



[X1 Project White Paper]

Starting A New Era of Digital Asset Services for Global Games Industry

[2019]

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Introduction

In 2008, Satoshi Nakamoto revolutionized the payment system of Bitcoin. Since then, a large number of studies have been devoted to creating new digital crypto currencies so as to support Turing-complete distributed applications. We have always believed that, by adding the functions of smart contracts and other de-centralization features of the blockchain, we will create a faster, better and safer application scenario. Based on this understanding, we initiated X1.

By making the best of the characteristics and advantages of the blockchain technology, such as de-centralization, non-tampering, fairness and justice, X1 realizes the construction and development of a new business model under the background of the new era, which will completely subvert the traditional game industry with the current market scale of trillions of dollars. X1 will be committed to building the third generation of the blockchain underlying system with new and powerful technical features based on Bitcoin and Ethereum, with the aim of providing enterprise-level blockchain infrastructure and industry solutions in order to ultimately build an independent and self-sufficient business ecosystem.

I. Current Status and Value of Blockchain Market

1. Current Status of Blockchain Market

According to the Worldwide Semiannual Blockchain Spending Guide issued by IDC, the expenditure scale of the blockchain market in China was about 83 million US dollars in 2017 and that of the blockchain market in China was as high as 160 million US dollars in 2018. At the present stage, the blockchain market is small in size on the whole, which is because that most of the blockchain projects in the market are in the trial stage, involving a small amount of investment. On the other hand, a great many enterprises have become aware of the potential of blockchain and plan to increase their budget in the future. As a result, the blockchain market will usher in rapid growth. In 2019, the expenditure scale of the blockchain market in China will reach nearly 30 billion US dollars. By the end of 2022, the expenditure scale of the blockchain market is expected to reach 1.42 billion US dollars, with a compound annual growth rate of 76.3% from 2017 to 2022.

Among them, the practical application of enterprises concentrates on the field of digital currency, which belongs to the virtual economy. In the future, the blockchain applications will move away from virtual economy to real economy. And a growing number of traditional enterprises will take advantage of the blockchain technology to reduce costs, improve the efficiency of collaboration, and stimulate the growth of the real economy, which will be the main battlefield of blockchain application in the years to come.

2. Value Embodiment of Blockchain

Owing to the characteristics and advantages of the blockchain technology: The block-chain data structure verifies and stores data, the consensus algorithm of the distributed computer nodes generates and updates data, cryptography guarantees the security of data transmission and access, and the smart contract composed of automated script code is used to program and manipulate data, and thus develop an entirely new distributed infrastructure and computing paradigm. The

blockchain technology is able to store the records in tens of thousands or even millions of independent computers, which can work together with each other. No single entity can control their acts of tampering with the data and programs.

In addition, the blockchain technology can establish reliable trust from point to point in the network, which allows the process of value delivery to be divorced from the dependence on the intermediaries. It not only publishes the information but also protects users' privacy. It not only makes decisions together but also protects the rights and interests of individuals. Such mechanism improves the efficiency of value interaction and lowers the costs.

Nowadays, since the blockchain technology has become gradually mature, it has initially formed a business ecosystem based on its generation, storage, transaction and application. Among the industries which are involved in the blockchain technology, the banking, securities and insurance industries have occupied the highest market shares. In the future, the entertainment and media industries, which are led by the blockchain technology, will continue to accelerate their development speed, followed by the medical health industry, the Internet of Things, the supply chain industry and other industries.

II. Pain Points in Global Traditional Game Industry

1. Hyperinflation

Game can be seen as a simplified version of the complex real world in which we live. The economic relations and laws in reality can also be applied to the games. The core of an economy is currency. In this regard, a game can not be made without a Token system.

According to statistics, the output value of the global game industry has exceeded 134.9 billion US dollars in 2018, and it is expected that the output value of the global game industry will reach 200 billion US dollars by 2020. Compared with the traditional currency in real world that is issued by the central bank, the virtual currency in the game is mostly acquired by the players by means of spawning monsters, completing bounty missions, upgrading and other ways. However, the monsters and missions in the game are constantly refreshed, and thus the amount of virtual currency in the game is bound to continue to increase as long as the players keep spawning monsters and completing missions. In traditional online desktop games, the firms have constantly impelled the new players, which will result in inflation. In order to meet the players' demand for gold coins, there may even be such players as professional gold farmers and game hackers and so on, which will have a vicious impact on the economic system in the game.

The ultimate result is that many players generally argue that the currency is becoming less and less valuable, and that more and more resources are concentrated in the head players or early players, resulting in imbalances in the system and a loss of players.

