

SDD Coin Whitepaper

The Cryptocurrency for Game and Payment

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New Paradigm of Game and Cryptocurrency

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SDD Coin Whitepaper

I. Introduction

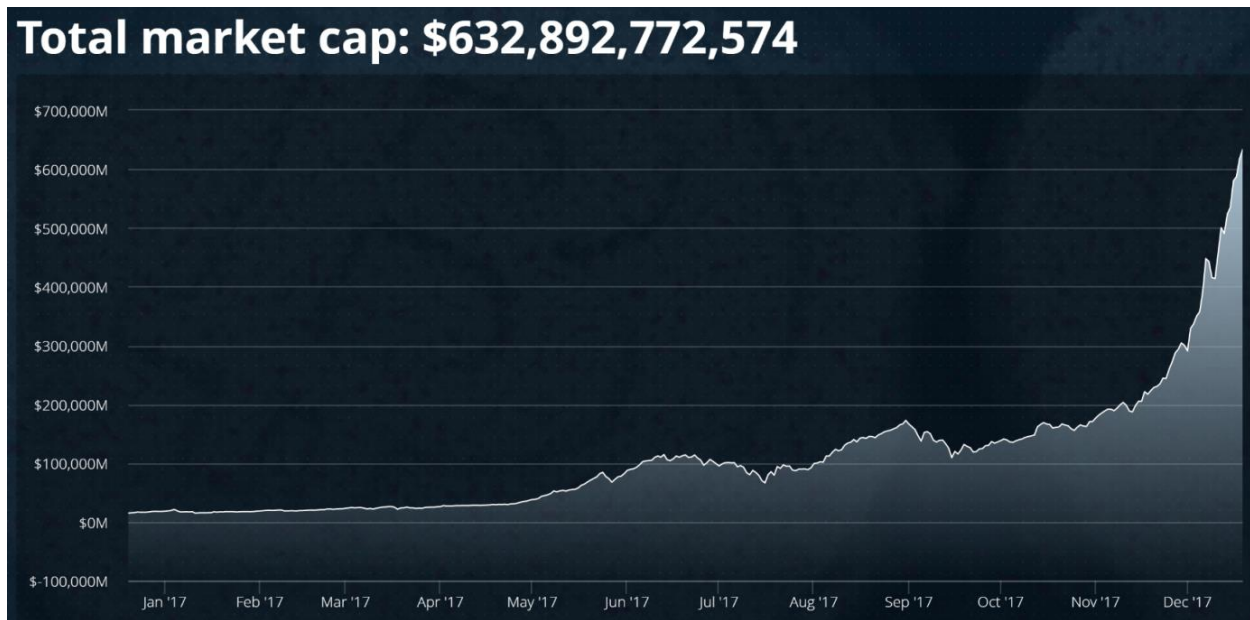
In 2008, Satoshi Nakamoto developed the historic “bitcoin” cryptocurrency. Thereafter, in 2009, the Bitcoin has been released as an open-source code and this led to the tremendous growth of cryptocurrency. Those who were alarmed by the tulip bubble of the 17th century or the dot-com bubble of 1995 to 2000 have expressed their concerns regarding its exponential growth. However, the 10,000 bitcoins that was spent for a box of pizza on May 2010 – 2 years after its development, is now worth 100 billion KRW (at 1BTC = 10,000,000 KRW). This is a glimpse of its growth value and its potential. In this regard, we are combining the blockchain technology integrated SDD Coin that we

developed with "Grand Derby Hold'em Masters" – a new concept game developed by our company, to offer the best of both online and offline games for people around the world to enjoy. We are currently preparing a prepaid card system that uses blockchain technology for the convenient use of investors and gamers. In relation to this matter, before we introduce the SDD Coin and “Grand Derby Hold’em Masters”, we would like to share a brief overview of the related industries to enable viewers to have a better understanding of the SDD Coin.

1. Cryptocurrency Market

1) Cryptocurrency Market Scale

As mentioned earlier, cryptocurrency has been growing remarkably despite the concerns surrounding it ever since Nakamoto Satoshi developed Bitcoin in 2008. Since the release of the Bitcoin source in 2009, the cryptocurrency market has been expanding with Altcoins as its first competitor followed by the development of more than 1,500 coin types such as Ethereum, Light Coin, Ripple and Quantum. (*According to <https://coinmarketcap.com> April, 2018*). In January 2018, the total market capitalization amounted to approximately \$795.8 billion, reflecting coin development and investment opportunities that utilized this blockchain technology.









(Cryptocurrency Market Size, Source: <https://cryptolization.com/>)

Up to this day, the cryptocurrency market size is repeatedly fluctuating. However, based on the increasing demand, usefulness of block-chain technology, participation of institutional and national investors; many cryptocurrency experts expect the expansion of the cryptocurrency market size that's incomparable to its current market size. However, the main reason for the expansion of the market size is the necessity of cryptocurrency that arises due to the continuous progress of technology. The society is increasingly in need of digital electronic money. Various electronic currencies are already widely used in the digital world as in-game money, which are called OOpay. This foresees how cryptocurrency will penetrate the market and shows how it will be favored over regular unencrypted electronic currencies. Cryptocurrency is now in its early stage. After its early stage, the market size will be incomparable to its current market size once it is utilized in the real world.

2) Counter-Measures on Cryptocurrency in Each Country

Cryptocurrency market size is continuously increasing. This sudden boom results to certain side effects. As a result, countermeasures against cryptocurrency have been gradually materialized in each country but there is no unified policy on cryptocurrency as of now. Each country has different perspectives on cryptocurrency thus it can be expected that it will take some time before a unified response to the situation can be made.

(Counter-Measures on Cryptocurrency in Each Country)

| | | |
|---|---|--|
|  | Republic of the Marshall Islands | <ul style="list-style-type: none">- A bill on the usage of cryptocurrency as legal tender was passed. |
|  | United States of America | <ul style="list-style-type: none">- Recognized it as general merchandise and asset- Subject to income tax |
|  | Japan | <ul style="list-style-type: none">- Recognized it as a means of payment that's equivalent to legal currency- Abolish consumption tax |
|  | Germany | <ul style="list-style-type: none">- Recognize it as a means of payment and billing |
|  | Israel | <ul style="list-style-type: none">- Recognize it as asset, mode of payment and billing- Subject to transfer tax/value added tax (VAT) |
|  | Venezuela | <ul style="list-style-type: none">- The government issued petro – a cryptocurrency that is associated to petroleum price |

Thus, each country has varying counter-measure against cryptocurrency market and some are of extremes. For example, while China proclaims a total ban on cryptocurrency, some countries serve as the center of cryptocurrency and actively develops it, and in the

case of Venezuela, the government issued a cryptocurrency. But one thing for sure is that within a few years, the world will have an organized and unified stand on cryptocurrency and thereby incorporate it within its respective countries. Although some think that the integration of cryptocurrency in the system will pressure the cryptocurrency market, most experts believe that this integration will have a positive impact on the growth of the cryptocurrency market.

