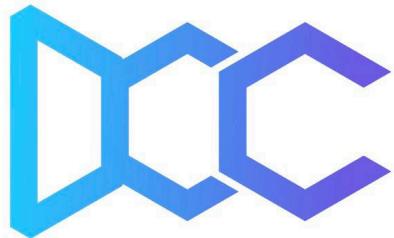


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DRAFT FOR OPEN COMMUNITY REVIEW AND SUBJECT TO CHANGE.

Doc No.1009240



Distributed Credit Chain WhitePaper

Cyber Sheng Foundation Ltd.
2018

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All contributions will be applied towards the Foundation's objects, including without limitation promoting the research, design and development of, and advocacy for blockchain-based technology solutions to return control of data to the individual user, as well as benefit the global credit industry, enabling real businesses to solve various problems in the industry, including without limitation monopoly and profiteering, protection of privacy, data monopoly, improving data validation efficiency, reducing cost of using data, creating a data marketplace, developing AI risk control technologies, sharing of lending behaviours and improvement of credit rating system.

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1. Brief Introduction

Accelerating digitalization, faster Internet transmission speeds, continuous accumulation of distributed computing resources, the application of mathematic and cryptographic technologies in the digital era: these are the factors that lead us to foresee that in the future, we will see an underlying public chain based on the features of Blockchain (including but not limited to: decentralization, openness, autonomy, irreversibility, and privacy protection). This underlying public chain will be utilized for distributed credit reporting, debt registration, wealth management, and asset transactions. It will enable business participants in different countries and regions around the world to provide financial services in a much more convenient way. A new type of virtual agency based on blockchain technology—"Distributed Banking"—will emerge. A Distributed Bank is not a traditional bank, but rather an ecosystem of distributed financial services.

Conceptually, a Digital Bank, through fair financial service, will aim to break the monopoly of traditional financial institutions and to return earnings from financial services to all providers and users involved in such services so that each participant who has contributed the growth of the ecosystem may be incentivised.. Digital Banking will ultimately be a way to truly achieve an inclusive system of finance.

Through decentralized thinking, Digital Banking will be able to change the cooperation model in traditional financial services, building a new peer-to-peer and all-communications model of cooperation across all regions, sectors, subjects and accounts.

As it pertains to business, Digital Banking will completely transform traditional banking's debt, asset, and intermediary business structure. It will replace liability business with distributed wealth management, and substitute distributed credit and claims registration (for asset business) and distributed asset transaction (for intermediate business). The tree-like management structure of the traditional bank will thus evolve into the flat structure of a decentralized bank, establishing distributed standards for various businesses and improving overall business efficiency.

As it pertains to distribution, decentralization is disintermediation, a way of breaking up the originally excessive premiums that result from information asymmetry caused by the intermediary, and returning such premiums back to ecosystem participants, achieving the

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redistribution of ecosystem value, and fair distribution among participants through the digital consensus algorithm.

As it pertains to regulation, the fact that all records registered in the blockchain cannot be tampered with will enable regulators to penetrate the underlying assets in real time. Big data analysis institutions will also be able to help the regulatory bodies understand and respond to industry risks more quickly based on blockchain data analysis. It will be possible to develop a new "Basel Accord" on the management system of blockchain-distributed banks.

The Foundation will launch an open blockchain (**Distributed Credit Chain**) to establish business standards, reach consensus on the books, deploy business contracts, implement liquidation and settlement services, and so on, for a variety of distributed financial business.

The establishment of a distributed banking system will require a five- or even ten-year-long process. We hope that after a period of construction, the distributed bank will become an important node of new finance and that traditional businesses will enter into the distributed business ecosystem through Distributed Credit Chain.

We will begin with credit business on “Distributed Credit Chain”, refracting the business ecosystem of traditional credit through the lens of decentralized thinking and distributed technology. In the following section, we are going to specifically describe changes in the area of credit that will be brought by the distributed bank.

2. A Distributed Credit Chain will Bring Changes to Credit Businesses

2.1.Traditional Credit Businesses

Definition of credit business: a credit activity wherein the holder of certain currency positions temporarily lends an agreed-upon amount of money at an agreed-upon interest rate to a borrower, who repays the principal and interest on agreed-upon terms and within the agreed-upon period. As one of the most important activities in the financial market, a rational and manageable credit business has an enormous positive impact on the development of society.

The fundamental objective of the credit market is to adjust temporary or long-term funding shortfalls: in economics, players with surpluses have extra funds and do not wish to increase their expenditures, while players with deficits are in search of spending, but fail to spend

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because of their liquidity crunch. Within the credit market, assets and capital can be properly allocated, allowing the smooth functioning of our economic system.

The history of the credit industry goes back a long way. We can find traces of credit systems and the concept of interest at the very beginning of human civilization, with a 3,000-year-old written loan contract from Mesopotamia that reveals the development of a credit system and even incorporates the idea of interest. Back then, the practical application of this type of paid economic activity had already been demonstrated.

Without credit, the massive expansion and progress of human civilization would not have been possible. Loans supported Spain's exploration to the New World, and made possible the colonization of the United States, propelling the Industrial Revolution. The utility provided by loans to the community is enormous, and has enabled some of the greatest projects known to mankind.

Until the 18th Century, lenders still most frequently utilized collaterals, and the main type of loan was the contract loan.

The early 19th Century ushered in a new era of loans, beginning with a more equitable platform. Established in December 1816, the Philadelphia Saving Fund Society was the first of many savings and loan associations. Their purpose was to provide the average American with savings and loans resources, making them highly centralized financial intermediaries.

In assessing mortgages today, nearly 90% of lenders use FICO, which is recommended by the Federal National Mortgage Association (known as Fannie Mae) and Freddie Mac. In 1959, lenders officially began using FICO scores to make informed credit decisions.

With the development of mobile Internet, big data has rapidly emerged with a key role in making credit decisions in the United States and other global markets. There are three primary methods for big data in taking market share:

First, data mining, data monitoring, data comparison and differentiated competition;

Second, analysis and decisions based on experiments and data;

Third, big data-based marketing and adjustment;

The data-driven credit model offers us inspiration and a dramatic improvement in credit efficiency. However, the credit business in every country is replete with loopholes at every

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stage of the process, such as unclear rights and interests, high operating costs, inefficient operations, untrustworthy credentials, and privacy leaks.

The root cause of these problems lies in the services provided by fragmented parties through various kinds of centralized systems. First, the centralized systems cause too much instability and heighten the risk of counterfeiting. Second, the fragmentation among systems significantly increases mutual verification and trust costs. Finally, data is neither well-encrypted during delivery, nor actually authorized by users during utilization, thus enabling abuses of privacy.

As human economic activities continue to develop, it is believed that the credit business will further flourish, which consequently raises the bar for credit efficiency, privacy protection, and cost reduction. It is believed that the idea of decentralization and the open consensus mechanisms of blockchain technology will offer a better solution.

2.2.Centralized Credit Service

Credit service agencies are mired in a terrible crisis. Many online credit agencies, taking advantage of information asymmetry, have become a centralized profiteering industry. Where do their huge profits come from? Data tells us that the highest proportion of their income comes from interest spread. In a particular developing country, from an industry-wide perspective, the interest spread provides 80% of a bank's revenue. The lending-deposit spread stipulated by some central banks can reach as low as 3%-5%; however, these are only nominal rates earmarked for big businesses. For most ordinary small- and medium-sized enterprises, the lending-deposit spread can reach 7%.

The centralized credit model gives such centers a monopoly. Due to information asymmetry, lenders and creditors lose direct trading opportunities. Therefore, people are thinking about a possibility for a credit service without a spread made by intermediaries, which would allow lenders, borrowers, risk control models, collection offices, and insurance institutions to participate together. With such a service, lenders and borrowers would be able to achieve DCC-credit balance based on consensus, and all players would share the same objective.

2.3. Credit Dilemma Brought by Centralized Service

Cost

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The core model of a credit agency is to share the costs of non interest-earning elements (client-gaining, data, credit review, etc.) and non-repayment of loans (bad debt) by charging the "good guys" who can pay back the money.

Obviously, this cost-sharing approach is extremely irrational. For borrowers, it brings an additional cost. For credit agencies, profit margins are always limited, and cost management becomes ever more difficult. Efficiency is dragged down, and the profit margin cannot be improved.

From an industry perspective, the engineering costs of investing significant technological power in algorithmic calculations are redundant: nearly every financial institution repeatedly invests science and technology in building systems simply to determine the borrowing needs of roughly identical groups of people.

Efficiency

Most borrowers in the consumer financial markets of most countries have low knowledge of application requirements, their own credit worthiness, and accessible services. This has spawned a large number of service agencies and loan intermediaries. CreditKarma, for instance, helps borrowers check their own credit scores and recommends consumer finance and credit card products to borrowers. This situation undoubtedly prolongs the loan application chain and reduces the efficiency of service delivery.

From the credit agency's point of view, significant amounts of time and energy are wasted verifying the credit of borrowers who do not suit the agency's risk appetite, which is a waste of resources and a drastic decrease in efficiency for credit institutions.

Borrower's Interest

Borrowers lack the ability to self-certify their credit, which makes intermediaries seem more "important" in consumer credit underwriting. Setting aside false information and looking merely at normal operations, in all countries with consumer credit underwriting (be it developed or under-developed), there are professional loan intermediaries/brokers or relationship managers that help borrowers prove their "creditworthiness." Especially in countries where the credit information system is underdeveloped, the size of the loans available to a borrower is significantly affected by the material prepared.

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This causes the borrower to be unable to know their rights and interests, and also bars borrowers from effectively accumulating their credit. For example, in China, the primary purpose for more than half of young credit card applicants is to “create a credit profile.”

Joint Debt

The level of credit investigation in different countries in the world is imbalanced. Credit investigation in some countries and regions is relatively backward, and the number of customers with credit records is insufficient. This status quo in recent years has also spawned the global entrepreneurial wave of Internet finance to serve customers who have no credit records.

Beneath this wave of progress, however, the issue of joint debts has triggered major social concerns. From a borrower’s perspective, debt information is “hashed” by various credit agencies, but no one should know more about the history of their loans and repayments than borrowers themselves. The cost of establishing a centralized institution to carry out individual credit investigation is high.

Profiteering

A centralized credit extension model confers a monopoly advantage to centralized institutions, enticing too many financial institutions to leave their primary purpose— serving customers—behind. Aiming for profitability, they deduct lenders while squeezing borrowers, and expand their profits by extending their customer base. If these profits were not consolidated, we believe it would promote the sound development of more industries through improved talent recruitment, better investment in technology, and increased benefits to users.

2.4. The Value of Decentralized Blockchain to Credit Chain

2.4.1. Eliminating Monopoly and Profiteering

Everyone will be able to choose their debtors, and in a decentralized market with numerous competitors, pricing power will rest with the market rather than market makers. Instead, primary market participants will express value by providing algorithms and computation on the blockchain, thereby remodeling the cost distribution in the transaction process.

2.4.2. Protecting Privacy Reasonably

Original personal information and non-desensitized data should not be stored long-term at third- party institutions. Retaining personal data with the user is the most secure storage method.