In order to cope with the inherent inflation tendency of the game, traditional game firms have taken a series of measures:

(1) The secondary market is abolished, so that all the resources can only be acquired through direct transactions with NPC. In this mode, gold coins are just like points, which are often found in most of the online single-player games. But this method may greatly reduce the playability and interactivity of the game;

(2) Increasing the way to consume gold coins, linking it with the nurturing system or the way of playing the game, and reducing the hoarding of virtual currency, are mostly found in a majority

of mobile games, but are usually less applicable for large-scale MMO (Massive Multiplayer Online) games;

(3) Decrease the importance of the tradable virtual currency that has been inflated by means of barter deal or scarce goods as equivalents. For example, in the online game MU Online years ago, the players traded in rare equipment by paying three types of gems, Maya, Blessing and Soul, but the method may also lower the activity of the economic system in the game;

(4) Cut off the way to consume gold coins for high-end equipment. That is to say, the way to collect high-end equipment is bound up, and it can not be traded or circulated, and all that can be traded and circulated are consumables, or low- and medium-end equipment. In the World of Warcraft (WOW) developed by Blizzard Entertainment, the method was used, but it may still lower the activity of the economic system in the game.

Thus it can be seen that it is difficult to fundamentally solve the problems of the economic system in the traditional game in the above ways, and that the vitality of the game system will be restricted and sacrificed to a great extent, whether it is to substantially increase the consumption of gold coins, which is a disguised form of recovery of gold coins and adjustment of virtual currency supply, or to directly compel some equipment to withdraw from the circulation market, or to cancel the trading market directly.

2. High Transaction Costs

Different game platforms have their own settlement currencies and payment means, and the interconnection between different games is also beset with difficulties. At the same time, because of geographical problems, game firms are required to have access to all kinds of payment interfaces to meet as many payment requirements as possible, such as access to WeChat, Alipay, VISA, UnionPay, APPLE PAY and so on. For so many payment interfaces, the game firms have to not only spend a huge amount of energy, but also to pay a high fee for this, which will transfer the costs to the players of the game while weakening the profits of the game firm. Transaction costs also constitute a burden to the corresponding game studios. At present, the game industry is urgently in need of a global, unified and convenient payment platform.

3. Centralized Operation

In the field of traditional centralized games, players and developers often stand in opposite sides. Game developers are the makers of the rules of the game industry, acting as masters, who are able to modify the mechanism of the game and adjust the parameters as they wish for the sake of squeezing the values of their users. On the contrary, game players can only passively accept the games dominated by game developers and make a choice between playing and not playing. In the traditional Internet era, the ownership of virtual assets in games, including game equipment, skin, mounts and so on, does not actually belong to users, but to game firms. As far as game firms are concerned, equipment and other game items are merely a bunch of code that can be changed at will.

Under the centralized management mode, the life cycle of the game is not controlled by the players. Once the game operation company shuts down the server, the closed economic system may lead to a large number of unused virtual assets being taken away by the operators, while the security of the players' assets can not be guaranteed.

Players' feelings are seldom the focus of the traditional centralized games, while the players spend a large amount of time to bring the benefits and traffic to the platform, but they can hardly enjoy the dividends arising from the development of the platform. At the same time, the recommended list of the platform tends to take the platform profit as the consideration point, while neglecting the feelings of the players.

4. Failure to Affirm the Rights of User Assets

The ownership of the players' assets and commodities in the game belong to the game operator, while the security of the props purchased by players can not be guaranteed. In this regard, game users have been in a disadvantaged position in terms of rights protection and assets ownership.

According to Article 22 of Interim Measures for the Administration of Online Games issued

by the Ministry of Culture of the People's Republic of China in 2010, the virtual currencies of online games that have not yet been used by users of online games and game services that have not yet been invalidated shall be returned in the form of legal currencies or in other ways accepted by users in accordance with the proportion at the time of purchase by users. It also means that the virtual currencies and game services which have already been used by users will be no longer protected.

On June 29, 2018, Tencent made an announcement to the public in the official forum of QQ PET, stating that QQ PET and PET FIGHT II would be delisted and officially ceased to operate on September 15, 2018. According to Tencent's official announcement, the users' QQ pets and other data would be cleared and only the virtual currencies that have not been used and the privileges of pink diamond that has not expired can participate in the compensation/replacement plan. From the point of view of users, it means that it is impossible to make up for most of the investments that users have made in the early stage.

