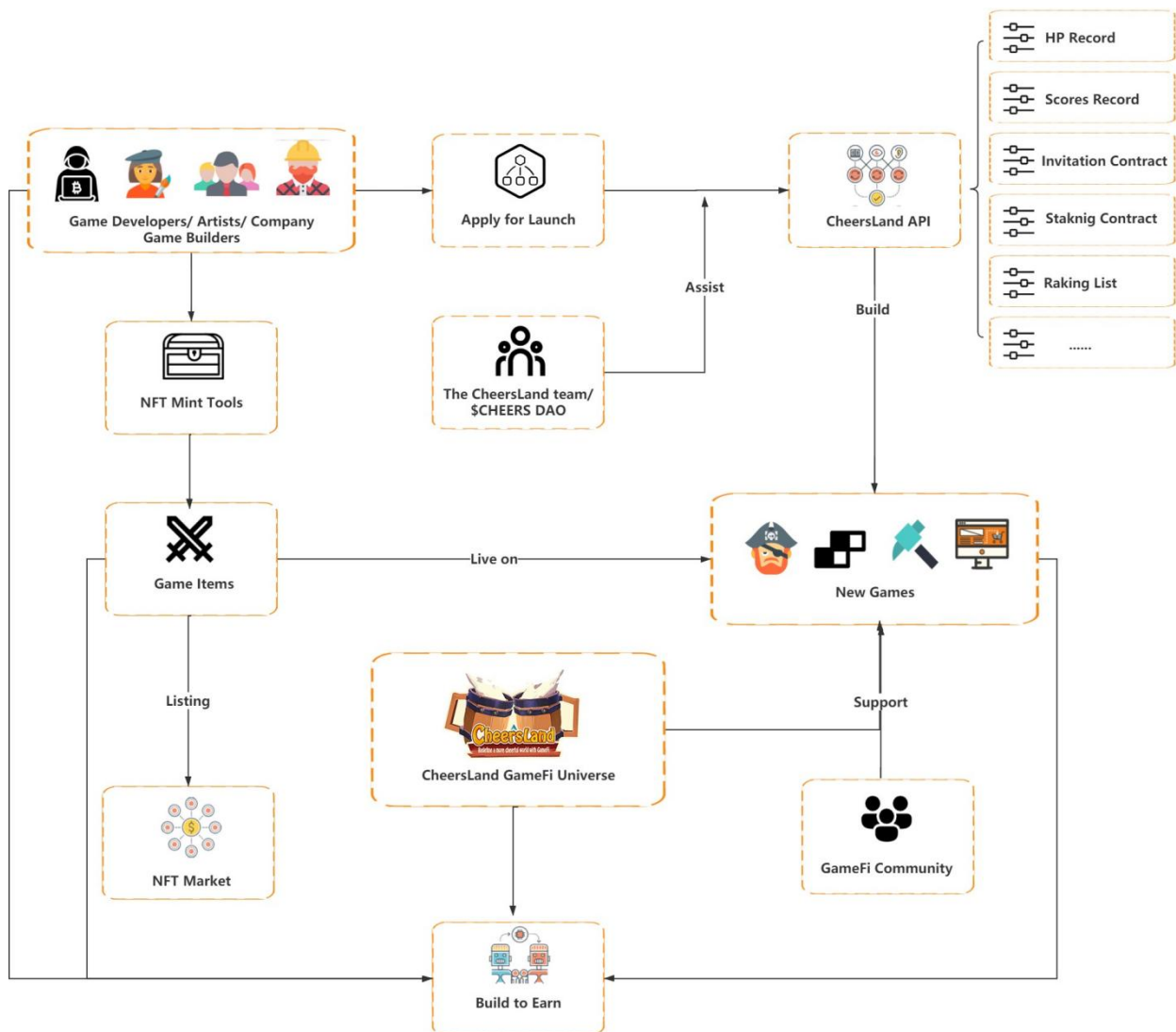
The *Build to Earn* mode is a kind of incentive mechanism designed for game artists, dev teams and companies, and we collectively refer to them as game builders here. **The principles are as follows:**

- ♦ Bring excellent and classic games to the blockchain. Diversify
- ♦ games in the CheersLand ecosystem.
- ♦ Help game builders monetize their gaming experiences and work in the blockchain field.

According to the roadmap, *CheersLand Application Programming Interface*, aka CheersLand API will be launched in early 2022, including HP Record interface, Scores Record interface, Invitation Contract interface, Staking Contract interface, Raking List interface, etc., which will be shared with game builders.

Game builders integrate the APIs to upgrade the game works and apply for launch on CheersLand. Once approved, it will be supported by the CheersLand GameFi community. CheersLand will also provide NFT Mint tools for game builders to tokenize the game items used in the games and list them on the NFT Market for trading. To reward game builders for their efforts, they will be able to enjoy a portion of all fees generated through the whole model.