3) Market Forecast of Cryptocurrency

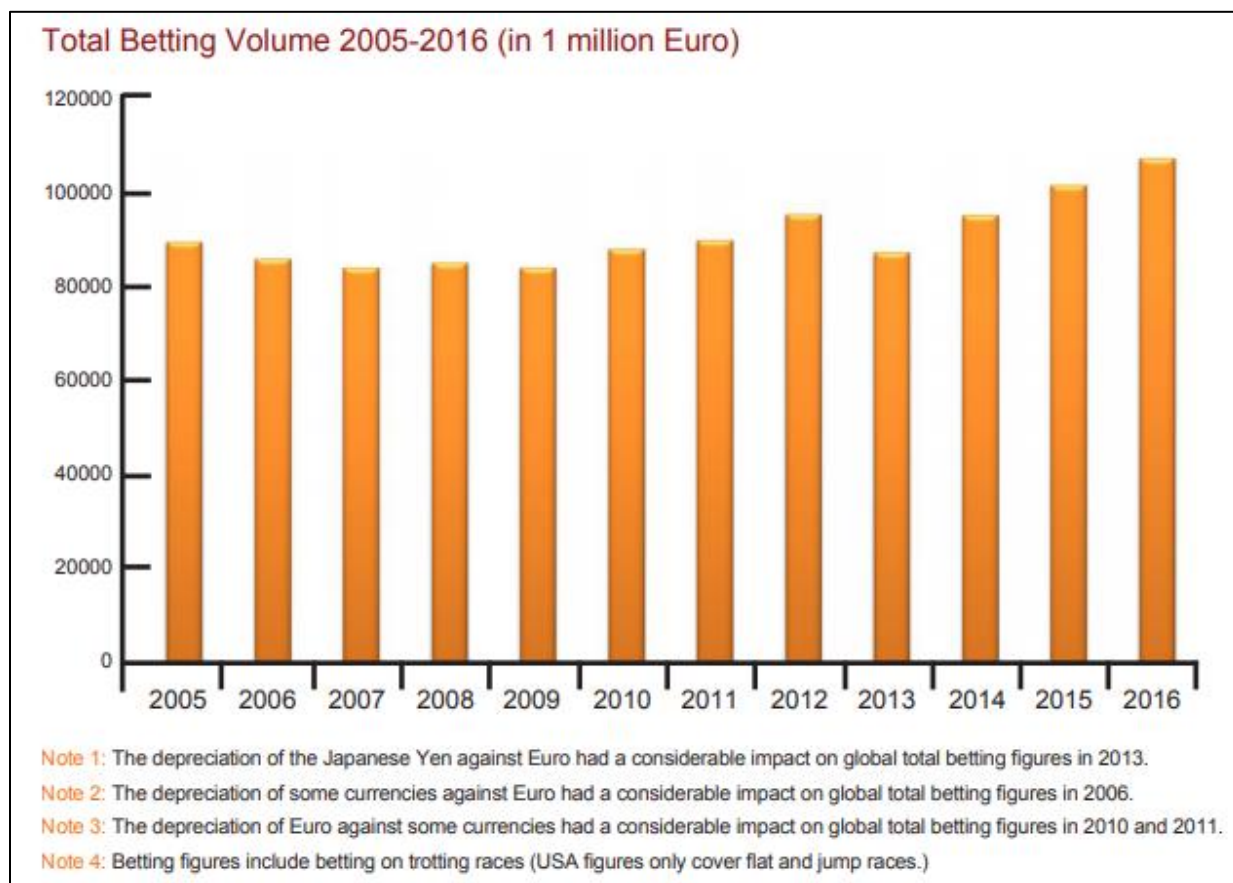
As mentioned earlier, the cryptocurrency market size is increasing exponentially. Futurist and author Thomas Frey commented on cryptocurrency as something that has become a part of our daily life, will substitute 25% of legal tenders by year 2030, and evaluated it to be a more efficient system. Thomas Frey's predictions are quickly becoming reality. There are 1,584 cryptocurrencies on the market based on <https://coinmarketcap.com> (23 April 2018). These coins which have equivalent real monetary values are either being developed or developed for daily use in money transfer market, video market, logistics, payment, insurance, and other business contents. Coins based on this blockchain technology will make a big difference in our life beyond imagination and this change is expected to lead the coin market to become the pivot of the fourth industrial revolution. These signs can already be seen. Coins for remittance purposes have already been partnered with remittance companies and some of them have successfully completed the remittance test. As mentioned above, certain countries use the resources of their states as coin guarantee, and the world's leading conglomerates began to enter the coin market by launching ICO and securing large-scale funding to secure funds,

resulting to the current trend of block-chain technology application in real life. If a national or enterprise-led coin market is activated and the existing coins are put into practical use, the ripple effect is expected to be tremendous. Experts say that the current coin market is just the tip of the iceberg and the integration of the coin market to the system for practical use will lead to a market size that's incomparable to its current market size.

2. Introduction of SDD Coin Related Market

1) Horse Racing Market

The history of horse racing is considerably older and more archaic than what we perceive. We can say that it began in the ancient Olympic Games in the 7th century BC; however, it originated in Derby of England in 1780 and the name was derived from a knight called Derby who first hosted it. Horse races became a national event in the 19th century and have continued since the 1960s when the British Parliament recognized the legitimacy of horse racing. As it can be seen from the origin of horse racing, it is a universal sport that people naturally started enjoying as people interacted with horses through the course of time. As of April 2018, according to the International Federation of Horseracing Authorities (IFHA), United States, United Kingdom, Japan, France, Germany and 59 countries are registered members. However, it can be said that it is one of the most popular sports in the world given that even nations not affiliated with these international federations enjoy it as well.