5. Island Effect of Economic System

Players' assets in the game are unable to be interconnected with the outside world. In the era of traditional games, there are a number of problems arising, such as no interconnection between the games, and the failure of the players' input, props, assets and other items to be transferred or converted, fragmentation of the account system and continuous repeated registration for users. Even though the account system of players in very few games can be interconnected in a small range, such as the characters in THE World of Warcraft that can be transferred between different accounts, most of them are still confined to one game, and once the developer decides to stop running a game, it will be less likely for the players to recover their investment costs in the game.

Taking Battle.net by Blizzard as an example, according to Article 7 "Ownership" of the Terms of Use of Battle.net, in terms of user and game data, your personal account data and all other relevant information, including personal information provided by you, game characters and virtual items in your account (unless otherwise agreed, virtual items referred to in this clause include currency, equipment, materials and other items in the game) shall be owned by Blizzard

and/or the operator. In addition, game firms do not allow virtual assets to flow or transform to real assets for their own benefits. According to Article 2 "Additional Limitations of License" in the Terms of Use of Battle.net, players are not allowed under any circumstances to: (c) collect the currency, goods or resources in the game for offline sale without the permission from the operator and/or Blizzard. For the firms, only real assets of users are allowed to flow to virtual assets in one way, which means that users can recharge their accounts with RMB and purchase props in the game. It may lead to the closure and non-circulation of the intrinsic value in a majority of traditional games, and then forms an island effect of the economic system in the game.

III. Introduction to X1 Project

1. Introduction to X1

X1 is one of the leading blockchain projects in the world, which is headquartered in the United States and specialized in digital assets services. The core members of X1 are mainly from GOOGLE, Alibaba, Huawei and Tencent, and X1 has set up offices in the United States, Britain, Hong Kong and Singapore. Members of the team have the best skills and experience in the design and development, operation and risk control of the blockchain technology platform. The technical team of the platform can provide support for plenty of scenario applications in the model architecture of smart contracts, distributed digital assets and derivatives trading.

In essence, X1 is the combination of the blockchain technology and applications, which resolves the pain points in the target industry by means of the blockchain technology and obtains the market share quickly, so as to advance the development of the blockchain application. In a few words, X1 is a smart contract platform supporting Turing complete, dedicated to building the third generation of the blockchain underlying system. It makes the most of the advantages of the blockchain technology, such as de-centralization, non-tampering, fairness and justice, in order to resolve the technical bottleneck of the current blockchain, and combine the blockchain with commercial applications. With the game industry as a starting point, we will accumulate users, gradually develop assets trading, foreign exchange acceptance and other businesses, leverage the markets at the level of trillions of US dollars, and take a big step forward in the usability and practicality of the whole blockchain industry, and thus enable each user to experience the more practical and valuable blockchain. The ultimate goal of X1 is to realize a large platform and a large ecosystem in the blockchain industry.

With X1 as the settlement token of global games, it can be directly recharged to all types of games for settlement, and become the unified token available for the games worldwide. X1 is dedicated to providing new digital token trading and settlement services for publishers, channel providers, developers and game users in the game industry. By breaking through the barriers between different characters and games, the game industry will eventually achieve the establishment of a large ecosystem.

2. Design Concept of X1

On the basis of fully absorbing the advantages of Bitcoin and Ethereum, X1 combines the activities on and off the blockchain and develop the third generation of the blockchain ecosystem, for the purpose of striving to promote the vigorous development of all professions and trades.

In the field of financial and entertainment applications, X1 will make use of the blockchain technology to redefine a number of traditional concepts, such as assets, currency, investment and trading, in order to solve the problems in the exchange, transaction and transfer of funds, contracts and digital assets and other values on the Internet. Through the ecosystem established by X1, people can realize the transmission and exchange of high trust in value through a complete set of decentralized mechanism constructed by means of the blockchain technology on the Internet.

In spite of the fact that there are a large number of blockchain platforms in the current market and new platforms constantly emerging, there are only a few platforms that can really integrate with traditional commerce and enter the real life, and there are a scanty few terminal applications that are designed with the blockchain technology.

We hope that we can build a new blockchain ecosystem as an alternative protocol for Internet value transport in the future world, and take one step forward in the ease of use and practicality of the whole blockchain industry, and truly integrate the blockchain with traditional industry applications, thereby enabling the public to experience the technology in their daily life.

With the support of the leading blockchain technology and definite business positioning and strategic plan in the industry, X1 will first gain a market share and accumulate solid support from its users through penetration into the game industry. On this basis, it will gradually develop into a blockchain technology platform which is truly blended with the business applications in the real world.