CheersLand has 5% of total CHEERS supply as rewards for the *Build to Earn* mode in order to attract enough participants to create utility value for the network, which will be gradually unlocked according to the development of the Multi-game Universe.



Build to Earn Framework



# CHEERS Tokenomics

The native cryptographically-secured fungible protocol token of CheersLand (ticker symbol **CHEERS**) is a transferable representation of attributed governance and utility functions specified in the protocol/code of CheersLand, and which is designed to be used solely as an interoperable utility token thereon.

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

CHEERS provides the economic incentives which will be distributed to encourage users to exert efforts towards contribution and participation in the ecosystem on CheersLand, thereby creating a mutually beneficial system where every participant is fairly compensated for its efforts. CHEERS is an integral and indispensable part of CheersLand, because without CHEERS, there would be no incentive for users to expend resources to participate in activities or provide services for the benefit of the entire ecosystem on CheersLand. Given that additional CHEERS will be awarded to a user based only on its actual usage, activity and efforts made on CheersLand and/or proportionate to the frequency and volume of transactions, users of CheersLand and/or holders of CHEERS which did not actively participate will not receive any CHEERS incentives.

CHEERS is the glue that binds all ecosystem and community members of CheersLand together, which acts as the incentive and ticket for supporting the ecosystem. CHEERS holders will be able to claim rewards if they participate in



various activities, play the game, build the game, participate in Initial Gaming Offering (IGO), or participate in governance.

**The use cases of CHEERS are as follows:**

### **Governance**

In order to promote decentralised community governance for the network, CHEERS would allow holders to create and vote on on-chain governance proposals to determine future features and/or parameters of CheersLand, for example level of incentives for active contributors, projects listing on IGO, games onboarding, level of resale royalties and level of service fees. The right to vote is restricted solely to voting on features of CheersLand; it does not entitle CHEERS holders to vote on the operation and management of the Company, its affiliates, or their assets or the disposition of such assets to token holders, or select the board of directors of these entities, or determine the development direction of these entities, does not constitute any equity interest in any of these entities or any collective investment scheme; the arrangement is not intended to be any form of joint venture or partnership. After governance launch there will be no individual or corporate entity or other active promoter, sponsor, or group or affiliated party that maintains sole control over CheersLand.

### **Incentive**

CHEERS will act as the main incentive for gamers participating in Weekly Tournaments and Ranking List, as well as builders participating in the development of games based on CheersLand.

### **Ticket**

CHEERS functions as an access token (i.e. ticker), so users may stake them for exclusive access rights within the ecosystem. For example, this would depend eligibility for participation in Initial Gaming Offering (IGO) or certain sales/auctions conducted by the CheerLand team.

### **Payment**

CHEERS will be accepted as universal currency within CheerLand NFT Market. All ecosystem items will be priced and traded with CHEERS as the unit.



## **The Community Vault receives inflows from:**

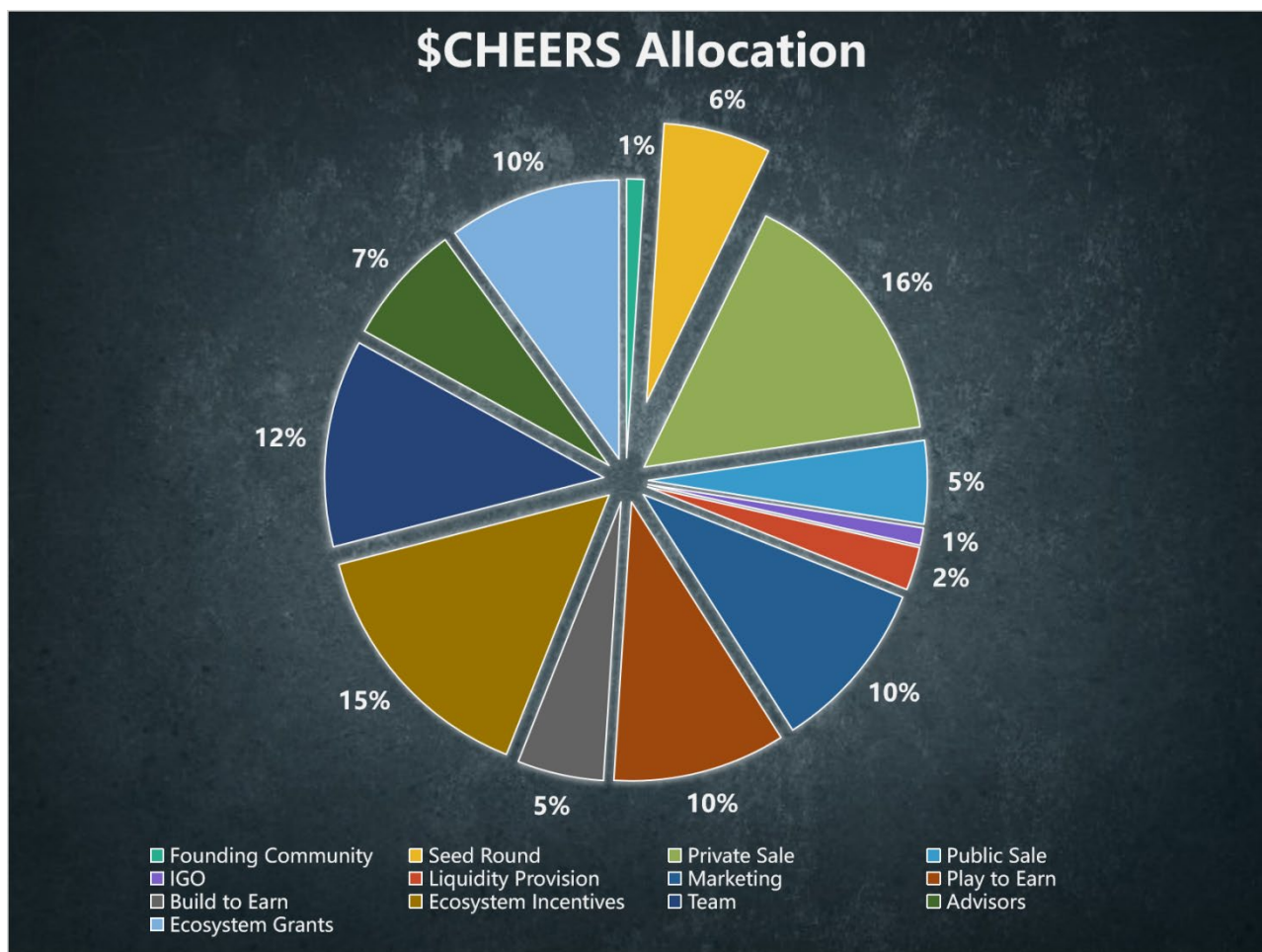
- ♦ Portion of revenues from Initial Gaming Offering (IGO)
- ♦ Portion of revenues from Multi-asset Staking Platform
- ♦ Portion of all NFT Market servicefees
- ♦ Portion of marketing andadvertising revenue