Source: Annual Report 2016 (International Federation of Horseracing Authorities)

According to the Annual Report 2016 of IFHA (International Federation of Horsing Authorities), the total amount of bets in 2016 amounts to €106.5 billion. The biggest country of horse racing market is Japan, where the amount of betting in 2016 totaled about €25.6 billion, making it the largest and fastest growing market in the world, and the world market is steadily growing around Japan.

2) Casino Market

The origin of the word “casino” comes from the Latin word “*Casa*” which means a banquet hall with various entertainment facilities such as games, music, and dance. Casinos have spread all over Europe from the 17th up to 18th centuries and have spread worldwide. According to <https://www.worldcasinodirectory.com> (*World Casino Directory*), there are currently 4,886 casinos operating in 144 countries (as of April 2018).

(World Casino Market Trend)

Unit: 1 million USD

| DESCRIPTION | 2010 | 2013 | 2014 | 2015 |
|--------------------------|---------|---------|---------|---------|
| United States of America | 57,488 | 65,497 | 69,110 | 73,320 |
| EMEA | 16,307 | 16,751 | 17,350 | 18,343 |
| Asia Pacific Region | 34,280 | 66,961 | 73,429 | 79,266 |
| South America | 3,800 | 4,757 | 5,165 | 5,614 |
| Canada | 5,704 | 5,743 | 5,986 | 6,230 |
| TOTAL | 117,579 | 159,709 | 171,040 | 182,773 |

Source PWC “Global Gaming Outlook to 2015”

According to the world’s largest accounting firm PWC (Price Waterhouse Cooper), the global casino market is estimated at \$ 182.8 billion by 2015, showing an annual average growth of 9.2% from 2010 to 2015. This estimated casino market size excludes the sales

from private casinos in each country. The market size is expected to be considerable should the profit of small private casinos scattered in each region be accounted for. This growth is attributable to the growth of the Asia-Pacific casino market, which is based on the growth of the Macao and Singapore casino industries. In 2013, the casino market in Asia-Pacific has a share of 43.4%, which exceeds that of the US. The continuous and rapid growth of the casino market is due to its high economic impact and high employment rate caused by actively nurturing the industry.

3) Online Casino Market

The online casino market is growing in competition with the traditional offline casino market. Rather, it is encompassing the growth rate of the offline casino market and is increasing its size. The online casino market is expected to grow from \$ 44.2 billion in 2016 to \$ 81.7 billion in 2022. (Source: <https://www.businesswire.com/news/home/20170928005702/en/Global-Online-Gambling-Market-2017-2022---Research>). The online casino market is unexpectedly small in Asia, as China and South Korea do not allow it illegally. It is quite surprising that a growth rate of 10.8% from 2016 to 2018 is expected despite excluding China, which boasts the world's largest market in various fields.

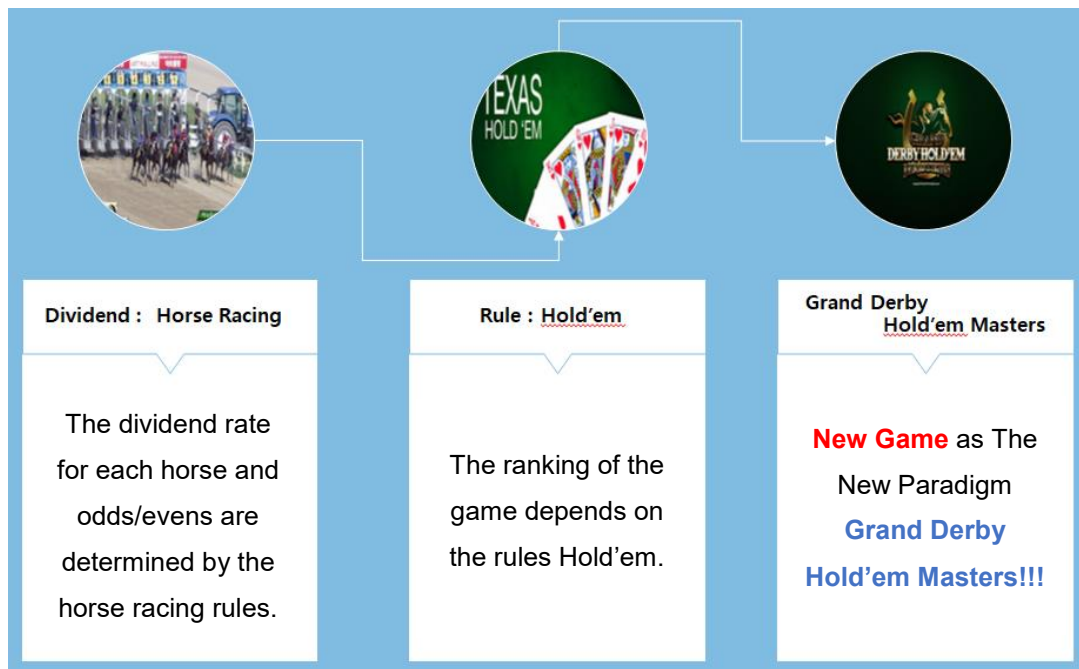
4) Social Casino Market

Social casino games are healthy leisure games that maximize the merits of casinos, online, and mobile games. Unlike offline casinos, virtual casinos are free of gambling elements and are free from related laws and regulations. Although the global game industry

has entered a mature phase in recent years, the social casinos market is maintaining its high growth trend. In the social casino market, 20 to 50-year-old men and women are becoming the main customers due to their spending power. The global social casino game market has grown at an average rate of 27.3% from 2012 to 17, growing to \$ 5 billion by 2017 (*Source:* <http://gametoc.hankyung.com/news/articleView.html?idxno=47114>). The social casino market is growing at such a fast pace because of its nature. Simply put, casino games (because of its characteristics) are more addictive than other games, and the proportion of gamers who spend on game items is relatively high. In addition, as mentioned above, it is more effective because the main customer base is the 20–50 age bracket, which has the greatest spending power. In addition, game companies are interested in casino games that have not attracted attention in the existing game market, and the development of games is accelerating, and the market is expanding. (*Source: Hyundai Able Daily*)