3. Core Advantages of X1

X1 can apply the blockchain technology to the game industry, which mainly profits from the advantages of sustainable development and innovation of the blockchain technology, extensive commercial applications and fine governance. The core competitive advantage of X1 is mainly embodied in the following aspects:

(1) Technical advantages: X1 has a very mature and powerful technical team, which has an abundance of industry and technical experience in the fields of finance, entertainment, information technology and so forth. It has made a breakthrough in the development and application of the blockchain technology in the industry.

(2) Advantages of industry resources: X1's team is a perfect collection of a great many senior professionals who have years of practical operating experience in the game industry, asset trading industry, foreign exchange acceptance industry and other industries and have a profound understanding of the development of the industry, where the core members are mainly from GOOGLE, Alibaba, Huawei and Tencent. What's more, X1's team will sign strategic cooperation agreements with the top and leading enterprises in the target industry, which will provide strong support for X1 to have an access to the target industry, so as to truly promote the actual implementation of X1 applications.

(3) Advantages of business governance: Different from most of the new projects, X1 has a distinct and definite strategic plan for the target industry. With the aid of the features of distributed decentralization, non-tampering and encryption security of the blockchain technology and the value of point-to-point transmission, X1 will be further rooted in the target industry in a more dedicated and professional way and seize a market share in a short time.

(4) Advantages of fund management: X1's fund management will strictly abide by the principles of fairness, justice and openness, and take the development of X1 as the primary goal. X1's team will establish the X1 Foundation to achieve special custody of X1's development funds, and ensure the security and sustainability of such funds.

(5) Advantages of development space: The target industries of X1 are all at the level of trillions of dollars. Game industry alone has exceeded 134.9 billion US dollars in industrial

output in 2018, while the game industry is only the first among the industries that X1 is about to subvert.

(6) Sustainable development: X1's development team has developed a sound governance framework to carry out effective management on general procedures, code management, financial management, remuneration management and privileged scope of operation and other affairs so as to ensure the sustainable development of X1.

(7) Team advantages: X1 has an emotional, ambitious and creative team, where the core members are from the world-renowned technology enterprises, such as GOOGLE, Alibaba, Huawei and Tencent, with natural advantages in terms of technology, product and operation and other aspects.

As a member of the third generation of blockchain underlying systems, X1 perfectly inherits the characteristics and advantages of the technologies of the traditional blockchain ecosystem, and solves the technical bottlenecks in the current blockchain, and then really achieves the fusion of the blockchain and business applications. At the same time, X1 will devote a great deal of effort and persistence to the R&D and innovation of financial science and technology represented by the blockchain technology, which will be applied to enhance the value of traditional industries and promote the vigorous development and implementation of the blockchain technology in all trades and professions. X1 will build a blockchain ecosystem with mutual benefits and win-win cooperation in the 21st century with a distinct and definite strategic development direction.

IV. Overview of Technologies in X1

1. Smart Contract

X1 is a smart contract platform that supports Turing complete. According to the DPoS (Delegated Proof of Stake) consensus mechanism, X1 has set up a total of 11 voting nodes, where a new block will arise every ten seconds. After detailed calculation by X1's team, the current transaction speed can reach as high as 1000 + TPS. The smart contract in X1 is written by Lua script. Lua scripting language was born in Brazil in 1993 and has been used in a wide range of fields, such as games, Internet of Things, embedded devices and other fields for nearly 30 years, owing to its features of flexibility, compactness and extensibility. Furthermore, it has been supported by a large number of developers and enterprises all over the world, and has more detailed development information, which is convenient for community developers to learn and use. With a small number of X1 tokens, community developers will be able to publish their smart contracts compiled with their own Lua scripts to the de-centralized blockchain network in X1. Based on smart contracts, we can achieve plenty of application scenarios, such as asset issuance, game application, copyright tracing, fraternal insurance, decentralized exchange, cross-border settlement and so forth.

2. Voting Mechanism

X1 uses the DPoS consensus mechanism and sets up a total of 11 accounting nodes. When each block is generated, an accounting node is selected according to random perturbation algorithm by the 11 nodes which obtain the most votes at the time of voting. The accounting node obtains all the service charges for transactions in its accounting block. In case that the user locks up its own X1 tokens, it will own the corresponding votes, with a maximum of 11 candidates per vote. Users who participate in voting will obtain the corresponding interest income. When a change occurs in the number of votes in the user's corresponding account, the interest earned from the voting will automatically get into its account. In this system, the annual rate of return is designed as 5% for the first year, which decreases by 1% year by year, and finally it is constant at 1%.