CHEERS holders will decide and modify the proportion of inflows through governance voting. More streams will be added in the future from NFT sales, gaming licensing fees, and more as new opportunities present themselves.

# Allocation

The distribution of \$CHEERS tokens is shown in the following table:

Distribution	Token amount	% Total Supply	Overview
Founding Community	1,000,000	1.0%	Token Sale
Seed Round	6,200,000	6.2%	
Private Sale	15,500,000	15.5%	
Public Sale	4,800,000	4.8%	
Initial Gaming Offering (IGO)	1,000,000	1.0%	The IGO allocations will be issued and sold in CheersLand's IGO channel according to the needs of ecological development.
Liquidity Provision	2,500,000	2.5%	The Liquidity Provision allocations are used for market makers while listing \$CHEERS on CEX and DEX to provide the necessary liquidity.
Marketing	10,000,000	10.0%	The Marketing allocations are used as a marketing budget for the CheersLand ecosystem.
Play to Earn	10,000,000	10.0%	The Play to Earn allocations will be used as rewards to attract a wide range of gamers to the CheersLand ecosystem and encourage them to play various games within the CheersLand GameFi Universe.
Build to Earn	5,000,000	5.0%	The Build to Earn allocations will be used as rewards to attract game builders to build new games based on CheersLand API.
Ecosystem Incentives	15,000,000	15.0%	The Ecosystem Incentives allocations will initially be managed by the CheersLand team and foundation, and its core purpose is to grow the CheersLand Community and users.
Team	12,000,000	12.0%	The Team allocations are used to incentivize the CheersLand team to keep building after the token sale. By locking up the majority of the allocated supply the team, community and investors have aligned incentives.
Advisors	7,000,000	7.0%	The Advisors allocations will be used to incentivize contributors who provide long-term and necessary help during the construction of CheersLand.
Ecosystem Grants	10,000,000	10.0%	The Ecosystem Grant allocations will initially be managed by the CheersLand team and foundation, and its core purpose is to grow the CheersLand Developer Community.
Total Amount	100,000,000	100.0%	



As time passes, all allocations that initially are managed by the CheersLand team and foundation will be integrated into the CheersLand DAO and CHEERS holders will be able to vote on decisions about using them. These allocations are something that could potentially be decided by governance over time.