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Such storage can be local, or can be encrypted and stored in the cloud, with convenient retrieval via local addressing.

Personal data can be transmitted to the recipient in an encrypted, point-to-point manner. Only the data recipient may process the data, and after processing, the data recipient can theoretically choose not to retain the data. Alternatively, data can be provided to the data demander in the form of zero-knowledge proof, which is a way of verifying the authenticity and ownership of the data without revealing the original text of the information, in order to fulfill the business requirement.

2.4.3. Eliminating Data Monopolies

Blockchain technology allows individuals to own and use their data, and eliminates the value premium caused by the centralized storage and verification of data from third parties. It also prevents data from being misused or leaked by third parties: traditionally, the authenticity of data held by individuals has not been verifiable and individuals have only had ownership of data rather than the right to use data (which can only be gained via authorization to agencies as a means of providing proof).

2.4.4. Improving Data Validation Efficiency and Reducing Cost of Using Data

Personal data can be automatically validated and used multiple times according to data categories, significantly reducing the cost of institutions who use the data. The institutions are free from repeatedly having to obtain authorization each time they use or access the data.

2.4.5. Creating “Data Marketplace”

Establishing a standardized data marketplace helps data certification bodies better market their processed data standards, construct big data-processing brands and high-value niches, and price data platforms according to frequency and feedback for using data. Financial institutions can also more easily see how many data modules are available for use within the data marketplace, and use this knowledge to drive their own IT systems to engage with more valuable data.

2.4.6. AI Risk Control

Anti-fraud and modeling algorithms are provided on the blockchain through deep learning and AI risk control systems, in order to help financial institutions process personal data without

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data storage. In this way, it helps financial institutions improve their risk control capabilities in accordance with compliance requirements.

Blockchain discloses risk strategies by providing an encrypted algorithm, and allows borrowers to proactively screen lenders by applying for verification of the algorithms published by algorithm providers and credit institutions against the risk strategy service. Borrowers who can not access institutional borrowing can choose not to apply for loans from those institutions, preventing multiple submissions of personal information.

This leads to a drastic increase in transaction efficiency and a further drop in transaction costs for credit institutions, eliminating the need for allocation of computational resources and payment costs to borrowers who cannot receive lending services.

2.4.7. Disclosing Lending Behavior

During the borrowing process, by creating a credit history report on the blockchain, data approved by both parties is accessible to other institutions that need to obtain the data, effectively preventing problems such as long-term borrowing and repeated test borrowing.

2.4.8. Positive Data Feedback

Beyond the lender's use, credit underwriting data can be used to help multiple institutions provide comprehensive analysis of the lender's behavior and lending results, and to help single-time bystanders establish a more comprehensive personal credit rating system.

The partial disclosed data also allows more auditors and regulators to evaluate systemic risks more effectively.

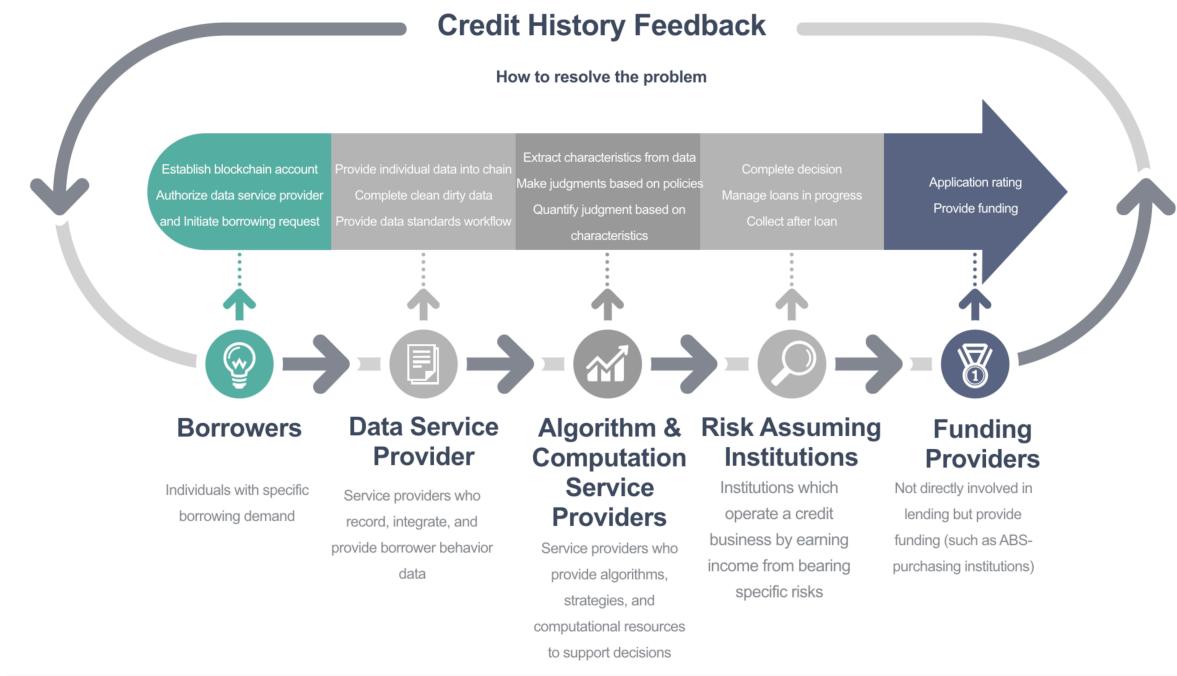
Distributed Credit Chain combines the solutions described above with Blockchain technology and brings them to real business scenarios, developing a new credit ecosystem that benefits the world.

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3. How Distributed Credit Chain Solves the Centralized Credit Extension Problem



3.1. User Account Identification System

In DCC, each individual or institution has one DCCID, which is generated through public and private key pairing to form an address. This address acts just like a member ID in a traditional Internet system, identifying and associating various real-world attributes (such as real-name documentation, bank cards held, number of properties owned) and also information on the credit chain—loan requests, loans, repayments, etc.

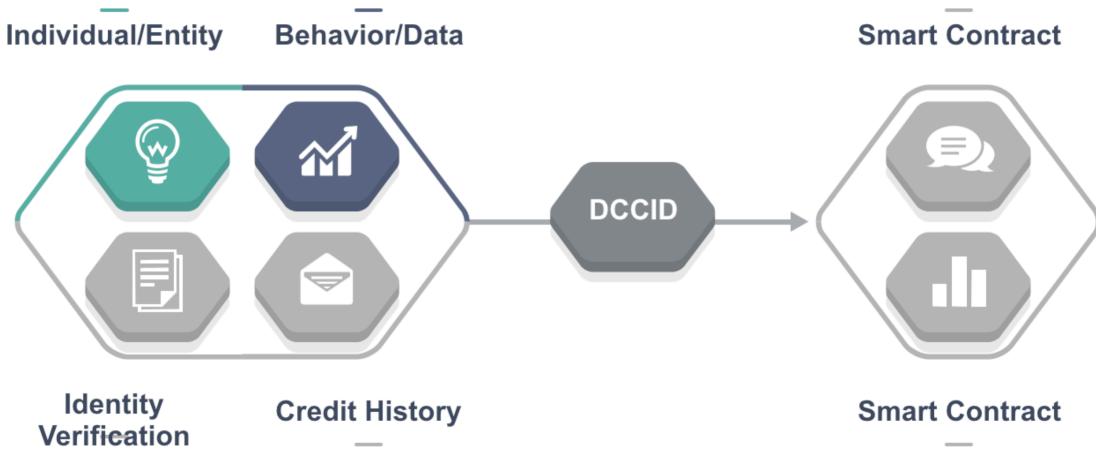
DCCID is a decentralized account system, and its generation does not depend on any individual DCC node. Any person, organization, or company can generate this DCCID offline. Only when there is information on the DCC with which to associate can information be stored on the DCC ecosystem.

DCC uses digital signature technology at every step of data exchange to fully guarantee the non-repudiation of individual-chain or institution-chain interaction of data.

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Personal data is stored in the cloud service provider, encrypted with DCCID + SALT, and on the chain using only SALT. The addressing path is saved to facilitate the personal backup and transfer of personal data.

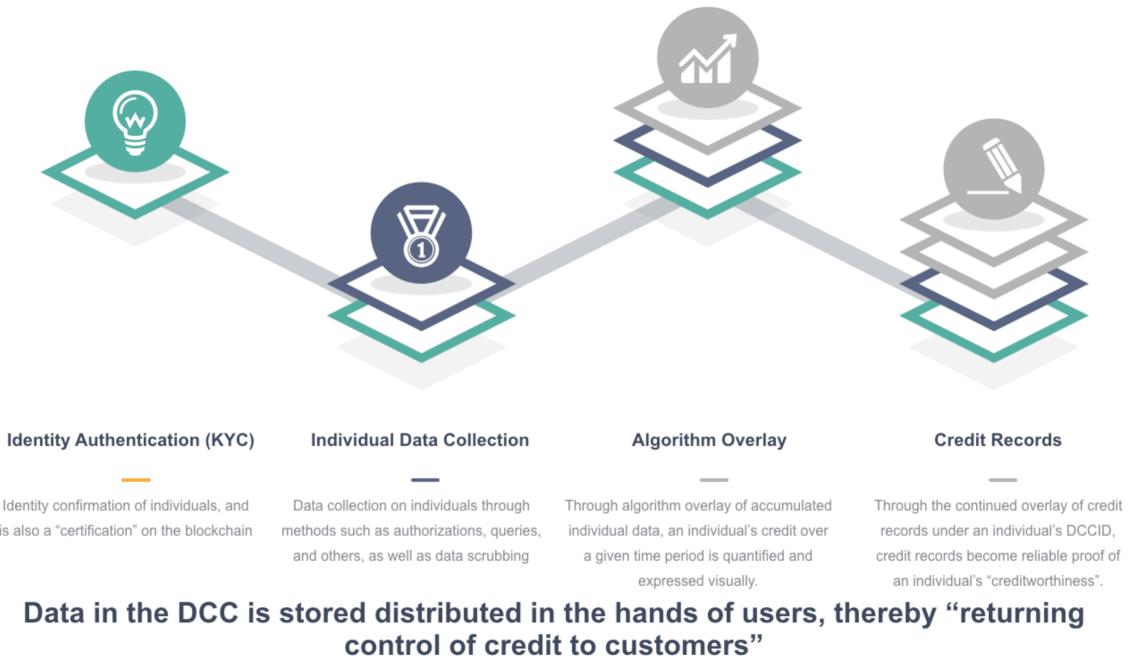
3.2. Distributed Credit Maintenance System

The Distributed Credit Chain entirely redefines the personal credit information exchange process. Individuals have ownership of the data, and the storage, presentation, and use of personal data are determined by the individual. Data service institutions profit by providing individuals with quality data service instead through storage and the unbridled utilization of data.