3. Introduction to Grand Derby Hold'em Masters

1) New Game to be The New Paradigm

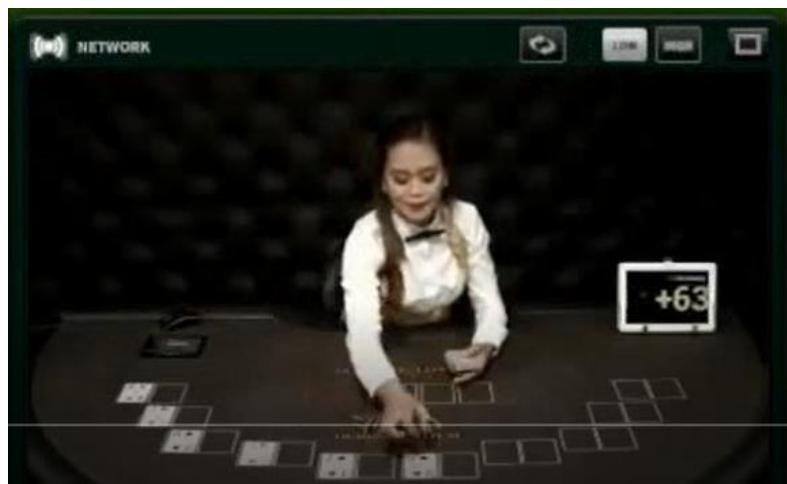


Grand Derby Hold'em Masters is an exquisite blend of horse racing and the currently popular card game Hold'em. 3D horse racing game has been already released, but with the most exquisite 3D screen and sound that gives much more liveliness than existing ones makes this game more immersive for gamers. In addition, it has been created to combine horse racing with the latest popular card game, Hold'em, to make it approachable to those who enjoy card games as well. The standard of game success or failure is based on the Texas Hold'em Combination for it to be user friendly and easily approachable. In other words, the win / loss is determined by the combination of Hold'em, and the dividend for the betting is made based on the rules of horse race game so that

gamers can enjoy the game amusingly and strategically. *(If you want to know more about the game, please visit <http://dholdemlive.com> and enjoy the beta version of the online version directly. However, a real-time dealer can be experienced around September.)*

2) Advantages of The Game

The advantages of Grand Derby Hold'em Masters are numerous, as you can see from the sites mentioned above. To briefly mention the advantages of our game, the first advantage is the "reliability" of the game. In the case of 3D horse racing games on the market, gamers are constantly questioning the reliability of the game and playing games with anxiety. In other words, they don't have a choice but to enjoy the game despite knowing that the game can be manipulated. However, you don't have to worry about such manipulation with Grand Derby Hold'em Master because the result of our game is not computer generated.



In other words, our game is based on the dealer's trades in real-time, and depending on the result of the dealer's trades, the result of the game depends on the rules according to the combination of Hold'em. If there is no real-time deal by a dealer, the game does not push through. Just as offline deals take place in front of the people, the online game will broadcast the dealer's trade in real-time for gamers to verify with their own eyes. In addition, for reliability, Hold'em's final card, which determines the game's outcome, is scanned only after all the gamers' bets are over. Fairness is no longer a problem. In addition, Grand Derby Hold'em Masters is basically a P to P game. The company or operator of the game does not profit from it. In other words, the operator takes a portion of gamers' wagered amount, so there is no problem even if the payout is big since it is different from H to P. In other words, for the first time, gamers will be able to enjoy online games without doubt or anxiety on outcome manipulation.

| ROUND | WIN | PLACE | QUINELLA | ROUND 2 | | | | | | | | | | BETTING TIME |
|-------|-----------|-------|----------|-----------|-----|-----|-----|-----|-----|-----|-----|-----|----|--------------|
| 1 | 0.0 | 0.0 | 1 | 1 | | | | | | | | | | 00:28 |
| 2 | 0.0 | 0.0 | 2 | 0.0 20 | 2 | | | | | | | | | |
| 3 | 0.0 | 0.0 | 3 | 0.0 | 0.0 | 3 | | | | | | | | |
| 4 | 0.0 20 | 0.0 | 4 | 0.0 20 | 0.0 | 0.0 | 4 | | | | | | | |
| 5 | 0.0 | 0.0 | 5 | 0.0 | 0.0 | 0.0 | 0.0 | 5 | | | | | | |
| 6 | 0.0 | 0.0 | 6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 6 | | | | | |
| 7 | 0.0 | 0.0 | 7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 7 | | | | |
| 8 | 0.0 | 0.0 | 8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 8 | | | |
| 9 | 0.0 | 0.0 | 9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 9 | | |
| 10 | 0.0 | 0.0 | 10 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 10 | |

The second advantage of the Grand Derby Hold'em Masters is that there will be three (3) total betting opportunities with a maximum of 130 overlapping bets until the game is over. All bets are independent, so the game can be enjoyed without having to end the game.

In the case of existing horse racing games and 3D horse racing games, users will bet according to the strategy they have set up based on information previously known or prior to the game or through information from the previous match results or information sheets. When the betting time's up, the gamer must wait for the result until the end of the game and cannot modify the bets strategically selected by the user based on the past information. But our Grand Derby Hold'em Masters is different. Hence, if two community cards allocated at the end of each of the first rounds are predicted and ranked, then three community cards are revealed and the player judges that the existing bet is wrong, or that it was the best, bets can be placed again independently on the second round. This is true even in the third round, where gamers are able to pick and change their chosen cards until the end of the game, allowing them to participate more actively. Texas Hold'em also requires gamers to forfeit their bet if they deem it to be a loss, but Grand Derby Hold'em Masters gives the player more chances of winning by allowing players to make an independent bet on the next round instead of forfeiting the game. These benefits are favorable to both gamers who enjoy Grand Derby Hold'em Masters and to the operating companies. In other words, the chances of winning increases as the game proceeds as it allows players to recover from mistakes in the first round, by choosing a better bet in the 2nd and 3rd rounds. If the bet on the 1st round was good, it also gives the opportunities to enhance it. The income of the companies operating it will increase as well as players bet independently on succeeding rounds.

The third advantage of the Grand Derby Hold'em Masters is that gamers can enjoy strategic games through real-time changing payouts. In other words, whether it be based on success rate or largest bet percentage, gamers can strategically bet based on real-time

changing situations. In addition, gamers don't bet on only one place per round, but they can bet on both cards that have low payouts but high chance of winning and high payouts with low chance of winning, depending on their strategy. This is possible because it follows the betting method of the existing horse racing game.