# Token Sale

CheersLand is planning to raise \$2,385,500 in token sale of CHEERS to strategic partners and launchpads. **The details are as follows:**

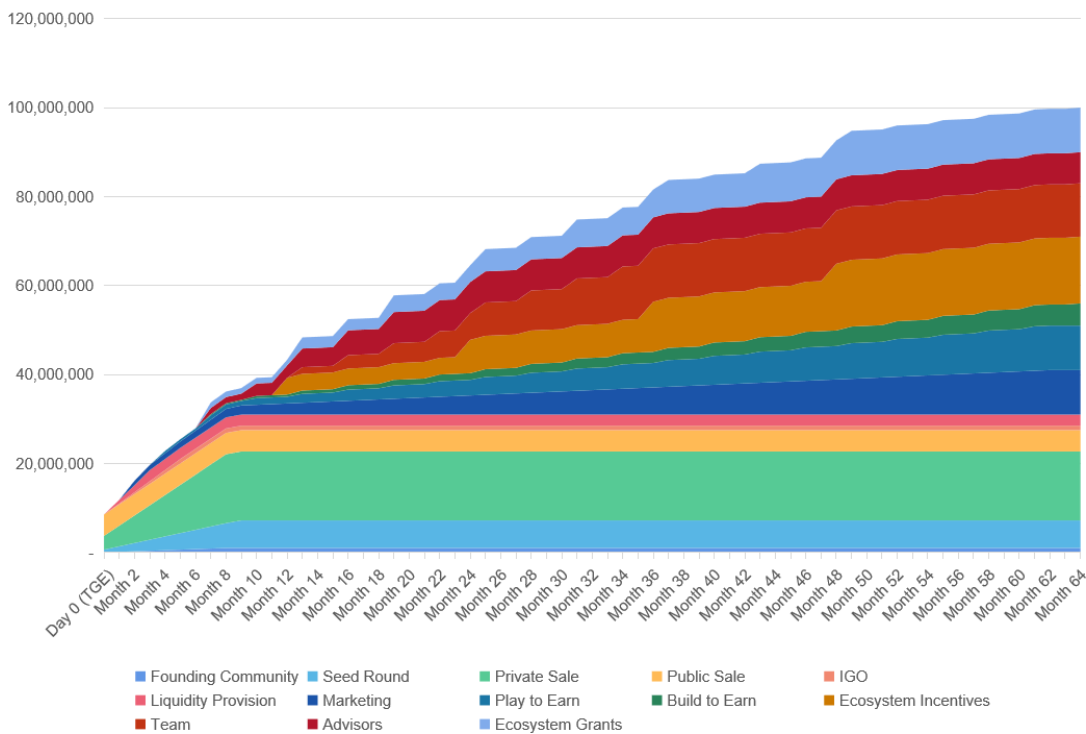
Token Sale Details				
Token Symbol	CHEERS			
Total Supply	100,000,000			
TGE Date	October			
Sale Round	Founding Community	Seed Round	Private Sale	Public Sale
Lockup and Release	Locked for 1 month after TGE, and 12.5% will be unlocked every month thereafter.	10% will be unlocked at TGE, and 10% will be unlocked every month thereafter.	15% will be unlocked at TGE, and 8.5% will be unlocked every 3 weeks thereafter.	25% will be unlocked at TGE, and 25% will be unlocked every 2 weeks thereafter.
% of Total Supply	1.0%	6.2%	15.5%	4.8%
Token Amount	1,000,000	6,200,000	15,500,000	4,800,000
Price per Token	\$0.065	\$0.065	\$0.085	\$0.125
Hard Cap	\$65,000	\$403,000	\$1,317,500	\$600,000
Token Valuation Cap	\$6,500,000	\$6,500,000	\$8,500,000	\$12,500,000
Eligible Participants	Founding contributors	Excludes certain jurisdictions		Whitelist
Initial Market Cap	\$518,125			
Initial Circulating Supply	4,145,000			
(Not Finalized)				

# Unlock Schedule

CHEERS will be unlocked in a predetermined schedule which lasts for 64 months from the public sale. The initial circulating supply is set to 8,520,000 CHEERS - 8.52% of the total supply.

Distribution	Token amount	% Total Supply	Unlock Rules
Founding Community	1,000,000	1.0%	Locked for 1 month after TGE, and 12.5% will be unlocked every month thereafter.
Seed Round	6,200,000	6.2%	10% will be unlocked at TGE, and 10% will be unlocked every month thereafter.
Private Sale	15,500,000	15.5%	15% will be unlocked at TGE, and 8.5% will be unlocked every 3 weeks thereafter.
Public Sale	4,800,000	4.8%	25% will be unlocked at TGE, and 25% will be unlocked every 2 weeks thereafter.
Initial Gaming Offering (IGO)	1,000,000	1.0%	Locked for 1 month after TGE, then release 20% every month.
Liquidity Provision	2,500,000	2.5%	Unlocked according to the liquidity needs and plans while listing on DEX/CEX for flexible release.
Marketing	10,000,000	10.0%	10% will be unlocked within 2 months after TGE, then linearly over 60 months.
Play to Earn	10,000,000	10.0%	Locked for 3 months, then release 5% every quarter.
Build to Earn	5,000,000	5.0%	Locked for 6 months, then release 5% every quarter.
Ecosystem Incentives	15,000,000	15.0%	Release 25% every year according to the incentive plans for flexible release.
Team	12,000,000	12.0%	Locked for 12 months, then release 12.5% every quarter.
Advisors	7,000,000	7.0%	Locked for 6 months, then release 20% every quarter.
Ecosystem Grants	10,000,000	10.0%	Locked for 6 months, then release 12.5% every 6 months.
Total Amount	100,000,000	100.0%	