3. Applications of X1

The first smart contract application launched by X1's team is X1's de-centralized game application. As the settlement token of global games, X1 can be directly recharged to all kinds of games for settlement, and become the unified token for the games around the world. X1 is dedicated to providing new digital token trading and settlement services for publishers, channel providers, developers and game users in the game industry. By breaking through the barriers between different characters and games, the game industry will eventually achieve the establishment of a large ecosystem.

After completing the basic application of X1, the team will make every effort to promote the implementation of the blockchain application on X1. First of all, we will introduce a more detailed asset distribution standard to allow users in the community to launch assets on the chain in a faster and safer way. Through the formulation of standards, we will break the barriers of traditional finance and X1's digital assets. Second, we will establish the authentication and evaluation criteria for digital assets. After the assets on X1 are enriched, we will identify the assets on the chain based on the criteria for asset evaluation, and gradually eliminate the bad assets.

Users who have demand for foreign exchange acceptance can also make cross-border remittances, transactions and payments on X1. Foreign exchange acceptors can obtain X1 tokens to provide foreign exchange acceptance by holding their assets in pledge to X1 and make profits from the exchange rate. Users can directly find foreign exchange acceptors for foreign exchange transactions in X1 in order to satisfy their needs for foreign exchange transactions. The X1's foreign exchange platform, based on the blockchain technology, has the vertical efficiency beyond the traditional means, in which the business opportunities will attract a growing number of acceptors to take part in the platform, so as to meet the increasing demand for foreign exchange transactions.

4. Side Chain Technology

The blockchain technology is still developing and evolving at a rapid speed, and public

chains, as infrastructure, need to be updated iteratively to cope with the increasingly prosperous business ecosystem. However, public chains, as the infrastructure of a great many upper applications, may introduce some unsafe factors in case of excessive alterations. At the same time, some emerging technologies may not have been validated in sufficient time. If these features are directly introduced into the main chain, there may be some systematic risks.

The side chain can just serve as a solution to the knotty problem. Since the side chain is an independent system, it is like a path that links different blockchains together to achieve the expansion of the blockchains. The side chain is completely independent of Bitcoin's blockchain, but the two account books may operate on each other so as to achieve interaction. As a result, innovations in terms of technology and concept will not be limited by the main chain, and any security risks arising from the side chain will not affect the main chain. In view of this, a corresponding side chain can be developed to meet the new technical needs. Side chain itself is also a separate chain, where there is independent code and independent data.

X1 will adopt side chain architecture. Each application will have its own side chain, and the application data will be independent of each other and will not affect each other. The side chain of the application can define its own consensus mechanism, assets on its side chain, block interval and other protocols. When the user decides to use an application, the user needs to download the data of the side chain of the application. In this way, data redundancy can be greatly reduced for the user, and it can also facilitate the user to use the blockchain application. Side chain will register its hash value on the main chain at regular intervals so as to protect the side chain from rollback attacks.

5. Mobile Terminal

X1's team has launched Android and IOS applications exclusive to global games, among which mobile applications have integrated the function of X1's light wallet, which makes it easy for users to store X1 tokens on the terminals of their own mobile phones, and to purchase the global game equipment.

6. Block Browser

Block browser is an application data display system on X1. According to the application data in the blockchain, it will display the records of transfer transactions on the chain, balance of address account, game recharge and purchase transactions and other information. All data are open and transparent and can not be tampered with.

7. Browser Plug-in Wallet

Browser plug-in wallet is one of the light wallets on X1, which makes it convenient for interaction between Web browser and smart contracts on X1, and can also enable the users to play all types of decentralized applications on X1. It greatly reduces the use threshold and improves the convenience in the subsequent course of assets release and transaction.

8. Technical Architecture of Nodes in X1

(1) Core nodes, also known as accounting nodes and super nodes: They are used to verify transactions and generate new blocks. A total of 11 such core nodes are deployed in the public chain on X1.

(2) Ordinary nodes: They are used to interact with core nodes on X1 and synchronize data, manage the private keys and addresses of the wallet, as well as initiate transactions to the chain.

The only condition that determines whether a node can become a core node is the number of votes. Owing to the fact that the voting and withdrawal of votes can be initiated by the holders of X1 tokens at any time, the number of votes obtained by each node is likely to be constantly changing. Only those nodes that rank the top 11 in the voting list can become core nodes, which also need to perform the corresponding accounting work on the blockchain.