The fourth advantage of the Grand Derby Hold'em Masters is the ultimate high-quality 3D realistic image. It is the image that the company's engineers made by observing for 2 years the camera angle of the stadium, the beautiful muscle movement of horses when on the run, and the whirling dust when horses stride. Gamers who enjoy our Grand Derby Hold'em Masters will be able to feel the tension of the game through the best 3D images and the roaring sound of the horseshoe and will soon be captivated by its realistic 3D video and horseshoe sound.

II. Target Market of SDD

1. Casino Market

The existing casino market is still increasing with the growth of the Asia Pacific market, but it is facing difficulties both inside and outside. The difficulty is the rapid growth of the online casino market. The offline casino market is still an attractive market, but the industry is struggling to cultivate pies because of restrictions such as limits on the entrance of casinos of countries' citizens and physical limitations by having to visit the casinos in order to enjoy. In the midst of this, casinos have not changed much since the 17th and 18th centuries when the aforementioned casinos were born. The existing card game has been continuing from the beginning, and after that, the slot machine game has been added, but the game items of casinos after that has been stagnant. The casino industry has become ornate by adding flamboyant shows for entertainment and a lot of prizes in addition to the jackpot, but none can be said on the development of games that has been passed on for generations. At this point, Grand Derby Hold'em Masters will be an alternative to the casino industry. The roaring horseshoe sounds that echoes through the halls will make gamers bustle, and the colorful 3D visual will be a spectacular sight. Moreover, a trustworthy game (without result manipulation concerns) with a new paradigm that's never been seen before will attract many gamers to the casino. In order to enter the casino market, the company will exhibit at various game expositions to introduce Grand Derby Hold'em Masters. In addition, we plan to enter the casino through aggressive and bold marketing. Especially, ICE London, which is the world's largest game fair, will be used as

a starting point for marketing and strive to secure an active market share. If we enter the casino market in this way, the revenue source in the casino market can be summed up in three ways. First, equipment delivery for game progress. In order to run Grand Derby Hold'em Masters at the casino, it is divided into a large screen that allows gamers to enjoy 3D video on horseback, and a console where each gamer wagers. The company is expected to deliver these equipment and games to casinos and earn revenues from the delivery. The second is the maintenance cost of the previously delivered equipment. The maintenance of Grand Derby Hold'em Masters can only be carried out by the company that produced the game, and it is expected that revenue will be realized through the maintenance of equipment such as the console after delivery. The third is the most anticipated revenue source – revenue generation of casinos when the game is played by gamers in the casino game room. At this time, we will share some of this revenue with the casino. These revenues are expected to be considerable with individual casinos alone, and successfully entering the worldwide casinos, which roughly accounts for 5,000, will bring about more than what's expected. Though it depends on the laws and circumstances of each country, many countries approve small-scale casinos in addition to casinos. For example, it can be easily understood by thinking of Japan's private game room. It is also part of our target market. These small businesses will also be the target of our games. If we successfully enter this market, we expect to outperform the general casino market.

2. Online Casino Market

1) Advantages of Entering the Market

As mentioned earlier, the traditional casino market is not performing well beyond expectations, except for the Asia Pacific market. One of the reasons is the online casino market. The online casino market is growing rapidly with the advantage of being easily accessible by overcoming the limitations of place. Online casino game players are increasing rapidly but are constantly anxious. In other words, service providers of online games can easily manipulate to benefit themselves at will since the medium is a computer platform. In other words, it lacks credibility. But ironically, people enjoy, and the demand constantly increases despite the awareness of such truth. This is when our Grand Derby Hold'em Masters comes in as a solution. As mentioned earlier, the real-time dealer will scan the last card and enter it into the system only after all bets have been closed, so that the system can't predict the outcome of the game. Grand Derby Hold'em Masters demonstrates a revolutionary and trustworthy system and is expected to make waves. Furthermore, to increase the credibility of our game, we will have our game certified by a world class official game certification company. This game certification will help improve our game credibility. To eliminate illegal matter that can cause problems when entering the online casino market, the company will proceed only after acquiring all related licenses before launching the game. Acquiring these third-party licenses will add on to the company's sustainability and reliability. According to <https://everymatrix.com>, the online casino market size is £37.4 bn (1£ = \$1.31, when exchanged becomes \$49.15 b). This

marketability currently leads coin companies to enter the game industry using blockchains. However, these attempts are accompanied with a lot of difficulty. The reason is very simple. This is because companies that try to enter the market with this new blockchain technology are based on existing games – games that are already widely available in the market. They simply integrate blockchain technology to casino games and even present the market with games that fall way behind in terms of quality and entertainment. Some of these projects couldn't go past the first stage while others are halted midway. But our Grand Derby Hold'em Masters is different. In other words, Grand Derby Hold'em Masters has almost completed its development. Since we only need to add blockchain technology to the billing system, the quality of the game won't be a problem and we can proudly say that it will be the best game in terms of entertainment. Grand Derby Hold'em Masters will create a fresh breeze in the market as a “New Game” unlike the stereotypical decade-old games.

The company knows the market features and has respective solutions to it as well. Moreover, we are expecting to rapidly increase market share by catalyzing the above-mentioned traditional casino market – the offline market. This market is expected to be as attractive as the traditional casino market. Also, Grand Derby Hold'em Masters will be the best game that many gamers will enjoy since it is a new concept game that combines two of the most popular games – Hold'em and horse racing. It is truly a new paradigm in this stagnant market with mundane items.

2) FC: A New In-Game Money Concept

Grand Derby Hold'em Masters plans to integrate a new blockchain technology when

it launches online casino games. Some companies have already integrated blockchain technology to online casino games. However, these companies basically use it for purchasing or withdrawing in-game money and not for the entertainment of the game. There are companies that made games using blockchain technology; however, the speed of the system is extremely slow to the point of frustration when gamers play. For these reasons, SDD plans to develop a cryptocurrency that doesn't utilize blockchain technology. This new coin that will be developed will serve as in-game money and will have fixed coin values that are exchangeable for a ratio of 1:1 per country with currencies such as \$, £, €, ¥ etc. To guarantee the issuance of such coins, the company will deposit credible coins, such as Bitcoins, in a server wallet on the main website of the company before releasing it. This allows gamers to convert SDD Coin to a cryptocurrency and vice versa. In addition, the company will develop a payment and withdrawal system that uses check cards for cryptocurrencies that will be issued in the future. This will make it easier for gamers to enjoy the game. As discussed in the next section, the company will distribute 40% of its proceeds from its revenues excluding company expenses (10% for preferential distribution to company-designated Angel investors) to SDD Coin holders; as a result, SDD Coin holders can profit while enjoying their games.