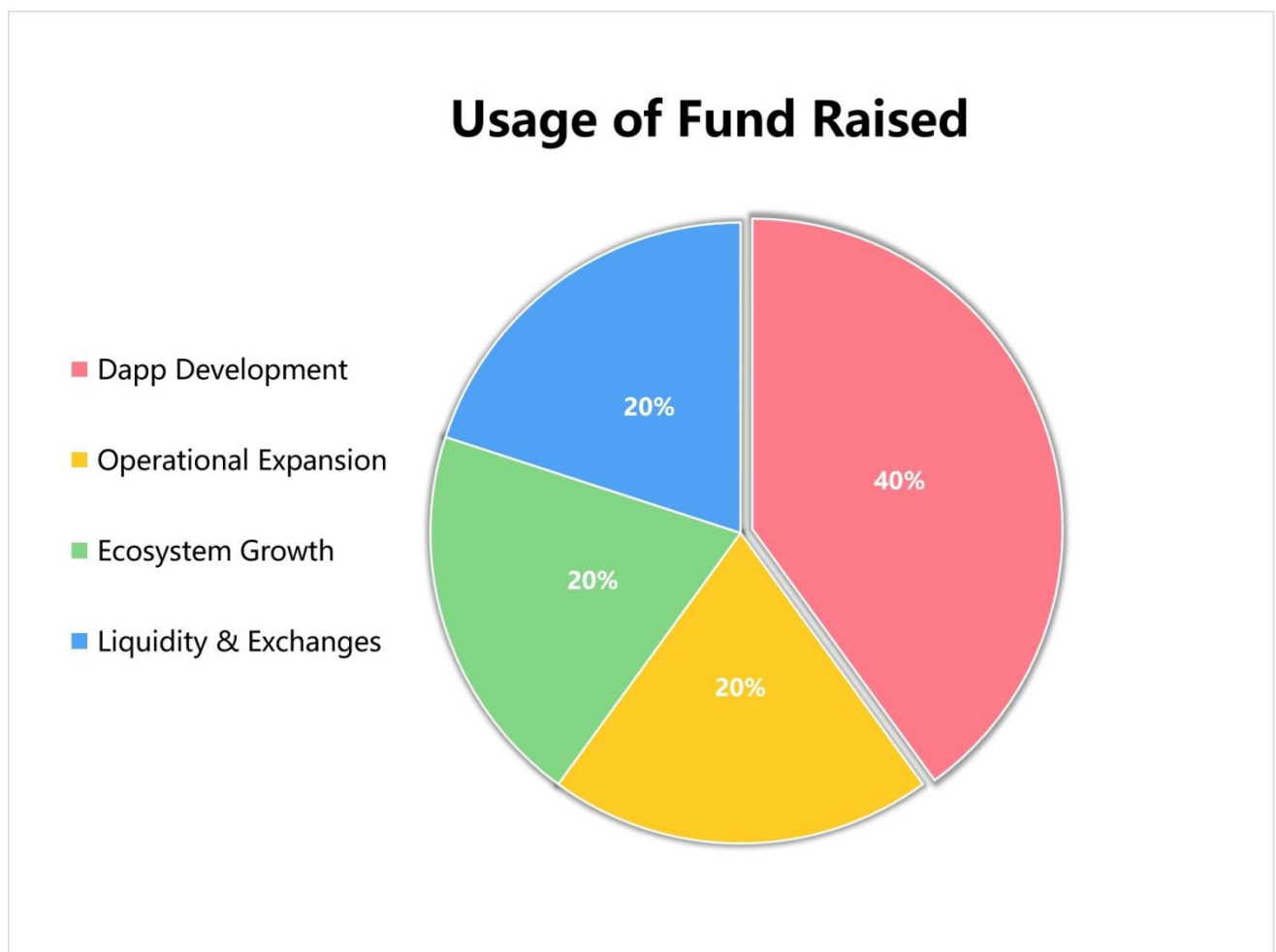
CheersLand complete release schedule



\$CHEERS Complete Release Schedule

# Usage of Fund Raised

Usage of Fund Raised		
Usage	% of fund	Details
Dapp Development	40%	Complete product development, integrate and launch more games according to the roadmap.
Operational Expansion	20%	Expand the operation team and recruit more professionals.
Ecosystem Growth	20%	Complete the positive cycle of the business model according to the marketing plan.
Liquidity & Exchanges	20%	Use according to the market maker plan.
<b>Total fund raised</b>	<b>\$2,385,500</b>	
<i>(Not Finalized)</i>		



The CheersLand team will prepare yearly statements that include a high-level overview of what the funds have been used for to make the usage clear. The framework for spending is currently being drafted and is expected to be ready by late 2021.



**The principles for the usage of fund raised are as follows:**

- Clear value added to the CheersLand community.
- KPIs and goals that unlock funds(if applicable).