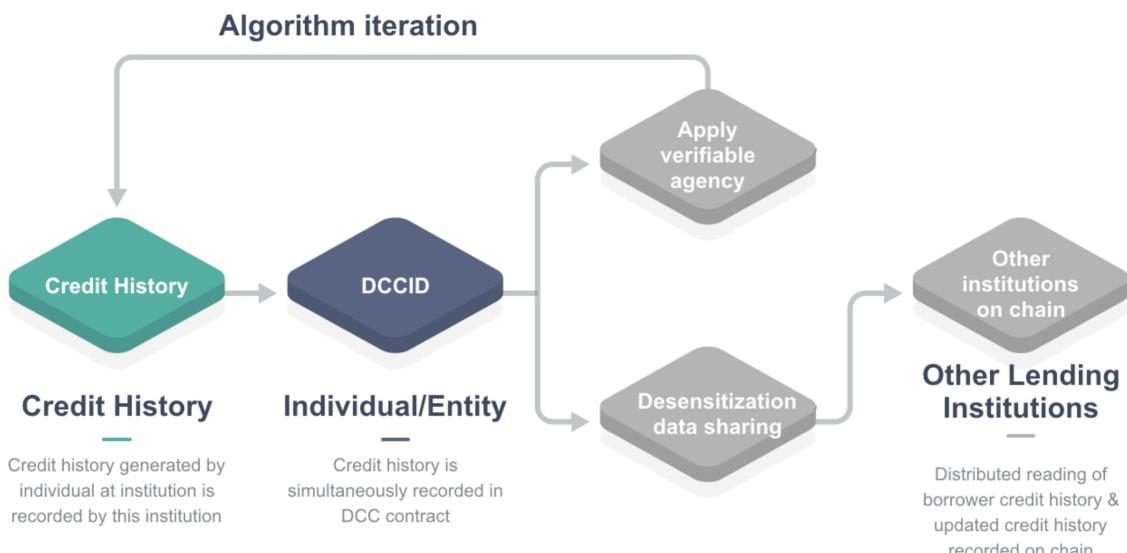
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Data reports obtained by individuals are in turn used as new data assets to enrich the individual's accumulated data, and can once again be used by data institutions, ad infinitum.

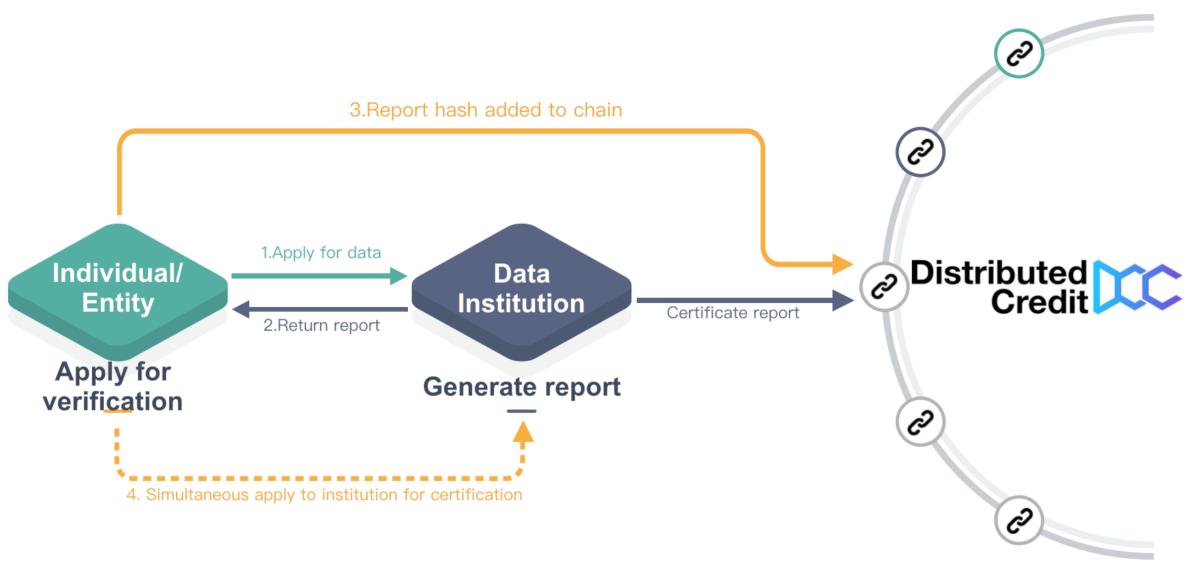


This all stems from decentralization, transferring the master data center from data oligarchs to individuals, storing decentralized data in decentralized hands. Distributed Credit Chain stores the proof of the data's generation and nonrepudiable evidence of its accuracy on DCC, as shown below:

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Individual data will be sent to the data institution for processing. The standard data processed by the institution will be returned to the individual as a data report. The individual will save the data report as a personal data asset locally or in the cloud, while the hash summary of the report is also sent to the Distributed Credit Chain data verification smart contract, which initiates the certification and simultaneously applies chain certification with the original certifying institution. After the certifying institution verifies the original report, providing a consistent hash, the data is labeled as authenticated and recorded within a limited period of time on the chain.

The risk of data leakage during the authentication process is kept to a minimum because the data being authenticated is passed only to individuals and data agencies. The digest algorithm used on the chain is irreversible, and therefore there is no risk of data being cracked on the chain.

Through this smart contract interaction architecture, a decentralized peer-to-peer authentication system can be established universally among individuals, between individuals and data institutions, as well as among data institutions. The more entities certify a given entity and the more data assets it obtains, the more comprehensive the credit portrait of an individual becomes. This provides more abundant, multi-dimensional data support for financial institutions to identify credit risk .

When financial institutions use individual data assets, they only need individuals to actively submit the personal data reports they require. The Distributed Credit Chain's smart verification

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contracts enables rapid recognition of the authenticity and effectiveness of the report based on the irreversibility of Blockchain.

This is a credit reference system that breaks the boundaries of countries and business scenes. No matter the scenario, an individual with DCCID can provide the data needed by the lender to complete the credit investigation.

Summary: The Distributed Credit Chain's smart verification contract mechanism enables the change from centralized management by credit investigation agencies to decentralized individual ownership, which will fundamentally alter the centralized credit information system currently used in every country and region to maintain personal credit records. It integrates the credit records stored across different countries, regions, and in different languages under a single DCCID, and creates a platform composed of countless decentralized individuals and participating institutions that does not interfere with sensitive data interactions. It is a truly decentralized and independent credit information collection system. This credit investigation system will be able to serve any individual or institution in the world, and can serve any business scenario that requires credit data.

3.3. Blockchain-based Lending Business

3.3.1. Risk Strategy Publication

The publication of risk strategy by providing an encryption algorithm allows borrowers risk strategy services on DCC. Borrowers can proactively screen lenders for available loan services by applying for verification of the algorithms published by algorithm providers and credit institutions, and choose not to submit applications to lending institutions where funds are not available to them, which avoids the repeated submission of personal information to multiple institutions.

This would lead to a drastic increase in transaction efficiency and a further drop in transaction costs for credit institutions, since it eliminates the need to allocate computing power resources to acquiring borrowers to whom lending service is unavailable; thus no new cost arises.

Big data risk management companies, through DCC, may analyze and process data without retaining users' private information, thereby protecting their own information security, and also acquiring richer personal data from the ecosystem, which facilitates the learning and evolution of their data models.

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3.3.2. Credit History Management

Distributed Credit Chain generates a list of credit history with the credit behavior contracts on DCC by recording individual life cycle statuses from activities such as applying for loans, checking loans, repayment, overdue loans, collection, bad debt, and so on. The indexed list alongside the plain text data of the actual loan contract individually held constitutes a user's credit history report, which is the embodiment of Distributed Credit Chain's goal of "returning data to the individual."

This mechanism is relatively inexpensive to implement, and for credit institutions, applying a blockchain which itself has "risk control capabilities" is of tremendous value. Distributed Credit Chain also interacts with centralized credit reporting agencies to address joint debt in the current credit ecosystem more effectively and at a lower cost.

The data on DCC are retained in a tamper-proof format, providing a data basis both for subsequent confirmation of claims in asset securitization and for the rating of claims via algorithms and computing power.

Distributed Credit Chain uses a combination of an irreversible algorithm and an asymmetric encryption algorithm in the process of saving a loan contract, and only the creditors and debtors can obtain the original content of the data; therefore, the contracts of lending institutions can be stored securely on the chain.

For ecosystem data that needs to be integrated and calculated, DCC will build a multi-party computation (MPC) platform with leading universities and colleges in China, which will ensure that data from multiple participants does not need to be collected before being analyzed. Instead, the data will be saved locally for collaborative computing; this will allow all participants to share the data under identical computing and analysis scenarios without worrying about data abuse by third parties—true cooperation with data privacy protected.

Decentralization of borrowing history will greatly reduce the profits of lending and information intermediaries, and truly allow profits to go to lenders of demand. It will allow funds to go toward making ecosystem competition more market-oriented, reduce the threshold for participants to enter the market, improve the influence of risk control ability on business, and facilitate the interest rate liberalization.

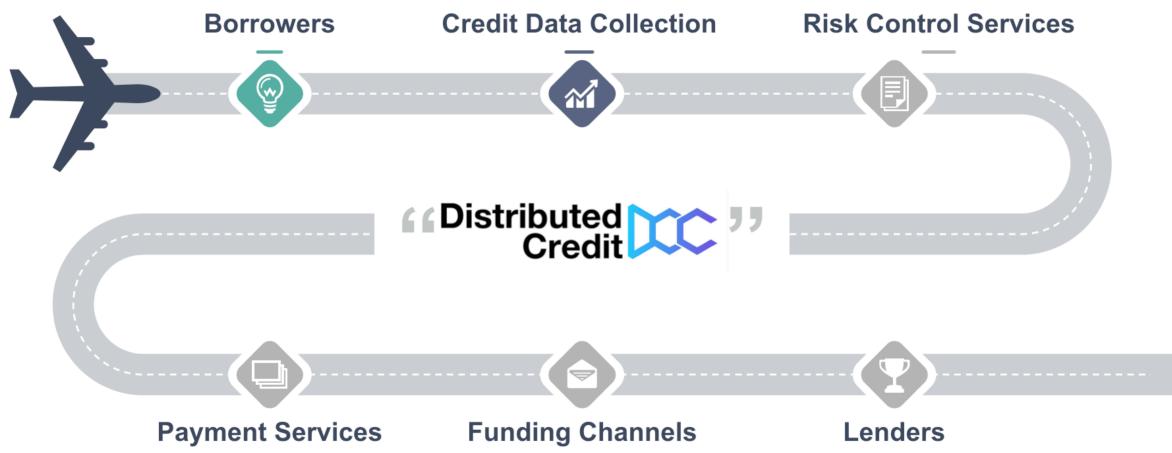
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3.4. Non-Cooperative Game Between Participants

Distributed Credit Chain will use blockchain technology to transform the existing credit ecosystem with interlinked but centralized systems into a flat credit ecosystem that uses blockchain smart contracts as its sharing medium: this allows all participants to be treated equitably.



The openness of the DCC ecosystem enables each participant to cooperate on an equal footing. Further cooperation between previous creditors and borrowers will not depend on the original relationship, and decisions made by any participant within the ecosystem will be entirely independent of other participants. A truly non-cooperative gaming environment is thus formed.