9. Overall Planning for the Development of X1 Public Chain Technology

The core of the X1 ecosystem is the underlying public chain technology. For the entire ecosystem, the underlying public chain is like an intelligent expressway that can carry all kinds of vehicles running on it. The more vehicles there are on the expressway, the more congested the expressway will be, while there may also be all kinds of problems arising in the process. For this reason, the X1 community must continuously advance the vigorous development of the underlying public chain technology, so that it can ensure that it meets the growing needs of the community for ecological applications.

At present, X1 and community developers can promote the further development of X1's public chain technology from the following aspects:

- (1) By optimizing the consensus mechanism and supporting the side chain technology, the capabilities of transaction processing can be further improved, with the goal of increasing from the 1000+TPS at present to 10K + TPS or even higher in the future;
- (2) Using a better virtual machine, it can ensure security, higher scalability and the support from more development languages;
- (3) To a certain extent, it can protect the privacy of user transactions and ensure that users' sensitive information will not be disclosed;
- (4) It can achieve a high degree of community governance. For instance, For example, X1 can support bifurcation-free upgrades, allow the management of users' accounts to be safer and more efficient, which can minimize the possibility of corruption in the community. At the same time, more incentive plans can be implemented in the developer community to assist in the development of X1, so that the performance of the public chain will become more robust, the ecosystem will become more extensive and the community will develop in an organic and healthy manner.

V. Application Scenarios of X1

Nowadays, since the blockchain technology has become gradually mature, it has initially formed a business ecosystem based on its generation, storage, transaction and application. On the basis of fully absorbing the advantages of Bitcoin and Ethereum, X1 combines the activities on and off the blockchain to build a type of enterprise-level blockchain infrastructure and form the third generation of blockchain ecosystem, which will be committed to promoting the vigorous development of all trades and professions. Based on the smart contract, X1 can realize a large number of application scenarios, such as digital assets issuance, de-centralized exchanges and cross-border settlement of global games.

1. Global Online Game Currency

With the development of the game, the virtual game currency acquired by game players is of some value, and it can often be sold in the secondary market. However, a number of problems, such as inflation, fraud and cyber theft, will threaten economic security of the game. And the game company is also faced with the legal and security risks when it puts the virtual assets of its users under its custody. With the progress of globalization and the development of virtual games, the game players have been become increasingly uncomfortable about the fact that the game currency in one game can not be applied to another game.

In de-centralized games, assets in games owned by the players are secure and can be circulated in a broader sense. From a logical point of view, the feature of de-centralization creates X1, a token which has the value of large-scale application. These tokens will produce a value as universal currencies in the field of global games.

X1, as a digital asset in the game industry, provides a payment scheme for virtual assets transactions between the players or between the game company and the players. This payment method has the following characteristics:

- (1) Data security and reliability: As the data in X1 is stored on the blockchain, game operators

are unable to tamper with and delete the data of the game at will, and game players are also unable to indulge in fraudulent practices through a hacker. For this reason, the game data will be transparent and trustworthy, and the game will be more fair and just. Every user can view all the game consumption records on the blockchain browser in real time, while all users can obtain a result that is unanimously recognized. Moreover, the smart contract of X1 can carry out allocation in accordance with the recharging and consumption records, and each piece of data is secure and reliable.

- (2) Instant payment: In order to avoid the situation that traditional games rely on a third-party payment platform to manage their transactions, X1 will use the X1 tokens, a currency based on the blockchain technology, in which the players can purchase items and deposit money in the game. Such actions will immediately take effect. The payment system is very fast. Users only need to click on a link or scan a QR Code, and then the payment system can complete the payments by the standard and electronic wallets, which can also be used for commission payment for the game firms.
- (3) Decentralized operation: Combining with the blockchain technology, the system settings in the game are developed by means of the smart contract technology, and the blockchain technology itself will become the most powerful credit endorsement for the game application, and thus the game operators will be unable to issue game commodities or props in excess. The execution of smart contract is preset in advance, and the consumption of all players in the game is recorded on the blockchain, which can not be modified, so that it can guarantee that all users are playing the game in a fair, impartial and open environment.
- (4) Ownership affirmation of virtual assets: The greatest impact of the blockchain on the game is reflected in the ownership affirmation and ownership of virtual assets, and in the ability to trace the ownership history of virtual assets. Since the commodities and props of the players in the game are stored in the blockchain by means of the blockchain technology, but not in the database of the game operator. Even if the game is shut down, the commodities purchased by the player will not disappear with the shutdown of the game.
- (5) Breaking the island economy: As a world-class ecosystem for issuance, payment and trading

circulation of game assets in the distributed blockchain, X1 can achieve the integration and coordination of multiple economic systems in different games based on the smart contract in the game chain. The transactions and payments in all games can be achieved through X1. Moreover, X1 will eventually become a stable currency in the game ecosystem.