# Revenue Streams

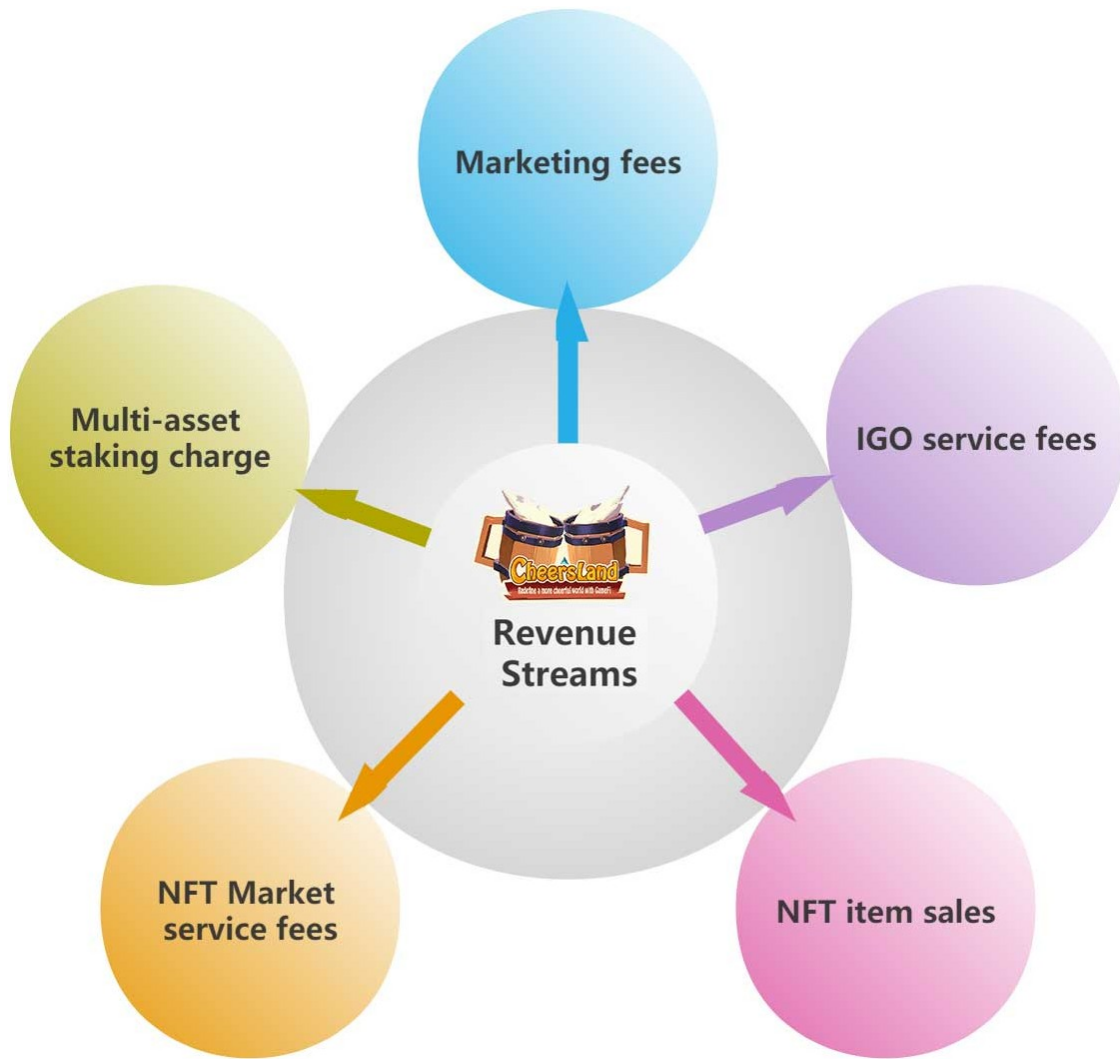
CheersLand runs the Game-as-a-Service model with GameFi as the core, where new features will be introduced over time.

The main revenue streams of CheersLand are spread over Initial Gaming Offering (IGO) service fees, ads and marketing fees, multi-asset staking charge, NFT item sales and NFT Market service fees.

According to the roadmap IGO service fees and marketing fees will be the primary revenue in the CheersLand ecosystem once users enter the growth phase. So we will pay close attention to the key metrics and data of Daily/Weekly/Monthly Active Users on CheersLand.

We will have more in-game items of NFT for sales as additional revenue in the future. Besides, we will charge a portion of NFT Market service fees taken from successful sales of CheersLand NFT assets: Pass Card, VIP, and other items once the CheersLand NFT Market launched.

The Community Vault will be built and begin to accumulate fees in late 2021 once the network has become sufficiently decentralized. All the fees and revenue generated by CheersLand will be placed in the Community Vault, and CHEERS holders may vote on the spending of this Vault for ecosystem enhancements, as well as level of incentives for active contributors.



# Technology

## Multichain

We initially chose Binance Smart Chain due to its powerful ecosystem and the ability to recruit initial community members. So we deployed the first classic game, *Crypto Pirates*, on BSC to verify the business model we designed.