Because of DCC's openness, Distributed Credit Chain sets no barriers to access for the participants of the ecosystem, and has established agreements to work with some of the best basic service providers in the world.

3.5. Advantages of the Ecosystem

- ✓ Identity recognition system is unique and cannot be repudiated
- ✓ Credit investigation system is decentralized with no data island or data monopoly
- ✓ Efficient, low-cost credit business system
- ✓ Cross-entity, permanent data storage and shared creditor's rights record
- ✓ Asset securitization with excellent asset liquidity
- ✓ Liberalized interest rate formation mechanism

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4. Product Scenarios

4.1. Loan Registration Service

Loan registration service is intended for C2C loans among individuals and is generally divided into two types: directional loans and non-directional loans.

Directional loans between a lender and a borrower occur when the two parties reach an agreement on the loan offline, then respectively download the loan receipt software and add each other's certification, and finally complete the signing of an electronic loan contract on Distributed Credit Chain, where payment partners complete the capital transfer simultaneously. Users may choose to complete the deduction of principal and interest through Distributed Credit services, or to transfer the money separately offline.

Non-directional loans are loans extended after borrowers, in the absence of a designated lender, initiate a borrowing application (anonymously if preferred) on the chain through Distributed Credit Chain's DAPP. The application will include the amount of the loan, duration, interest rates, repayment methods and the tamper-proof individual data of the borrower, integrated and stored on the chain by data service providers. With the credit rating generated through the algorithms and computing power provided by algorithm service providers on the chain, the borrower's first-degree friends (friends can be automatically added through DAPP authorization or when both parties approve the friend relationship on the chain) are able to check the borrower's application and decide whether to lend. If the lender confirms that he or she will lend, both parties sign an electronic loan contract and the contract is added to the chain. Funds are generally transferred through payment partners on the chain (third-party payment institutions). If the borrower's personal credit is insufficient, others on the chain could provide sponsorship to raise the borrower's credit and allow him or her to obtain the loan.

4.1.1. Consumption Loans

Consumption loans, also called Loans for Consumers, refer to individual loans to finance studying abroad, housing decoration, purchasing durable goods or cars, etc.

C-end applicants will send their personal application information through the chain to B-end financial institutions, or test their own data against various screening algorithms of financial institutions. Qualified applicants may sign electronic contracts with corresponding financial institutions online, and borrow from them. The fund must be exclusively used to repay the debt on designated credit cards.

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Because of the cross-regional nature of blockchain, a C-end applicant could be an ordinary African laborer in urgent need of a home renovation. This hypothetical laborer has a good credit record locally, but because of the unbalanced credit development in his home country, annualized interest rates of borrowing from local banks are up to 8%. Through Distributed Credit's decentralized credit data sharing, a Canadian bank can assess his borrowing risk and usage scenario. Through the credit enhancement of the consumption scenario, the bank is willing to give him the loan at an interest rate of 4%, annualized through the blockchain network! Such a scenario is inconceivable in the traditional banking network, but will occur frequently in the blockchain's distributed architecture.

4.1.2. Consumption Installment

Consumption installments usually refer to an installment agreement between a consumer and a merchant for the purchase of a certain product, where the consumer promises to pay for the purchase by installments within a given period as agreed after the merchant delivers the product.

In Distributed Credit Chain, consumers can upload their personal data to the chain and generate a credit rating report. In the event of a purchase, merchants may be authorized to check the consumer's personal data and credit report to understand and evaluate his or her credit status and then decide whether or not to offer such an installment plan.

In some consumer business scenarios, traditional banks cannot provide installment services for adequate consumption scenarios due to the limits of their own loan funds. Using a Distributed Credit contract set, merchants can organize users to set up virtual funds pools corresponding to consumption scenarios. Funds are still stored by individual users through the DCCID account. When consumption occurs, the corresponding funds are quickly matched based on the big data risk-control model of the blockchain and the risk appetite of different virtual pools. Diversified investment by multiple individuals can either satisfy the funding needs of the consumer in the process, or reasonably reduce the risk borne by everyone.

For example, nowadays, numerous food delivery couriers on the street may need to replace their vehicles' batteries 3 to 4 times a day. If they were to purchase these batteries outright, the cost would be extremely high. If a battery swap station were to provide these batteries, it would have needed to invest heavily on batteries during the early stages of business, and would face high business risks. A distributed banking system could provide a customized installment plan

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which allows couriers to pool the funds needed for investment and use it on targeted battery procurement. It could even introduce tokenization. As the battery is subsequently used, business income could be shared among couriers who made the investment. A self-sufficient financial system is not plausible under a traditional financial system, but with distributed banking system, such schemes will be carried out very smoothly and naturally.

4.1.3. Blockchain Credit Card

Based on the Distributed Credit contract set, various individuals and financial institutions can grant credit to specific users on DCC. The credit amount is maintained on the chain. Through zero-knowledge authentication and homomorphic encryption, a plurality of credit-issuing agencies can, without disclosing the credit amount information to each other, determine whether the specific consumption allows for overdraft. Overdraft consumption records will also be stored in the chain as the user's credit information and used by the ecosystem.

DCC-based credit cards can also easily integrate the amount limit given by various credit institutions for portfolio consumption. Because of the combined credit card overdraft plans, institutions that provide credit card reimbursement services can also offer their service to customers at a lower cost through the distributed credit information system provided by the Distributed Credit Chain. This cost reduction is not only reflected in the number of customers, and in the single-time acquisition costs, but also in the reduction of the default rate and overdue duration. With blockchain technology, DCC is expected to grow into the largest credit card organization in the world that does not issue credit cards.

4.1.4. Digital Asset Lending

At present, in digital asset lending, because of the lack of effective personal credit information association between the world of data assets and the traditional world, there is no accumulation of historical credit and a lack of means to effectively avoid risk before, during and after loan processing. Distributed Credit's distributed credit reference system will be able to help the blockchain-based credit lending platform open up credit check links, conduct pre-credit risk control, manage in-loan performance, and nurture and expand the digital asset lending market.

Imagine that people with different digital assets could pledge their digital assets through the loan chain and borrow mainstream digital assets (ETH, BTC, etc.) for reinvestment from

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different individuals through credit data and records. The market would create more liquidity for digital asset transaction and also provide more financial derivatives.

4.2. Assisting Asset Securitization

4.2.1. Mortgage Claims Registration

In the process of asset securitization, since the funds provider is not necessarily the owner of the assets, there is a natural distrust of the authenticity of assets and historical performance, which generates excessive costs in hiring external agencies to verify these facts. In many cases, the historical data of an asset is not trusted even when external agencies have done their due diligence. If the project initiator has only existed for a short duration or is not rated sufficiently, successful issuance is difficult.

Through the Distributed Credit contract set on DCC, ownership of the underlying assets (real estate, cars, sales contracts, bank notes, etc.) can be explicitly registered on the chain by law firms, certification bodies, notary offices, and the like. When these assets are re-used, the life cycle of the entire asset can be checked on the chain in a very cheap and efficient manner, which effectively avoids repeated mortgage financing.

In the asset securitization business, the original owner of the equity, acting as the initiator, is only an investor in an inferior product after transferring ownership of the assets to the SPV. In principle, follow-up services to such assets should be completed by a third party—including the recovery of repayment, the collection of overdue assets, and the disposal of non-performing assets. In a centralized world, these tasks are often still borne by the original equity owner, who might establish a team or subcontractors. Since the original equity holder is more often than not the holder of inferior products, all related data exists in a closed loop and is not open to anyone, thus creating moral hazard risks.

Maintaining the distribution of the entire ABS through DCC effectively eradicates such problems by creating real-time shared data between the original equity owner and the SPV, making the asset disposal process totally transparent.

4.2.2. ABS Asset Distribution

Because of the decentralized, non-repudiable and tamper-proof features of loan contracts formed through Distributed Credit Chain ecosystem, as well as the decentralized credit

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reporting system, the assets are highly separable and have great liquidity. Asset securitization no longer strictly requires the transfer of assets by a single equity holder. Instead, a new type of technology investment institution will emerge that can package and sell lending assets stored in DCC through examination, screening, combination and structuring.

ABS products packaged through DCC assets have good transparency. The results of repayment recovery, overdue asset collection and non-performing assets disposal are clear, and the cost of authentication is little. All these asset securitization products will externally provide distributed asset management abilities through DistributedAssetManage services on DCC, greatly improving the technical content and liquidity of the entire asset management ecosystem.

5. Economic Ecosystem Model

5.1. Usage of DCC

Distributed Credit Coin (**DCC**) is a major component of the ecosystem on Distributed Credit Chain. DCC is a non-refundable functional utility token which will be used as the unit of exchange for services provided and payment for jobs done between participants on Distributed Credit Chain. For each exchange of services on Distributed Credit Chain, the costs are to be quantified in DCC and paid to the Distributed Credit Chain system and/or the other party providing the service. DCC balance is managed through DCC token contract to maintain a fixed total amount of DCC, and as personal data maintenance frequency increases and the amount of credit extended increases, usage of DCC will be greater within the ecosystem. In fact, the project to develop Distributed Credit Chain would fail if all DCC holders simply held onto their DCC and did nothing with it. DCC are designed to be consumed, and that is the goal of the DCC token sale. Payments of DCC are handled by the DCCpayment contract, which is responsible for the DCC payment rules for multi-payer participation.

DCC does not in any way represent any shareholding, participation, right, title, or interest in the Foundation, its affiliates, or any other company, enterprise or undertaking, nor will DCC entitle token holders to any promise of fees, revenue, profits or investment returns, and are not intended to constitute securities in Singapore or any relevant jurisdiction. DCC may only be utilised on Distributed Credit Chain, and ownership of DCC carries no rights, express or implied, other than the right to use DCC as a means to enable usage of and interaction with Distributed Credit Chain.

In particular, you understand and accept that DCC:

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- (a) is non-refundable and cannot be exchanged for cash (or its equivalent value in any other virtual currency) or any payment obligation by the Foundation or any affiliate;
- (b) does not represent or confer on the token holder any right of any form with respect to the Foundation (or any of its affiliates) or its revenues or assets, including without limitation any right to receive future revenue, shares, ownership right or stake, share or security, any voting, distribution, redemption, liquidation, proprietary (including all forms of intellectual property), or other financial or legal rights or equivalent rights, or intellectual property rights or any other form of participation in or relating to Distributed Credit Chain, the Foundation, the Distributor and/or their service providers;
- (c) is not intended to be a representation of money (including electronic money), security, commodity, bond, debt instrument or any other kind of financial instrument or investment;
- (d) is not a loan to the Foundation or any of its affiliates, is not intended to represent a debt owed by the Foundation or any of its affiliates, and there is no expectation of profit; and
- (e) does not provide the token holder with any ownership or other interest in the Foundation or any of its affiliates.