As a universal settlement method for games based on the blockchain, digital currency helps to greatly lower the transaction fee and difficulty for players. At the same time, players' assets can be circulated all over the world based on the blockchain, instead of being confined to a single game, and thus there will be no economic island.

2. Global Decentralized Asset Trading

The blockchain technology enables the idea of a decentralized assets exchange to come true. The decentralized assets exchange built based on the X1 system will inherit the functions of all traditional centralized exchanges, including equity trading, precious metal trading, commodity trading and so forth. It will be able to bear the same or even larger volume of transactions as traditional exchanges, while serving as a solution to the industry pain points that are commonly seen in the centralized assets exchanges.

First of all, the blockchain technology takes advantage of many distributed nodes and high-performance servers to support the point-to-point networks, and the overall operation will not be affected by attacks on some nodes or any problems, thus improving the high availability of assets transactions.

Second, based on the decentralization feature of the blockchain technology, it means that there is no stakeholder group or organization to exercise control over the exchanges, which can fully manifest the fairness, openness, impartiality and transparency of the system. At the same time, users do not need to worry about the credit of the exchange, because the object of trust has shifted from the traditional centralized institution to the smart contract of the blockchain. In the decentralized assets exchange of X1, all transactions can be implemented by the smart contract, and such actions as fraud or malicious repentance will be no longer in existence. For this reason, based on the blockchain technology and smart

contract, it can provide more effective support for the transactions of digital products of assets, thereby laying a foundation for the transactions that involve the digital development of assets.

Third, the decentralized assets exchanges in X1 allow the users to no longer worry about the time cost and high service charges arising from the traditional centralized assets transactions. The blockchain technology can simplify and automate the lengthy transaction process, realize the direct transaction between the issuer and the investor of assets, reduce the interaction between the foreground and the background, and save a large amount of manpower and material resources. What's more, there will be no restrictions on assets trading as in the past, so that users can engage in transactions freely and at any time on the decentralized assets exchange on X1. In addition, cash withdrawal will not be restricted by the exchange, and each of the users will have all the power to dispose of his own assets.

Finally, the decentralized assets exchange on X1 makes use of the consensus algorithm and tamper-proof and distributed technology of the blockchain technology to enable the parties involved in the asset transaction to better share the data. Every transaction of all users is recorded on the block browser, and can not be tampered with. At the same time, the exchange will allow anonymous transactions, so that users do not need to worry about their trading information being pried into by others, nor need to worry about the banker relying on information advantage to engage in counterparty transactions.

3. Global Decentralized Foreign Exchange Trading

With the development of X1, more and more users will use X1 applications. At the same time, they will come from all parts of the world, have different cultural backgrounds and use different legal currencies. In order to enable all users to get involved in X1 and use it in a convenient way, we will provide a solution for the conversion between different legal currencies. At the same time, the system will also provide services for users who have demand for foreign exchange transactions and cross-border remittances.

In the application of decentralized foreign exchange transactions on X1, there will be

acceptors for all kinds of legal currencies, and anyone can become an acceptor. Acceptors can obtain the ownership of corresponding digital assets by holding the assets in pledge to X1, such as Bitcoin, X1 tokens, Ethereum and so forth.

The contract on X1 will guarantee the timeliness and security of each transaction. In this respect, under this system, the exchange of currencies and cross-border remittances between different countries will be made in a rapid and convenient way. At the same time, the cost of this process has been reduced to the minimum. As far as acceptors are concerned, the blockchain can guarantee data integrity without credit accumulation, so that the complicated steps of centralized authentication of identity cards can be omitted at the time of foreign exchange transactions. The whole process is completely transparent, and it's safe and convenient to trace the transaction. The blockchain will settle foreign exchange transactions in a decentralized way, which will speed up the clearance and settlement of transactions, and greatly reduce the intermediate costs and settlement risks.

4. X1 Ecosystem

The ultimate goal of X1 is to create a large platform and ecosystem by means of decentralization and community autonomy. X1 expects that through the ideological collaboration and collective decision-making of the whole community, excellent ideas will constantly come out, which will be jointly implemented by the start-up team and the community. In the early stage, X1 will exploit the market based on three applications: de-centralized game assets application, de-centralized asset trading application and de-centralized foreign exchange trading application. With this as a pivot point, a large number of application users, technology developers and concept identifiers will gather together in the ecosystem of X1.