When the operation of *Crypto Pirates* enters a stable stage, the CheersLand team will develop and launch more classic games such as *Click-Click*, *Block Builder* and *Gold Farmer* etc..

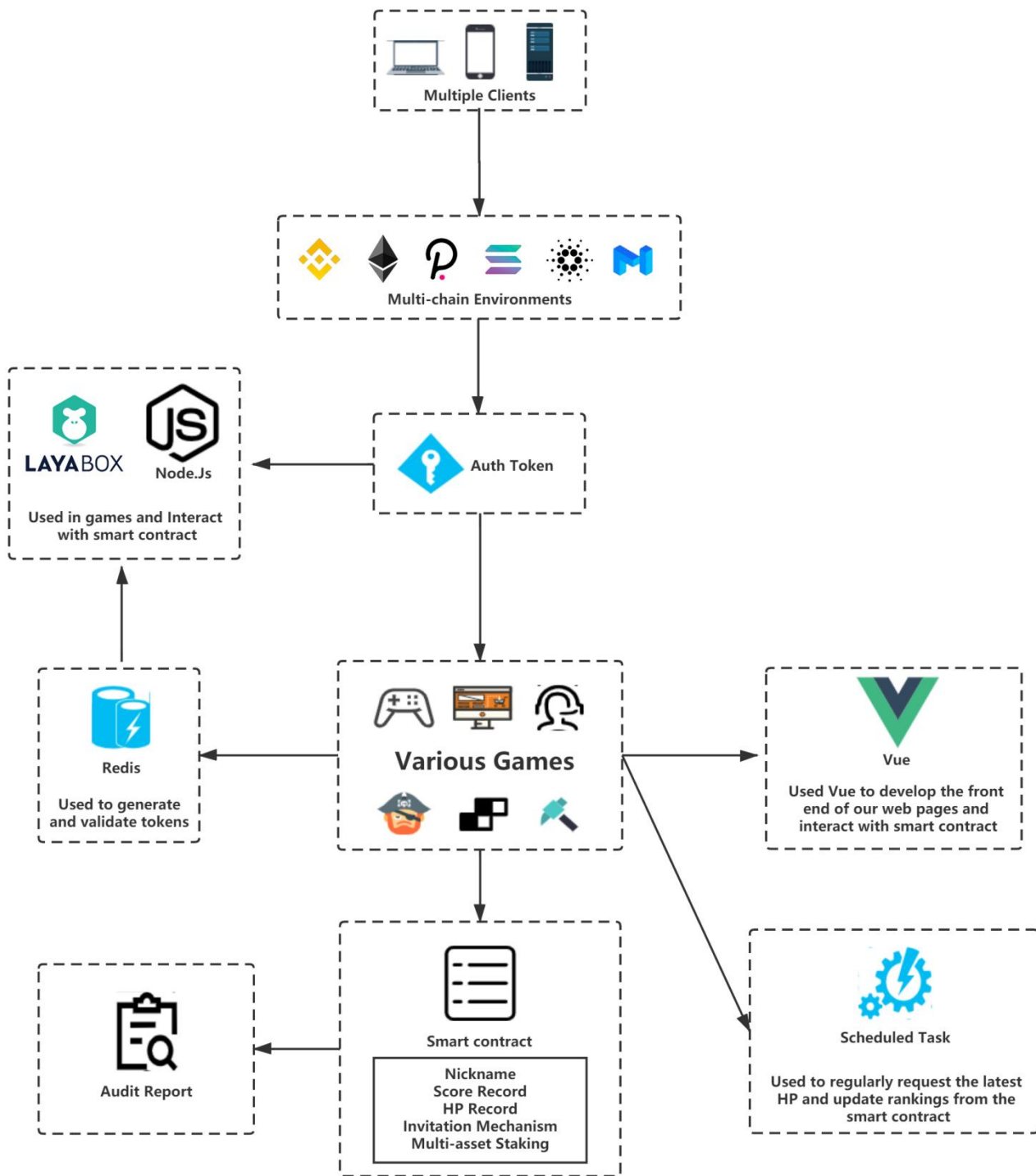
In order to allow users of different blockchains to interact with CheersLand GameFi Universe, Cheersland will be deployed in various potential blockchains and eventually operated on multichain environments.

To date, **the product matrix built on the CheersLand is as follows:**

- ♦ Initial Gaming Offering (IGO) platform.
- ♦ Multi-asset Staking platform.
- ♦ Classic games including Adventure Games (AVG), Puzzle Games (PZL) and Mini Games etc..
- ♦ CheersLand API for game builders.

We estimate that the game module program based on CheersLand will be launched in 2022, which will provide game builders with simple and easy-to-use API, and truly power their games with blockchain. This is exactly the *Build to Earn* mode we designed.

We believe that CheersLand GameFi Universe can make the gamers realize *Play to Earn*, which will also become a powerful platform for attracting developers to blockchain technology and GameFi.