5.2. Benefits of Ecosystem Contribution

As an important indicator of the value of contribution to the ecosystem, when a DCC-based financial system comes across a crisis, the amount of DCC held can be used as credentials for preferential enjoyment of financial liquidity support among ecosystem participants. This liquidity support will help DCC-based financial institutions combat liquidity risk and create a contribution-based financial eco-protection mechanism.

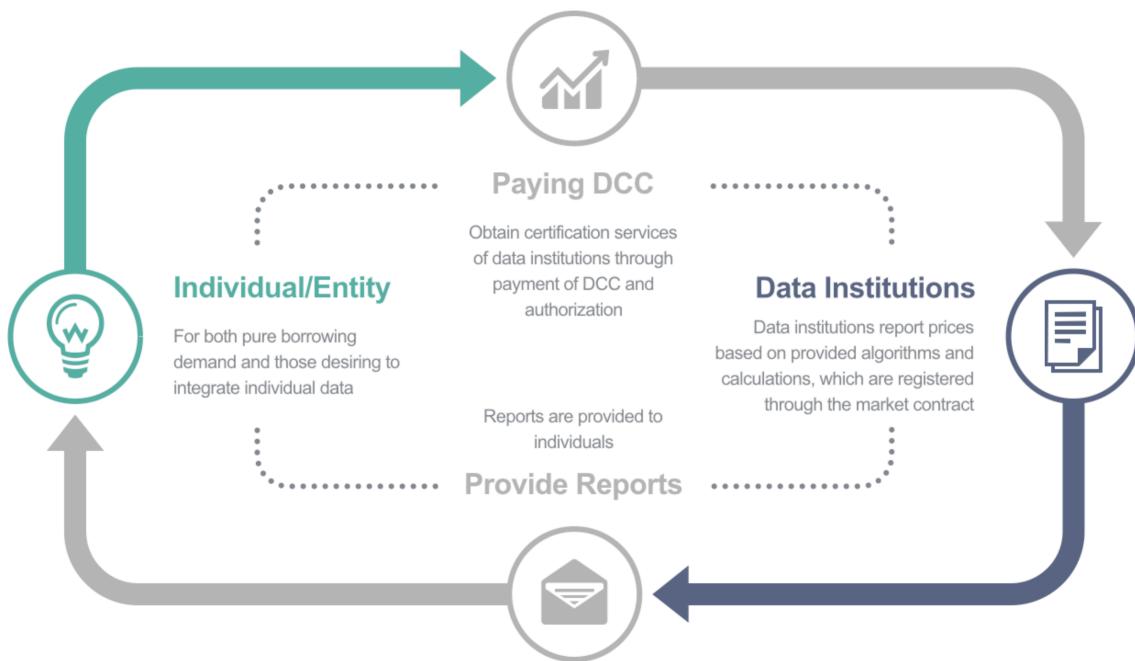
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5.3. Use of DCC in Distributed Credit Chain

5.3.1. Reconstructing Credit Cost with DCC



In Distributed Credit Chain, individuals require data or reports from data institutions need to pay DCCs. Such scheme will transform the way data institutes generate revenue now, from collecting and reselling user data to providing better service to customers.

Credit agencies also need to pay DCC to the certification body when verifying the validity of the data. However, because of the changes in the data structure of the data organization, the verification costs will be greatly reduced, which will further reduce the overall cost to the borrower.

Distributed Credit's labor market is maintained by the DCCmarket contract, which is responsible for registering, altering, and deleting DCC-priced remuneration from service providers in the Distributed Credit Chain. It recommends the most appropriate partners to individuals or organizations through AI analysis in the chain, effectively maintaining market equity and transparency. DCC pricing for services also avoids detrimental impact on the production of borrowers caused by DCC price fluctuations in the secondary market. The participants in the process of doing business do not need to pay attention to the price performance of DCC in the secondary market; instead, they can simply judge the value of legal

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tender of the nation corresponding to the service in order to decide whether to use the service or not.

5.3.2. Using DCC to Redistribute Ecosystem Benefits

In the Distributed Credit Chain, individuals applying for credit shall pay DCC for a contract application. Some portion (for example, 50%) is allocated to data institution according to the weight of using a credit verification service as a verification fee; a certain proportion (say, 2.5%) will enter the pool for credit incentives that day; another certain portion (for example, 7.5%) is recycled and used for continued release of DCC; the remaining portion (for example, 40%) is distributed as a credit result reward. If the loan is verified successfully, the borrower proactively confirms the loan contract and returns the reward to the borrower. If the loan contract is not confirmed within 1 day or the application for the loan is rejected, the reward is then assigned to lending institutions.

DCC amount paid to apply for borrowing is decided by the borrower at his own discretion, and credit institutions can set the minimum threshold of DCC and the priority of handling borrowers' applications. In principle, the credit agency will give priority to borrowers who pay more DCCs.

Through the establishment of such decentralized trading models, the entire ecosystem distribution pattern of interests can be adjusted dynamically so that the credit processing resources can be tilted toward individuals with more DCC (those who contribute more to the ecosystem), in order to maintain the sustained vitality of the ecosystem.

5.3.3. Using DCC to Incentivize Credit Accumulation

In the Distributed Credit Chain, a portion (for example, 2.5%) of the loan in the application process is converted into a credit pool of the day and forms a total incentive pool with the fixed incentives of the ecosystem. According to DCCreward Agreement, on Day T+1, the money in credit incentive pool will be distributed evenly to incentivise borrowers who repay loans before Day T. In the DCC ecosystem, different types of incentive pools will be formed in different businesses in the future, and ecosystem participants may receive incentives for different pools when using and contributing to different ecosystems.

The daily fixed incentive is dynamically adjusted according to ecosystem development needs by the foundation, and daily fixed accumulation will not exceed the total amount of DCC. When there is no DCC that can be excavated, the incentives will be no longer given.

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DCC incentives ensure good credit behavior for the purpose of obtaining more convenience and encouraging everyone to establish their own good credit.

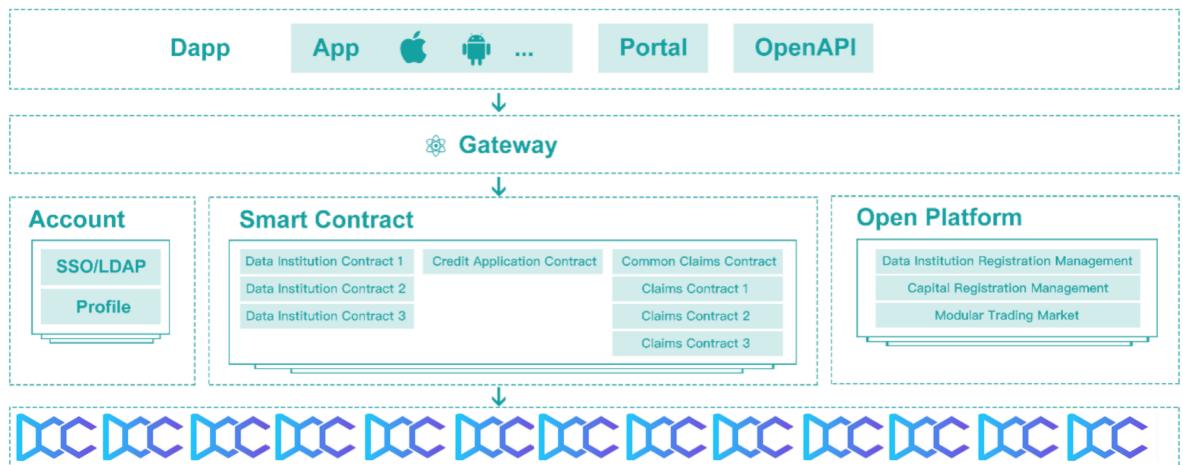
5.3.4. Cross-border Credit Credentials

Because the Distributed Credit Chain provides a cross-border, cross-scenario, and cross-currency credit service of digital assets, settling transactions in DCC would reduce the problem of different values of different legal tender of loans in various countries, which greatly facilitates the multinational business of lending service agencies.

Being more frequently used, DCC is expected to become the anchor currency of the multinational lending service ecosystem on Distributed Credit Chain, and to open the value exchange of ecosystem service providers in various countries. Users in one country or scenario will be able to purchase data reports provided by the data providers of another country or scenario through DCC, or apply for loans from various lending institutions in different countries through the Distributed Credit Chain. DCC transactions in different exchanges corresponding to different currencies can provide cross-border settlement services.

6. Technology Realization

6.1. System Structure



6.2. Dapp

Distributed Credit Chain is a decentralized open credit platform. The blockchain community and developers may build various decentralized applications with various tools available on Distributed Credit Chain. Any platform with traffic and scenarios can submit

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its own Dapp applications to DCC, as long as these are based on Distributed Credit Chain standards. In the early stages, to ensure the health and stability of the ecosystem, the Foundation would review Dapp release applications before approval. The Cyber Sheng Foundation encourages different scenario platforms to enter the DCC ecosystem in order to provide consumption scenarios of internet finance through Distributed Credit Chain.

DCC's R & D team will cooperate with the App R & D team to provide Dapp with customized development services in the early stages, in order to help lending institutions package and release a lending client based on the underlying technology of Distributed Credit Chain. Such lending institutions can use this client to develop customers and complete customer registration, maintenance, data acquisition, risk control, credit and post-lending management functions.

Customer addresses created through a custom App can be exported and imported by customers into either universal Dapp provided by DCC or into Dapp developed by other developers. These universal Dapps will be able to use all the service structures of DCCmarket to provide lending services to customers, thus making use of price competition between lending institutions and data services in the service of providing customers with better lending rates.

6.3. Account (Wallet) System

DCCID uses the wallet generation mechanism identical to Ethereum. The Wallet consists of a private key, a public key, and an address.

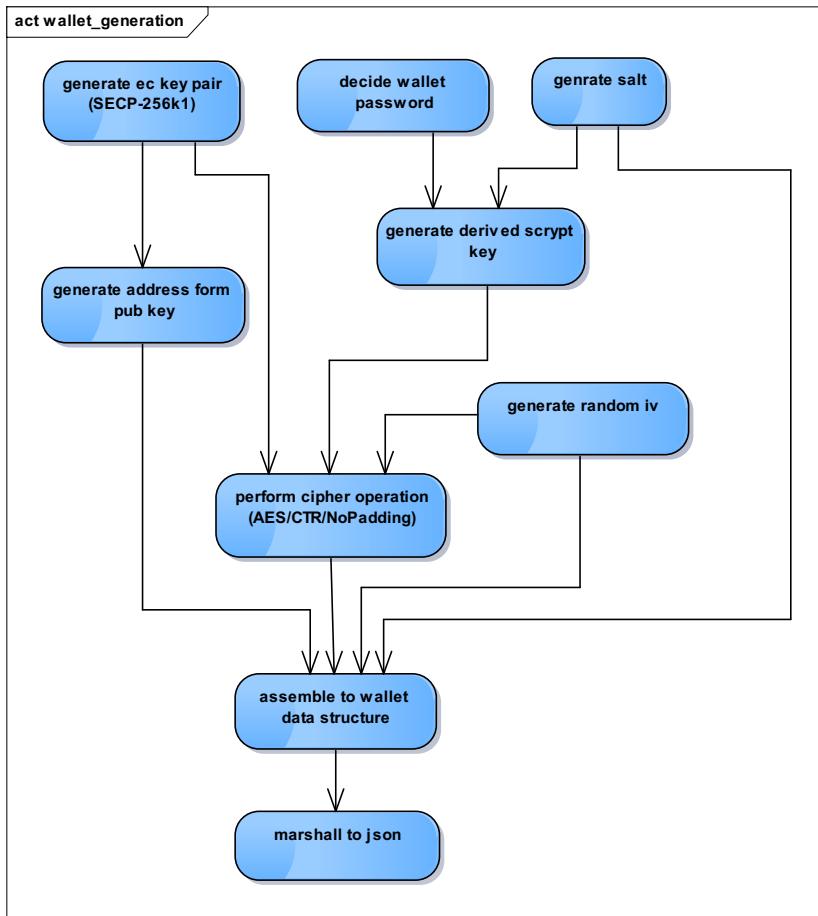
DCCwallet uses the "elliptic curve algorithm" to generate public-private keys. The algorithm is an asymmetric encryption algorithm, which has higher security, faster speed, and occupies less space than common RSA algorithms.