3. Social Online Casino Market

As we have seen, the social online casino game market is in a rapid growth. The potential is amazing, given that the game market is mature. Grand Derby Hold'em Masters is planning to enter this social online casino game market. Competition in the market is as

fierce as its rapid growth. It is literally a Red Ocean as new companies add to existing companies. But it is a market worth competing in, and we believe that Grand Derby Hold'em Masters is competitive enough for this market. Unlike the existing social online casino games, the dealer's trade will make it easier for gamers to get in touch, and the wide base of Texas Hold'em and horse racing will help gamers be easily familiar with Grand Derby Hold'em Masters. Also, if the marketing strategy that we are currently working on succeeds in captivating the offline casino market this too shall be a tool that will enable Grand Derby Hold'em Masters settle in the market. SDD will advance into the offline casino market, online casino market, and social online casino market, and will become an extensive game company that integrates both online and offline fields with incomparable security.

4. Vision of SDD

SDD plans to establish its foundation as a comprehensive game company through revenue and experience gained from the three businesses mentioned in this whitepaper, namely, distributing casino consoles, entering the online casino market, and entering the social online casino market. SDD is expected to see tremendous growth in three business areas.

- ✓ Step 1 Entry into the casino market or opening a store by participating in global game fairs.
- ✓ Step 2 Entry into the online casino market based on its advancement into the casino

market.

- ✓ Step 3 Entry into the social online casino market based on its advancement into the casino and online casino market.

These are expected to produce a simple yet clear effect. Of course, on top of the three-step marketing efforts mentioned above, the company will make every effort to quickly enter the market and gain market share. Grand Derby Hold'em Masters is not a game embedded in the existing framework, but a new and interesting paradigm game. We will make waves in the market and we expect to rapidly takeover the market with our effort. Existing game companies have built and cultivated areas online and offline, respectively.

Nonetheless, SDD is going to break this concept and gain profits offline by targeting casinos and by distributing consoles and large-screens. On the online side, it will enter online casino and social online casino market and become a truly established game company. In the future, SDD envisions to be a comprehensive game company by going beyond casino games. This continuous development of SDD will be a big turning point for SDD to become a comprehensive game company including publishing. Grand Derby Hold'em Masters will be the cornerstone of SDD in becoming a global comprehensive game company. In the process, we will grow to be a harmonious company that shares some of the profits that SDD earns with coin holders and shares their bliss.

III. Relationship of Grand Derby Hold'em Masters, SDD Coin, and Fixed Coin

1. FC

1) Concept of FC (Fixed Coin, from here on referred to as “FC”)

“FC”, as abbreviated from the term Fixed Coin, means fixed value. FC will function as the play money in all games made by SDD. There were several cases of coins being created and vanishing. Thus, this disadvantage is commonly known as the drastic price changes of coins. Some developed coins have overcome these drawbacks and are currently used. However, the FC that SDD envisions is a little different from the coins that have fixed values. SDD plans to issue FC in currencies of each country that the company will enter. This is because SDD considers the entire world as its market. With this, SDD will clearly and simply prove coin holders the most important element of Fixed Coins – the value preservation method. This happens as SDD will only release it after depositing its equivalent cryptocurrency in a server wallet.

2) Function of FC

FC will function within the game as follows: First, FC will function as an in-game currency within the game that is produced by SDD. In other words, FC serves as the betting

amount when a user accesses Grand Derby Hold'em Master and plays the online casino game. It may not be easily applied in general casinos (due to problems such as reluctance in going to an actual casino) but it may be applied in small-scale casinos. In conjunction, SDD is bound to target and cater to Social Online Casinos by serving as in-game money. FC will be designed to make it easier for gamers to place bets by fixing the value of FC in each country's currency. The second and most important feature of FC is related to SDD's commitment to profit sharing of revenue to SDD Coin holders. FC serves as in-game money within the game developed by SDD, so its revenue will be calculated automatically without any extra step. The company will share 30~40% of all profits (excluding company expenses) that's been automatically calculated with all coin holders. The last function of FC is to combine Fixed Coin and Check Cards not only to encash the FC after enjoying the game, but also to transfer the corresponding value of FC to the check card and use it. This function will make it easier for game users to enjoy our Grand Derby Hold'em Masters and our future SDD games.

2. SDD and FC

1) Relationship Between SDD and FC

As mentioned earlier, FC will help generate revenue of SDD games through it. The revenues generated will be distributed equally to the amount of SDD Coin that users have. Therefore, SDD Coins and FCs will be mutually exchangeable in real-time at the rate of

value and revenue generated through FC will be distributed to SDD Coin holders. The criteria for this allocation will be announced through separate announcements in the future. A minimum of 100,000 SDD is expected to be the criteria for this allocation. The company will make a separate announcement in the future that will be based on the actual coin value. The company will strive to distribute profits to as many coin holders as possible.

2) Dividend Distribution Method

① Dividend Calculation

SDD can generate revenue in the first three business areas. First would be distribution of console to casinos, its maintenance and profit-sharing business with casino. Second would be online casino business. The third would be social online casino business. Since SDD's second and third business segments will be FC-enabled, SDD revenues can be transparently disclosed through FC. However, we can see that the first – distribution of console to casinos, maintenance and profit-sharing business is not easy in the same way as the business mentioned above. As SDD develops its business in the future, it will consult with the most reputable accounting firm for the business, review the company's revenue portion, announce the portion of the revenue, and add it to the revenue distribution portion. In other words, the first business related profit calculation will be announced through a reputable accounting corporation while the second and third business related profit calculation is basically calculated through FC. However, profits in all businesses are based

on recurring profit. Calculation of recurring profit excluding operating profit in the second and third cases will be done through a public accounting firm as in the first. The company will transparently announce it. Also, if the calculated recurring profit results to a deficit or if revenue is a breakeven, the dividend for that quarter will be carried over.

② Dividend Distribution

If the Company's quarterly earnings are determined in accordance with the criteria set forth above, the Company will allocate 40% of its ordinary income to each coin holder. 10% will be allocated to company-designated early investors and the remaining 30% will be distributed accordingly to coin holders excluding those who are not subject to it as specified by the company. However, dividends to be paid to those who are ineligible will be distributed equally amongst coin holders and won't be an additional profit of the company.