X1's team will continue to optimize the community governance scheme and carry out transparent management, ultimately achieving the involvement in a healthy and self-cycling ecosystem which is motivated, profited in investment and rewarded for sharing.

VI. Development Goals

1. Level-1 Goals

The game industry has a huge market capacity, the pain points of the existing industry can be perfectly solved with the aid of the good global circulation of digital currency, the openness and transparency of blockchain accounting, and the impartiality and non-tampering nature of smart contract, while the application can be easily implemented and form a scale. In view of this, X1 chooses the game industry as the breakthrough point to provide a complete blockchain solution for the industry. While solving the pain points of the traditional industry, X1 can also enhance the performance of the entire public chain and accumulate original users for X1.

2. Level-2 Goals

When X1's application develops to a certain scale in the game field, a large number of users will have the demand of assets publishing and trading on the chain. In this regard, X1 will provide such users with solutions for assets publishing and de-centralized exchanges, and get through the open and transparent circulation channels for all kinds of assets. At the same time, the de-centralized exchange itself can also solve the pain points of the traditional centralized exchange, such as poor security, opaque transactions and high service charges. Therefore, it can attract users who need to publish and trade assets, and complete the secondary accumulation of users on X1.

3. Level-3 Goals

With the gradual expansion of the scale of decentralized exchanges, the demand for users to mortgage assets out of the chain in exchange for the digital assets on the chain will be gradually flourishing. In this process, relying on the platform's funds and services as the business basis, the matching mechanism in the decentralized exchange as the technical basis, and user base in the global game industry, X1 will propose a complete, de-centralized,

efficient and low-cost foreign exchange acceptance scheme that conforms to the legal review mechanism, and expand another trillion-level market.

These three elements, including efficient and stable public chain, a great number of users and abundant applications, form the flywheel effect, promote each other to develop a self-sufficient ecosystem, and ultimately achieve the goal of a large platform and a large ecosystem.

VII. Team Introduction

The core members of X1 are mainly from GOOGLE, Alibaba, Huawei and Tencent, among whom there are the prestigious developers with successful project experience in the industry, and experienced operators and experts who have been immersed in the target industry for many years. X1's technical team is a team that is absorbed in the establishment of the foundation and landing application in the blockchain industry. There are now blockchain research, technology and business teams consisting of more than 100 members.

VIII. Planning and Prospects

1. Use and Planning of X1 Token

X1 token is a kind of token which is only used and circulated in the wallet of X1 application. It does not have any features as the legal currency. X1 users can use the applications and functions on X1 by consuming X1 tokens.

X1 tokens can be obtained by voting, subscribing, or trading with other holders after its issuance, which means that X1 tokens will be launched on other exchanges and will trade with other digital currencies, so that it will become of some value in transaction.

2. Issuance Plan for X1 Token

Total number of tokens to be issued: The total number of X1 tokens to be issued will be 300 million, where the total number is constant and no additional issuance will be made.

Issuance price: It refers to the price of the current Ethereum and USDT.

Plan for launching: Once the token is issued, it will be listed in the world-renowned de-centralized exchanges.

Destruction system: Once the tokens are destroyed, they will disappear forever. As the number decreases, the value of X1 tokens will become higher and higher.

3. Future Prospects

X1 is the combination of the blockchain technology and applications, which resolves the pain points in the target industry by means of the blockchain technology and obtains the market share quickly, so as to advance the development of the blockchain application. X1 is dedicated to building the third generation of the blockchain underlying system. It makes the most of the advantages of the blockchain technology, such as de-centralization, non-tampering, fairness and justice, in order to resolve the technical bottleneck of the current blockchain, and combine the

blockchain with commercial applications. With the game industry as a starting point, we will accumulate users, gradually develop assets trading, foreign exchange acceptance and other businesses, leverage the markets at the level of trillions of US dollars, and take a big step forward in the usability and practicality of the whole blockchain industry, and thus enable each user to experience the more practical and valuable blockchain. The ultimate goal of X1 is to realize a large platform and a large ecosystem in the blockchain industry.

From August to December 2019, X1 will be listed in ten well-known de-centralized exchanges around the world. In the next year, it will enable the integration and collaboration of the economic systems in more than 80% of the games throughout the world, thereby becoming a stable currency of the game industry. As of 2020, it will complete the application development and start-up of de-centralized assets trading and de-centralized foreign exchange trading. As the value of X1 tokens continues to rise, the total value of the ecosystem will exceed 200 trillion US dollars in the future.