Each wallet account contains a key pair, i.e., a private key and a public key. The private key (k) is a number that is randomly chosen, then is multiplied using the elliptic curve algorithm, the unidirectional cryptographic function to generate public key (K), by which it generates the account address (A) using unidirectional cryptographic hash function.

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DCCwallet uses Private Key and Keystore & Password to save the private key. The private key can be saved in Dapp, and can also be backed up and exported to be stored elsewhere.

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```
1  ECKeyPair ecKeyPair = Keys.createEcKeyPair();
2  byte[] salt = generateRandomBytes(32);
3
4  byte[] derivedKey = generateDerivedScryptKey(password.getBytes(UTF_8), salt, n, R, p, DKLEN);
5
6  byte[] encryptKey = Arrays.copyOfRange(derivedKey, 0, 16);
7  byte[] iv = generateRandomBytes(16);
8
9  byte[] privateKeyBytes = Numeric.toBytesPadded(ecKeyPair.getPrivateKey(), Keys.PRIVATE_KEY_SIZE);
10
11 byte[] cipherText = performCipherOperation(Cipher.ENCRYPT_MODE, iv, encryptKey, privateKeyBytes);
12
13 byte[] mac = generateMac(derivedKey, cipherText);
14 WalletFile walletFile = new WalletFile();
15 walletFile.setAddress(Keys.getAddress(ecKeyPair));
16
17 WalletFile.Crypto crypto = new WalletFile.Crypto();
18 crypto.setCipher(CIPHER);
19 crypto.setCiphertext(Numeric.toHexStringNoPrefix(cipherText));
20 walletFile.setCrypto(crypto);
21
22 WalletFile.CipherParams cipherParams = new WalletFile.CipherParams();
23 cipherParams.setIv(Numeric.toHexStringNoPrefix(iv));
24 crypto.setCipherparams(cipherParams);
25
26 crypto.setKdf(SCRYPT);
27 WalletFile.ScryptKdfParams kdfParams = new WalletFile.ScryptKdfParams();
28 kdfParams.setDklen(DKLEN);
29 kdfParams.setN(n);
30 kdfParams.setP(p);
31 kdfParams.setR(R);
32 kdfParams.setSalt(Numeric.toHexStringNoPrefix(salt));
33 crypto.setKdfparams(kdfParams);
34
35 crypto.setMac(Numeric.toHexStringNoPrefix(mac));
36 walletFile.setCrypto(crypto);
37 walletFile.setId(UUID.randomUUID().toString());
38 walletFile.setVersion(CURRENT_VERSION);
```

During the iteration of the DCCwallet version, a collaborative distributed key recovery service will be launched with the MPC platform, under the precondition of secured authentication. Private key clients are stored separately with multiple independent organizations, and these institutions cannot independently recover the password. When the key needs to be recovered, multiple institutions must coordinate, which helps users store their keys more safely.

6.4. Gateway Service

Gateway Service is a centralized system, which primarily serves ecosystem participants that do not have the ability to directly access DCC through RPC. They may access DCC via open API through the gateway provided by DCC, which greatly reduces business interfacing time.

Distributed Credit Chain also provides SDK and other access methods, based on the Gateway Service, to facilitate ecosystem expansion and provide easy ways to enjoy the credit services on DCC.

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6.5. Open Platform

The Open Platform on Distributed Credit Chain is a centralized system which serves as a data provider and market. The market serves data collaborators, AI risk control algorithm providers, credit structuring institutions, and other institution partners. With this platform, institutional partners may not only enjoy the services on the chain, but also check, screen, and contact other partners based on their needs and use DCC to achieve fair cooperation.

The Open Platform interfaces with DCCmarket contracts. All cooperating institutions can publish their platform labor costs, and the data will be processed, analyzed, and then sent to users and institutions to provide them with the information they need to choose one particular service or another. It will smooth the exchange of information across the institutional service market by providing real-time quotes.

The Open Platform will provide a blockchain browser to view all DCC node operations—the block request, transaction flow and other blockchain basic information.

6.6. Blockchain and Smart Contract

6.6.1. Consortium Chain Governance Architecture

DCC is a blockchain system that will be opened gradually. As the ecosystem slowly stabilizes, DCC will evolve from a consortium chain to a public chain. (After the DCC main chain is online, all tokens will be able to be converted into the DCC wallets in a 1: 1 translation from the Ethereum ERC20 contract.)

In the first phase of the ecosystem, DCC will exist as a consortium chain. Accounting nodes that access the chain will be either allocated as "accounting nodes" or "non-accounting nodes." A billing authority may apply for one or more nodes and can also apply for either type of node.

The requesting institution can qualify as a billing node by depositing a certain percentage of DCC and applying to the Cyber Sheng Foundation. After the Cyber Sheng Foundation reviews node availability, stability, and institutional qualifications, the applicant can become an accounting node. In this case, DCC deposited by the accounting node will not increase, and the ecosystem will not provide the accounting node with accounting remuneration because accounting will be considered a form of public service provided to the ecosystem. DCC will not be a consensus token in the consortium chain. Therefore, DCC will not be consumed during

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the transaction consensus process. All accounting in the consortium chain phase will be a public service.

DCC will work with software vendors that provide trusted computing to authenticate compute nodes by deploying persistent immunity plug-ins in accounting nodes, allowing accounting entry only if the accounting node has satisfied trusted authentication. If the credible authentication node is found running any abnormal operation, its accounting rights will be canceled. After the system is deployed and launched, the Cyber Sheng Foundation will end the strategy of pledging DCC to obtain accounting rights, and gradually open the public accounting node for joining.

Any applicant institution can apply to become a non-accounting node, and there will be no limit to the amount of such nodes. Given normal circumstances and load, the Cyber Sheng Foundation would generally complete access approval for non-accounting nodes in approximately one week, and will gradually open codes of non-accounting nodes and provide self-service deployment guidance procedures.

In the second phase of the ecosystem, DCC will customize the most appropriate consensus algorithm based on the commonness of the distributed bank business and evolve from a consortium chain governance architecture to a public chain architecture. Any individual may apply to join as an accounting node to do accounting. At present, existing consensus algorithms lack the capability to support the credit chain. Therefore, the Cyber Sheng Foundation will release updated plans in time based on developments in algorithm technology.

In the public chain phase, DCC will reconstruct the account system, using Schnorr Signature (which is safer than ECDSA) to generate it, expanding on the default data structure of the account, and maintaining the basic data structure on the chain by means of zero knowledge proof so that it can be accessed directly in order to facilitate the follow-up implementation of financial business.

With reference to the experience of DistributedLedger, DFINITY, Zilliqa, Stellar and other projects, DCC also conducts business through different business channels, depending on the needs of the different businesses of distributed banks as it pertains to data preservation, contract deployment and consensus node openness.

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DCC settlement services will be anchored to blockchain's underlying logic and more smoothly inserted into the business ecosystems of each channel, so as to more closely link the financial services and consensus together.

The experts hired by the DCC team and the Foundation will provide technical services in the process of transformation and reconstruction: constructing the main chain and opening the books, resetting the incentive mechanism of the public chain accounting, and migrating the original consortium chain data to the public chain so as to ensure smooth remote control of the project.

6.6.2. Consensus Algorithm

The consensus mechanism is an important mechanism used by DCC to maintain the correctness, consistency and continuity of data. Given current ecosystem needs, DCC uses the PBFT algorithm as its consensus algorithm.

PBFT algorithm properties include:

- Consensus nodes generate block in turn, and have the same voting weight, reflecting peer equivalence and preventing any individual accountant from doing evil.
- Block generation can happen within seconds, and satisfy the needs of transactions within a short period of time.
- Supports 1/3 node fault tolerance: the failure of less than 1/3 of the total number of nodes will not affect the consensus;
- In the block synchronization process, signatures are strictly verified to ensure data security.

PBFT consensus algorithm, with its high consistency, high availability, and strong anti-fraud ability, is widely used in other consortium chain projects. It is mature and fairly stable.

6.6.3. Smart Contract

A smart contract is a chain code deployed on DCC, a string of codes that contain business logic.

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In the first phase of DCC's ecosystem, an EVM container compatible with Ethereum will be deployed as a container for implementing smart contracts, and Distributed Credit Chain will support development using Solidity language.

Since DCC adopts a consortium chain architecture in its first phase, joining members do not need to pay for costs to reach consensus in block generation. Therefore, cooperating partners' smart contracts must be submitted to the Foundation for review on the open platform and verified in the test environment before they are deployed on the chain.

Smart contract code is similar to the following:

```
function CertService() public {
    insertOrder(address(0), Status.INVALID, Content("", "", 0));
}

function apply(bytes digest1, bytes digest2, uint256 expired) public returns (uint256 _orderId){
    require(digest1.length > 0 && digest1.length <= 100);
    require(digest2.length <= 100);
    require(expired > 0);

    return insertOrder(msg.sender, Status.APPLIED, Content(digest1, digest2, expired));
}

function insertOrder(address applicant, Status initialStatus, Content icc) internal returns (uint256 _orderId){
    uint256 orderId = orders.pushOrder(applicant, initialStatus, icc);
    orderUpdated(applicant, orderId, initialStatus);
    return orderId;
}

function revoke(address applicant) public onlyOperator returns (uint256 _orderId) {
    require(applicant != address(0));

    Checkpoint memory cp = getCheckpointAt(applicant);

    //表示有有效的验证码信息
    require(cp.content.digest1.length > 0);

    //插入订单
    Content memory icc = Content("", "", 0);
    uint256 orderId = insertOrder(applicant, Status.REVOKED, icc);