③ Dividend Conditions

As mentioned earlier, revenue generated from this business will be allocated to SDD Coin holders. However, SDD Coin holders must meet the following conditions to be eligible for dividends:

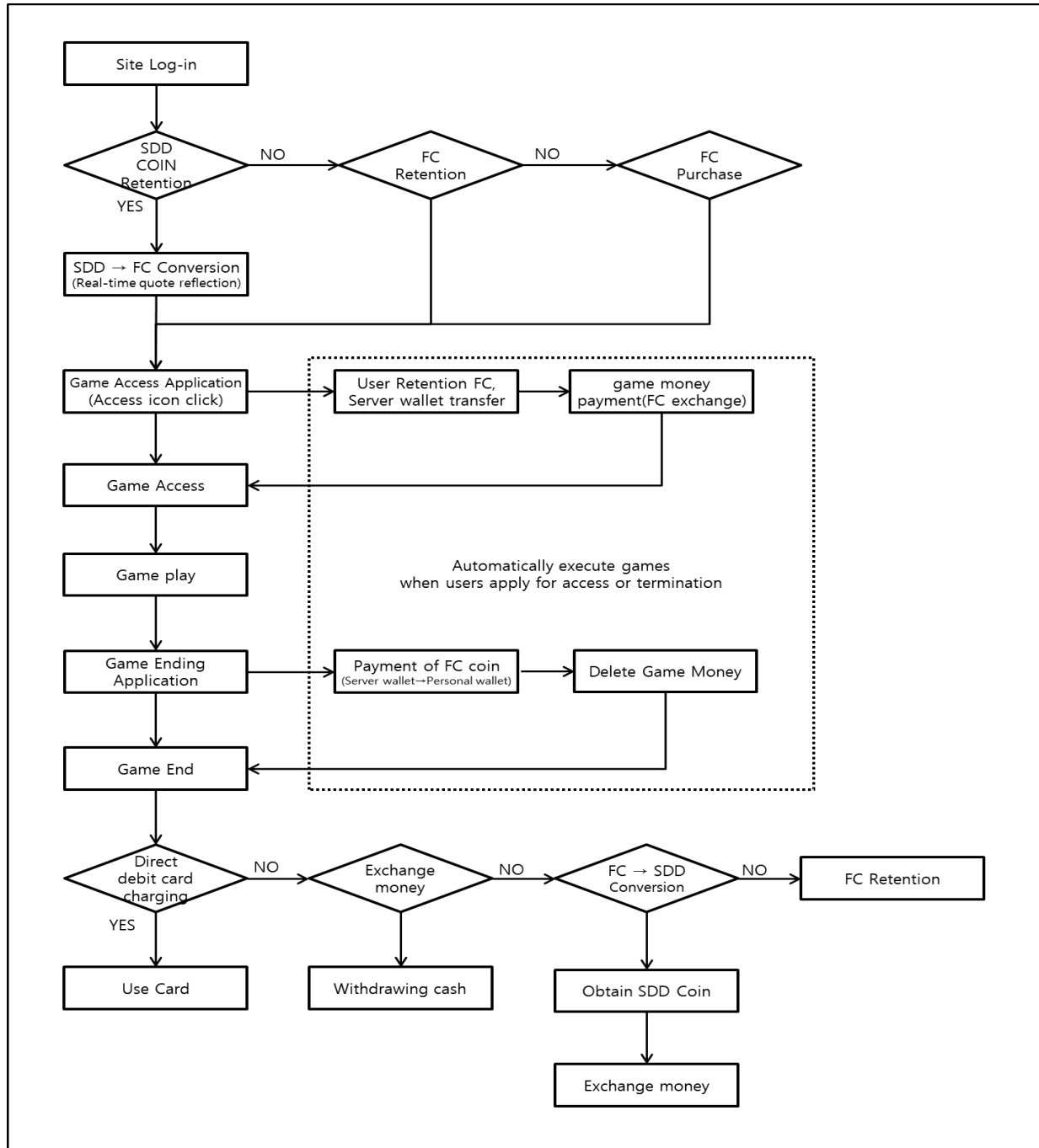
- 1) Minimum holding quantity : SDD Coin investors must have at least more than 100,000 SDD Coins to receive dividends. This amount may change in the future. The company will strive to distribute as much dividends it can.
- 2) Minimum holding period : Dividends will be given to those who manage to retain

the required SDD Coin for at least 3 months. In short, even if SDD Coin is held on the dividend date, they are not eligible if the holding period is less than 3 months. Dividends will only be given to investors who manage to hold it for at least 3 months up to the dividend release date. For example, if the dividend date is every 20th of the month and the release is on the 25th, dividend distribution will be as follows. (Actual dividend date and release date will be announced in the future.)

| Type | Date of Purchase | After 3 Months | 1st Dividends |
|--------------|------------------|-------------------|---------------|
| Investor “A” | January 19 | April 19 00:00 mn | May 25 |
| Investor “B” | January 20 | April 20 00:00 mn | May 25 |
| Investor “C” | January 21 | April 21 00:00 mn | June 25 |

Dividend conditions follow the terms mentioned above. The dividend amount corresponding to the amount of coins that are excluded from dividends for not being able to meet the above conditions will be distributed to those eligible for dividends.

※ Online, Social Casino Revenue Model



※ In case of online casinos, 5% of the betting amount will serve as commission (undecided) and the dividend will be calculated. That is, if the total bet per game is 1 billion, the commission is 50 million. 320~350 games are played per day.

※ Partial changes may occur during actual development.

IV. Road Map

| TIMELINE | CONTENTS | REMARKS |
|----------------|--|---------------------|
| '18. June | Angel investor recruitment | Ongoing |
| '18. August | SDD release for Angel investors | For Angel investors |
| '18. 3Q | Patent Application | |
| '18. 3Q | Process GLI certification | |
| '18. 3Q | Establish a console business corporation | |
| '18. 4Q | Establish an online casino corporation | |
| '18.10.9~11 | Participate in G2E (Las Vegas) | |
| '18. 4Q~'19.1Q | GLI certified | |
| '19.2.5~7 | Participate in ICE (London) | |
| '19.1Q | Open offline Place For DH | |
| '19. 1Q | FC coin development | |
| '19. 1Q | Entry into online casino market | |
| '19.2Q | Proceed with SCO for general investors | |
| '19. 2Q | Online license acquisition | |
| '20. 1Q | Establish a social casino corporation | |
| '20. 2Q | Entry into social casino market | |

※ SDD will do its best to comply with the schedule according to the abovementioned Road Map;
however, delays may occur in case difficulty arise with the recruitment of Angel investors and

its funds.