Technology framework

# Anti-cheating Mechanism

In order to guarantee the fairness of the game, we have designed an anti-cheating mechanism. Taking Crypto Pirates as an example, the anti-cheating mechanism mainly consists of the following four points:

## Auth Token

When the user connects the wallet address, a time-sensitive token will be automatically generated to restrict the login environment and prevent the bot from running game scripts.

## Timing Window Algorithm

While the gamer touches in-game items to get scores, it will be recorded as a state. It will be considered cheating once the interval between the two states is too short. This feature is added to avoid running game scripts.

## Distance Window Algorithm

Once the user's in-game coordinate shifts too far in a short period of time, it will be considered cheating. The addition of the feature will avoid running game scripts.

## Non-gaming Operation Blocking

While the user clicks on the pause button, sponsored ad pages will be displayed full screen, which prevents the user from using pause time to consider how to pass the levels. Also it prevents users from using screenshot tools to cheat in the game.

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## Audit

The Invitation and Staking Contract of CheersLand has been audited by Solidity Finance team on August 5th, 2021. Read the audit report [here](#).




Before the new feature is released, we will first complete internal audits and third-party audits, and will regularly re-audit all contract code to ensure its security.

# Roadmap

## Q2 2021

- Market research of GameFi 
- Design for multiple games framework 
- BSC-based Staking Contract test 
- BSC-based Invitation Contract test 

## Q3 2021

- Audit to the Staking and Invitation Contract 
- Launch of the first Classic Game 
- Launch of whitepaper V1.0 and tokenomics 
- Community building and growth
- IGO MVP pre-release on BSC
- Public Sale of CHEERS

## Q4 2021

- Official launch and operation of IGO
- Establishment of the Community Vault
- Launch of the second Classic Game
- Deployment on the multichain ecosystem e.g. Solana, Polygon, Polkadot
- Launch of Multi-asset Staking Platform
- Launch of NFT Market Beta

## Q1 2022

- Launch of the third Classic Game
-

- ♦ Improvement of Community Governance model
- ♦ CheersLand API for Build to Earn

## **Q2 2022**

- ♦ New GameFi programme integrations
- ♦ Eco Marathon Grant Activities
- ♦ The fourth Classic Game launched by the community
- ♦ Second audit to all contracts
- ♦ On-board new blockchain ecosystems

## **Q3 2022**

- ♦ More partnerships with the GameFi ecosystem
- ♦ The fifth Classic Game released by the community

To Be Announced

**Ultimately we hope to build a GameFi Universe based on CheersLand:**

- ♦ **Gamified Launchpad**
- ♦ **Play 2 Earn**
- ♦ **Build 2 Earn**
- ♦ **Multi-game Platform**
- ♦ **Multichain Ecosystem**
- ♦ **Multi-asset Staking**
- ♦ **Weekly Tournaments and Ranking List**
- ♦ **Social Network**
- ♦ **NFT Market**



# Team

CheersLand is being developed by a professional team with extensive experiences across blockchain, DeFi and gaming. The founding team consists of the following individuals:

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## **Peter Lim - Technical Partner**

Peter is a well-experienced team leader with crucial in this position soft skills and technical background and in charge of engineering operations.

Peter is proficient in Golang and Rust, with deep understanding of smart contract as an early adopter of Ethereum. He is kind of a genius with fast learning skills.

Peter also had stints at Microsoft Research Asia (MSRA) and Pinduoduo (NASDAQ: PDD) before co-founding CheersLand.

[Linkedin/GitHub](#)

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## **M.Joesph Cheung - Strategic Partner**

As the strategic partner at CheersLand, Joesph is involved in all key decisions from product to marketing and in charge of the development strategy and resource integration.

At the same time, Joesph is one of partners at TrustFi Network, the BaaS platform and incubator for crypto startups, which will bring a large number of corporate customers and community support to CheersLand.

Previously with Trueway Capital as Investment Partner & Researcher, Joesph has led the investment and consulting work of many blockchain projects. He has been engaged in research about blockchain protocols and DeFi since 2017.

[Linkedin/Telegram](#)

## Janna Ding - Head of Growth

Janna is responsible for user growth and community development in CheersLand.

Thanks to her experience gained in JD.COM(NASDAQ: JD) as the user experience designer, she's been involved in entire implementation processes of various products and helped them to grow up.

Besides, Janna previously worked as a project manager at NetEase Games (NASDAQ: NETS) and she has good connections in the gaming industry.

[Linkedin/Telegram](#)

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## Kerstin Darick - Lead Designer

Kerstin led the art team and designed the original CheersLand.

Kerstin has passion for art creation and competitive games, and he is responsible for the art direction and many gaming design concepts.

Kerstin has solid design skills. Before CheersLand, he worked as the Design Engineer at WeChat.

[Linkedin](#)

# Social media

Twitter

Telegram

Announcement

Medium

LinkedIn

Github

Audit

Pitch Deck