    //压栈
    appendElement(checkpoints[applicant], orderId, icc);

    return orderId;
}

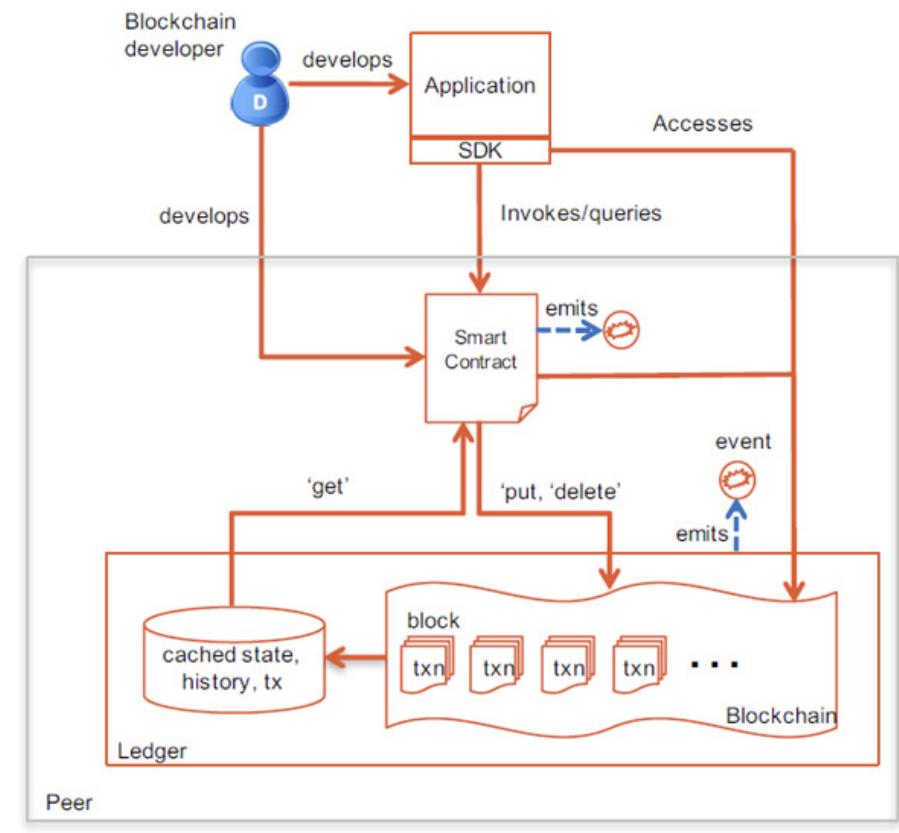
function pass(uint256 orderId) public onlyOperator {
    audit(orderId, Status.PASSED);
}
```

Smart contract generation procedure:

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7. Distribution Plan

The Distributor of DCC shall be an affiliate of the Foundation. The Distributor shall issue a total of 10,000,000,000 tokens of the encrypted digital currency DCC. On this issuance, 1,200,000,000 DCC Tokens (referred to as **DCC**) will be released for early purchasers, minimum investment is 100ETH. Exchange of tokens at this issuance will be limited to February 1, 2018-March 1, 2018. Institutions, strategic partners, and influential high-level executives in the blockchain ecosystems are all invited to participate. For ICO round, DCC token will be accepted by qualified individual investors from all over the world. (except American & Chinese). The ICO hardcap is 1,800,000,000 DCC tokens, DCC token will be exchanged by ETH and BNB. BNB is more preferred.

The contributions in the token sale will be held by the Distributor (or its affiliate) after the token sale, and contributors will have no economic or legal right over or beneficial interest in

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these contributions or the assets of that entity after the token sale. To the extent a secondary market or exchange for trading DCC does develop, it would be run and operated wholly independently of the Foundation, the Distributor, the sale of DCC and Distributed Credit Chain. Neither the Foundation nor the Distributor will create such secondary markets nor will either entity act as an unlocked in 6 months.

The token will be allocated as follows:

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Item	Amount	Allocation	Liquidity Ratio <i>(first year)</i>	Use Conditions
Privated purchasers	1,200,000,000	12%	30.77%	<ul style="list-style-type: none"> ● Used for follow-up project development, recruitment and marketing etc. ● Tokens are locked by private keys for a total period of 6 months, with 25% of the total to be unlocked 3 working days prior to any exchange listing, and another 25% to be unlocked every two months thereafter, with the full amount to be unlocked in 6 months.
ICO	1,800,000,000	18%	46.15%	<ul style="list-style-type: none"> ● Qualified individual invertors accepted (Except American Chinese) ● No lock-up ● Accept 50%-100% BNB for exchange
Foundation	3,000,000,000	30%	0%	<ul style="list-style-type: none"> ● Service for further DCC research, eg. Project development, business cooperation, etc. ● Lock-up for 1 year, second year lock-up will be announced by the foundation
Market & Cooperation Agency & Consultants	1,000,000,000	10%	8.13%	<ul style="list-style-type: none"> ● Using as bonus reward for early project partners like promote and publicize DCC, start up system team and consultants ● Lock-up for 3 years, consistently release year by year

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Eco Reward	1,000,000,000	10%	2.44%	<ul style="list-style-type: none"> ● 100,000,000 DCC tokens for the first year reward ● 90,000,000 to 50,000,000 DCC tokens will be reward for each next year in next 5 years ● After 6 years rewarding, the annual reward would be fixed at 50,000,000 level ● 17 years+ consistently rewarding
Management Team	2,000,000,000	20%	16.26%	<ul style="list-style-type: none"> ● Used to incentivise and motivate the founding team for their huge efforts in program design, resource organization, commercial environment incubation, and to encourage follow-up investment of manpower and intellectual resources in ecosystem formation. ● Tokens are locked by private keys for a total period of 3 years, with 25% of the total to be unlocked 3 working days prior to any exchange listing, and another 25% to be unlocked every year months thereafter, with the full amount to be unlocked in 3 years
Total	10,000,000,000	100%		

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8. Planned Usage of Sale Proceeds

Item	Proportion	Explanation
Labor Costs	30%	The project to develop Distributed Credit Chain requires a large team of elite researchers and developers who can integrate the mobile internet, distributed networks, blockchain, financial payment, financial risk control and marketing promotion with each other, which requires adequate funding for human capital.
Marketing	25%	DCC is committed to building a decentralized financial system, and in the future, commercial promotion and dissemination will be a significant cost.
Business	10%	In the future, cooperation with multiple ecosystems will gradually support various distributed business scenarios.
Consultancy	5%	With the further development of blockchain technology, we need to engage enough technical consultants to provide technical support.
Ecosystem-Operations	5%	Maintaining low ecosystem costs.
Reserve Fund	25%	A risk reserve fund for overall operating to respond to operational risk and force majeure factors.

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9. Development Timeline

August 2017	Project to develop Distributed Credit Chain established
September 2017	Constructed unified identity system based on the Ethereum test network
October 2017	Built underlying consortium Distributed Credit Chain testnet
December 2017	Deployed online credit declaration contracts based on underlying testnet
February 2018	Token exchange
March 2018	Launch first Distributed Credit Chain-based personal loan product Dapp
April 2018	Distributed Credit Chain open platform goes online
May 2018	Interface with more than five Chinese institutions of loan, data providing and risk control
2018 Q3-4	Open self-creation API of Distributed Credit Chain
2018 Q3-4	Establish unified MPC of DCC
2018 Q4	Enter Indonesia lending market
2019 Q1-2	Enter Vietnam & other SEA country lending markets
2020	Migrate to public blockchain system
2020	Develop DistributedAssetManage system based on public chain
	Develop DistributedSettlement system

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10. Cyber Sheng Foundation Ltd.

Cyber Sheng Foundation Ltd. is a non-profit organization established in Singapore. The Foundation is committed to maintaining the healthy growth of the entire ecosystem in the first phase of building of Distributed Credit Chain. As the ecosystem evolves to a public blockchain system, the Foundation will gradually withdraw from ecosystem protection, and hand over maintenance rights to the public blockchain governance structure. The Foundation does not receive any eco-benefits from maintenance and does not derive any benefit from DCC.

The Cyber Sheng Foundation is composed of the DCC startup team, core partners, and early supporters (if such parties are institutions, the members of said institutions) responsible for the daily operations of Distributed Credit Chain of the Foundation is the Board of Directors. Each year, the top 30 holders of DCC may apply to be on the Community Supervisory Board of the Foundation, and may join the Community Supervisory Board if more than 50% of the original Community Supervisory Board members approve of their applications. Community Supervisory Board members who drop out of the top 30 holders of DCC must withdraw from the Community Supervisory Board. The role of the Community Supervisory Board is to provide balanced views on the overall direction of the project. For the avoidance of doubt, while the views of the Community Supervisory Board would be acknowledged, ultimately the assets and funds of the Foundation remain under the sole control of the Board of Directors.

DCC held by the Foundation during the initial stages of development of Distributed Credit Chain may be used for purposes beneficial to the ecosystem such as technical team incentives, eco-rewards and expanding the service institution relationship. Such purposes require audit reports issued by audit authority.

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11. Core Team

Stewie Zhu

- ✓ Bachelor in EE, Nanjing University; MA in statistics,
- ✓ Yale University M.s Statistics,
- ✓ Oxford University M.s in Financial Economics
- ✓ Ph.D. (Candidate) inFinance, London School Of Economics
- ✓ Research focusing on behavior finance and game theory.

Daniel Lu

- ✓ PhD in Mathematics, Yale University, USA; Postdoctoral Research in Financial Engineering, focusing on the Representation Theory, University of Leipzig, Germany
- ✓ Head of investment banking and asset management, general manager of financial department of a large commercial bank
- ✓ Years of experience in financial institutions at home and abroad, working successively at Deutsche Bank headquarters and Finance Department at a joint-stock bank headquarters.
- ✓ Possesses solid professional knowledge and research abilities, and has been invited to give keynote speeches at academic conferences and financial conferences in China and abroad. Specializes in capital & capital market business, asset management, bank assets and liabilities management, internal fund transfer pricing, product pricing, market risk management and modeling, financial derivatives pricing, and the Basel New Capital Accord in investment bank/commercial bank

Stone Shi

- ✓ J.P. Morgan, Vice President, Quantitative Research, Focused on Derivative Pricing, Quantitative Model Risk
- ✓ HSBC, Internship, Rates, Education
- ✓ TELECOM, Ingenieur, Majored in Computer Science and Applied Maths
Nanjing University, Majored in Electronic Science and Engineering

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12. Consultants

Chen Yu

- ✓ Net name is “Jiangnan Young Cynic (Jiangnan Fen Qing)”
- ✓ Partner of JX Capital; famous angel investor; Invests in nearly 200 internet companies
- ✓ Author of *Payment Revolution & Wind of Jiangnan: Internet Finance* bestsellers in financial field in China
- ✓ Voted Top 50 Figures of Internet Finance in China for five years in a row
- ✓ Selected in the list of Man of the Year by Hurun Report in 2016 and 2017

Vanessa Cao

- ✓ Years of experiences at Sequoia Capital, focus on early stage of fintech sector
- ✓ Director at Keywise Capital
- ✓ Partner at Bridge Capital , focus on China A-share listed companies M&A(mainly Fintech)
- ✓ Tsinghua University, master of business administration, CFA.
- ✓ Vanessa is mainly focused on DCC program's ecological development.

Guo Yuhang

- ✓ Chairman of Xinghe Capital, founder and co-chairman of Dianrong
- ✓ Previously, managing partner of a famous Shanghai law firm with more than 10 years of practice. Founded Dianrong in 2012, and made it a unicorn company within 3 years
- ✓ Founded Xinghe Capital in 2016, focusing on early investment in financial technology
- ✓ Awarded "2015 Shanghai Financial Industry Leader" and "2015 Shanghai Top Ten Internet Entrepreneurs" by Xinhua News Agency and Shanghai authoritative financial regulation institutions
- ✓ Starwin Digital Pte. Ltd., a leading Singapore institution, has been involved in various blockchain project investments since 2017, including projects such as Loopring, Gifto, Scry, and Measurable Data Token

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Yao Ming

- ✓ Managing director and CTO of China Chengxin Credit (CCX Credit)
- ✓ Spent his early years at Bell Labs, then worked in the mobile Internet and financial industries with extensive experience in big data technology, and has long been committed to exploring the innovation and application of financial big data technology
- ✓ Joined CCX Credit in 2014 to help the company complete preparatory work for personal credit card issuance, and established the Wanxiang Credit Internet Big Data Credit Reporting Platform. He led a team to independently develop and successfully apply many core technologies such as big data anti-fraud and credit assessment to become one of China's first practitioners in the big data credit rating industry, and was hired by a number of large banks as an external technical expert
- ✓ Since 2016, he has focused on the application and innovation of technologies such as blockchain, machine learning, and artificial intelligence in the financial field, and is dedicated to promoting intelligent credit assessment