V. Crowd Sale

1. Crowd Sale

SDD Coin holders having SDD Coin means that each holder contributes to the success that has been explained in this whitepaper – the development of SDD and the successful entry of Grand Derby Hold'em Masters. SDD limits SDD Coin issuance to a total of 10 billion and will not be issue additional amounts in the future. Sale of SDD Coin will be carried out as follows.

▷ Crowd Sale Plan

(Unit: EA, \$)

| Division | Period | Amount | Cost | Note |
|-----------|---------|----------------|-----------------|---|
| STEP 1 | Oct. 18 | 1,000,000,000 | 0.02 | <ul style="list-style-type: none">● Early Angel investors● Prohibition of sales for 6 months from date of purchase |
| | Nov.18 | | 0.03 | |
| | Dec.18 | | 0.04 | |
| | Jan.19 | | 0.05 | |
| | Feb.19 | | 0.05 | |
| STEP 2 | | 5,000,000,000 | Separate Notice | <ul style="list-style-type: none">● General investors● Prohibition of sales for 1 year from date of purchase |
| Sub Total | | 6,000,000,000 | | |
| Total | | 4,000,000,000 | | <ul style="list-style-type: none">● Company holdings● Prohibition of sales until year 2020 |
| 계 | | 10,000,000,000 | | |

- ※ The unit price of this Sales Plan will be in US\$. The unit price will be based on the ETH price of either prospect general investors' or Step 1's 2nd batch of Angel investors' sales.

Step 1 of Crowd Sale will be distributed to those who invested in the SDD Coin stated in this whitepaper prior its actual production and ICO according to their investments. This may continue if the coins have not been used up after all appropriate allocations have been made. Thereafter, 5.5 billion SDD Coins will be sold to general investors according to the method set by the company. The other 4 billion coins are held by the company and are prohibited from being sold until the end of 2020. Coin sales to general investors will be separately announced by the company.

2. Detailed Development Plan

SDD develops and carries out the following development plans based on the results of the Crowd Sale explained above.

▷ Business Plan Based on Investment Amount

| STEPS | FUND | PLAN |
|--------|----------------------|---|
| STEP 1 | Less than 10 billion | <ul style="list-style-type: none"> ✓ Business unable to proceed, ✓ Refund processing after deducting expenses |
| STEP 2 | ~40 billion | <ul style="list-style-type: none"> ✓ GLI certification ✓ Console business corporation establishment ✓ Exhibited and participated in Las Vegas G2E in Oct. '18 ✓ Participation in more than 5 fairs / exhibitions from '18 ~ '20 ✓ Acquired patents related to games ✓ Entry into the casino market and sales progress → Profit distribution when ordinary income occurs |
| STEP 3 | ~80 billion | <ul style="list-style-type: none"> ✓ Online casino business corporation establishment ✓ FC coin development and application ✓ Acquire online casino license ✓ Online casino sales ✓ Open small offline store |
| STEP 4 | More than 80 billion | <ul style="list-style-type: none"> ✓ Social online casino corporation establishment ✓ Social online casino business progress |

| | | |
|--|--|-------------------------------|
| | | ✓ Additional game development |
|--|--|-------------------------------|

▷ Expected Uses of the Investments

| STEPS | PARTS | BUDGET RATIO | ACTIVITY |
|---------------|--------------|-----------------|--|
| STEP 1 & 2 | Legal | 10% | Corporate registration, patent and cryptocurrency Employment including law firm and etc. |
| | Development | 15% | SDD Coin development, Console version completion, GLI certification |
| | Supplies | 10% | Costs related to console, large screen (TV) production |
| | Management | 15% | Project management, salary |
| | Marketing | 50% | Console version casino promotion, Participation in the fair, fees, etc. |
| | Total | 100% | |
| STEP 3 | Legal | 10% | Corporate registration, licenses and Cryptocurrency Employment including law firm and etc. |
| | Development | 10% | Online version development, FC coin development |
| | Deposit | 25% | FC guarantee deposit |
| | Management | 10% | Project management, salary |
| | Marketing | 45% | Small offline stores, Promoting online casinos, fees, etc. |
| | Total | 100% | |
| STEP 4 | Legal | 5% | Corporate registration, employment of law firm |
| | Development | 15% | Online version development, additional game development |
| | Management | 10% | Project management, salary |

| | | | |
|--|-----------|------|-------------------------------------|
| | Marketing | 70% | Online version promotion, fee, etc. |
| | Total | 100% | |

※ As much as possible, SDD will execute the expenses according to the criteria above but may interchange the items depending on the situation.

VI. Conclusion

SDD will soon be introducing the Grand Derby Hold'em Masters to the market. The biggest advantage of this SDD Coin's Crowd Sale is that SDD's Grand Derby Hold'em Masters is almost complete and allows investors to experience online beta version before deciding to invest. Existing coin sales were done in the beginning with merely a plan. But we, SDD Coin, are different as we propose with a physical output on hand and not a mere plan or idea. As you know, SDD is not a coin company. We are a game company. SDD's goal is to be a comprehensive global game company that dominates both on-off line fields. For this reason, we want to share the bliss of success by distributing profits to SDD Coin holders who support the achievement of SDD's goal. SDD Coin will continuously be part of SDD as the company grows and will share in its profits. SDD's upcoming FC will allow gamers to relish games and easily use check cards. This convenience is also a new attempt in the gaming industry. SDD, a bold company unafraid of trying new things, will enable investors to enjoy and profit as the company strives to be the best in the world.

VII. References

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- International Federation of Horseracing Authorities Annual Report 2016
- <http://www.horseracingintfed.com>
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This whitepaper is under review for further legal review and consultation to list SDD Coin as stock exchange. The company will endeavor to reflect the contents of this white paper as much as possible. In case the contents are inevitably modified due to the ongoing legal review and consultation, we will promptly inform you of the changes and its reasons through our website. Thank you for your interest and for your purchase of our SDD Coin.