Chen Zhiwu

- ✓ Former Professor of Financial Economics at Yale University (1999-2017), currently serves as research director of Asia Global Institute of Hong Kong University, and Feng Foundation Professor (economics) at School of Economics and Business Administration. Also serves as Distinguished Professor at School of Economics, Peking University.
- ✓ International Consultant, China Securities Regulatory Commission, member of Global Advisory Committee of China Minsheng Investment Company, and independent director of IDG Energy Investment Group, Bank of Communications and Noah Fortune. Professor Chen served as a member of the Yale-China Association of Yale University, a member of Advisory Committee of Beijing's 12th Five-Year and 13th Five-year Planning Experts and general academic director for CCTV documentary "Wall Street" and "Monetary Affairs." Professor Chen was a member of the preparatory expert group when China Investment Corporation (CIC) was founded in 2007; an independent director of PetroChina Company from 2011 to 2017, an independent director of Nordisk Fund Management Co., Ltd. from

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2007 to 2015, an independent director of Shiji Jiayuan Network from 2011 to 2012, and a director of China Eagle Securities from 2002 to 2005.

- ✓ Founder of Zebra Capital Management fund management company
- ✓ In 2012, Burson-Marsteller, a global consulting firm, listed Professor Chen as one of "China's Ten Most Influential People" in its "G20 Influencer Report" (G20 Nations Most Influential People Report).
- ✓ Research awards include the Graham Trophy Award (2013), the Pacesetter Research Award (1999), the Merton Miller Research Award (1994), and the Chicago Board Options Award (1994). Professor Chen's *Logic of Finance* won 23 Best Annual Book awards
- ✓ Bachelor of Computer Science from Central South University of Technology in 1983, Master of Management Science from National Defense University of Science and Technology in 1986, then Ph.D. in Financial Economics from Yale University in 1990

Cao Huining

- ✓ Renowned financial economist, now a Professor of Finance at Cheung Kong Graduate School of Business, academic director of Financial MBA
- ✓ Member of Financial Club, former professor at the University of California, Berkeley, University of North Carolina at Chapel Hill.
- ✓ Published a number of papers and is widely cited in internationally renowned journals including *Journal of Finance*, *Review of Financial Studies*, and *Journal of Financial Economics*;
- ✓ Nominated for Best Paper for Journal of Finance twice in 1998 and 2000; Best Paper Award in Emerging Markets field selected by the Northern Finance Association; Best Paper Award for the Most Invested Value by the Western Finance Association; won the best paper third prize at the 2004 China International Financial Conference;
- ✓ Editorial board member of *Annals of Economics and Finance* and editor-in-chief of *International Financial Review* and *China Financial Review*.

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13. Partners

TONGNIU Tech

TN Tech is the leading SaaS financial technology company in China. It is committed to providing consumer finance SaaS system services to licensed financial institutions such as trusts, banks, and small loan companies. TN Tech ranks first in China in trust industry market share. In the process of building the Distributed Credit Chain, TN Tech will provide historical credit data application support for historically accumulated data.

JUZIX

JUZIX is the global leader in distributed ledger technology and is committed to providing distributed data exchange and collaborative computing services in the digital age. Providing a full range of governance services for the flow of data, it makes data exchange and collaboration easier, safer and more efficient.

Based on a completely self-developed data exchange infrastructure technology platform, JUZIX integrates distributed ledgers, secure multi-party computing, pluggable cryptography frameworks, future-proof cryptography algorithms and protocols, and software and hardware-in-one solutions. It provides basic technical platform-level services in the fields of finance, transportation, logistics, aviation services, intelligent manufacturing, internet of things, HealthCare and other fields. It also fully cooperates with the world's leading cloud platforms to provide a complete solution for distributed industrial applications.

As an important technical service provider in the DCC consortium chain stage, JUZIX will provide comprehensive technical support in the construction phase of the consortium chain.

Deepfin

Deepfin is a decentralized blockchain-based asset securitization platform. In Deepfin, holders of digital assets (e.g., copyrights, articles, traffic, etc.) on different strands can easily complete asset collateralization and fundraising and use different quantitative analysis tools and services to price different assets on different strands, opening up digital assets in different chains so that users with financing needs in disparate communities can easily obtain financing through the digital assets they own. Using the blockchain technology to transform traditional

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ABS business can accomplish with low cost and high efficiency asset ownership, data validation, and other authenticity validation work.

WXY

A one-stop global marketing and business consulting services platform for highly valuable digital projects, WXY is headquartered in Singapore and its business covers brand names, media promotion, global traffic access, business consulting, capital interfacing, and more. WXY is comprised of former Ogilvy & Mather executives, former vice presidents of the Krypton market, former Citigroup marketing and finance investment banking executives, core resources such as media and funds, and is the most formal and professional marketing platform in today's currency market.

9. Early Purchasers

BTX Capital

BTX Capital is a global crypto fund focused on the blockchain industry. BTX keeps boosting the valuable internet organizations to adopt blockchain technology through technical consultation, investment and resource connection, as well as promoting the awareness and realization of the value of blockchain. Unlike traditional VC equity investments or other purely digital currency funds, BTX Capital specializes in sophisticated Internet platforms in different scenarios. By assisting them in applying blockchain to business, BTX seeks to reshape the business ecosystem, improve the eco-cooperative environment, scale-up the real economy, advance technologies and rejuvenate the internet industry with blockchain technology.

The core team includes senior investors from Sequoia, executives of listed China and USA companies, Ph.D.s from top universities. It has support from many top-level senior executives of investment institutions and project sources behind the top-tier financial institutions, as well as in-depth technical cooperation with universities in Silicon Valley and Europe to provide the support of professional talents to the project partners.

Xiong Guicheng

- ✓ Binance angel investor, who has invested in a lot successful ICO projects

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- ✓ Managing director of A-share listed company, and senior internet specialist
- ✓ Former general manager of Baidu Mobile Distribution Division, 91 Wireless co-founder and senior vice president

Hu Sen

- ✓ Repeated entrepreneur, ex-Goolger
- ✓ Bachelor of Computer Science, China University of Science and Technology, Guo Moruo Scholarship; Master of Computer Science, Yale University; PhD student entrepreneur, founded and operated Fengyun Broadcast and Zhangyu TV; in 2015, Zhangyu TV was acquired by LeTV.
- ✓ Awarded 30 Under-30s by Forbes China in 2014 and by Forbes Asia in 2016 for outstanding achievements of founding CLOUDACC.

Zhao Zimai

- ✓ Telegram-Ton Cornerstone Investor
- ✓ Co-founder of Blockchain Laboratory MathTrust

MathTrust is a laboratory jointly established by many world-renowned universities, focusing on research, experiments from theory, logics, and practices of blockchain consensus mechanism. The latest theoretical model brought by MathTrust is that blockchain is a chain of smart contract series. The main topics covered by its consensus mechanism research include but are not limited to guarantees of smart contract, node ecosystem-related loophole recognition and solutions for node-based security.

- ✓ Co-founder of AbilityChain

AbilityChain is a blockchain-based platform for global education underlying application. Being a public chain collectively built based on global developer community, AbilityChain is initiated by MathTrust, who, together with AbilityChain's shareholder, are non-profit organizations.

- ✓ Founder of Feiyue Education

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Feiyue Education is China's first bilingual educational institution targeting at K12 students. Its comprehension-based pedagogy and core curriculums are entirely self-developed.

15. Risks

You acknowledge and agree that there are numerous risks associated with purchasing DCC, holding DCC, and using DCC for participation in Distributed Credit Chain.

1. Uncertain Regulations and Enforcement Actions

The regulatory status of DCC and distributed ledger technology is unclear or unsettled in many jurisdictions. It is impossible to predict how, when or whether regulatory agencies may apply existing regulations or create new regulations with respect to such technology and its applications, including DCC and/or Distributed Credit Chain. Regulatory actions could negatively impact DCC and/or Distributed Credit Chain in various ways. The Foundation (or its affiliates) may cease operations in a jurisdiction in the event that regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction.

After consulting with a wide range of legal advisors and continuous analysis of the development and legal structure of virtual currencies, the Foundation will apply a cautious approach towards the sale of DCC. Therefore, for the crowdsale, the Foundation may constantly adjust the sale strategy in order to avoid relevant legal risks as much as possible.

2. Competitors

It is possible that alternative networks could be established that utilise the same or similar code and protocol underlying DCC and/or Distributed Credit Chain and attempt to re-create similar facilities. Distributed Credit Chain may be required to compete with these alternative networks, which could negatively impact DCC and/or Distributed Credit Chain.

3. Failure to develop

There is the risk that the development of Distributed Credit Chain will not be executed or implemented as planned, for a variety of reasons, including without limitation the event of a decline in the prices of any digital asset, virtual currency or DCC, unforeseen technical difficulties, and shortage of development funds for activities.

4. Security weaknesses

Hackers or other malicious groups or organisations may attempt to interfere with DCC and/or Distributed Credit Chain in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and

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spoofing. Furthermore, there is a risk that a third party or a member of the Foundation or its affiliates may intentionally or unintentionally introduce weaknesses into the core infrastructure of DCC and/or Distributed Credit Chain, which could negatively affect DCC and/or Distributed Credit Chain.

5. Other risks

In addition to the aforementioned risks, there are other risks (as more particularly set out in the Terms and Conditions) associated with your purchase, holding and use of DCC, including those that the Foundation cannot anticipate. Such risks may further materialise as unanticipated variations or combinations of the aforementioned risks. You should conduct full due diligence on the Foundation, its affiliates and the DCC team, as well as understand the overall framework and vision for Distributed Credit Chain prior to purchasing DCC.