



Khai

White paper

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Disclaimer

01. IP AND BLOCKCHAIN

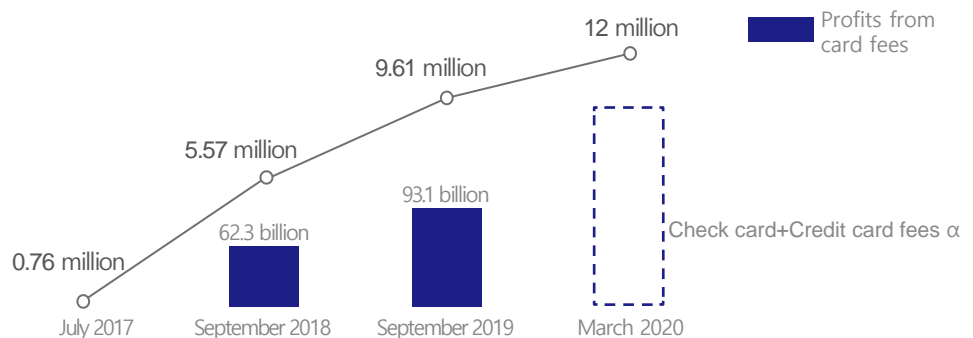
01-1 VISION AND VALUE

The character licensing industry, which is attracting attention as a fast-growing, high value-added industry, began to emerge in Korea since the 2000s. It was thought that cute or unique characters would quickly gain popularity and lead to manufacturing of dolls and stickers, which creates lucrative business, but a lack of preparedness for various types of business based on such characters brought a trend of gradual decline following short-term popularity.

However, the global market has continued to grow by thoroughly preparing attractive designs, stories which go well with such designs and character businesses, which showed infinite potentials of the character industry. Accordingly, in the Korean market, collaborations with other industries or new contents began to be developed, followed by continuous changes, for the maintenance of characters and their vitality.

For example, issuance of Kakao Bank's check card, which was released in Korea in July 2017, recorded 763,902 within four days after its release. It recorded 5,575,408 (cumulative) in September 2018, 9,613,302 (cumulative) in September 2019, and 11,496,935 (cumulative) in March 2020, showing a steady increasing trend. The reason characters were used in card design was to give customers intimacy, and it gained tremendous popularity by stimulating their desire to own a character card. As a result, it took more than two weeks to receive a card due to an exploding increase in the number of applications for card issuance. Since it was essential to issue an account for customers to own a card with a character engraved on it, the use of psychology led to an influx of customers.

Trend of number of Kakao Bank's check cards issued



sSource : Financial Supervisory Service, Kakao Bank

[Figure 1] Trend of number of Kakao Bank's check cards issued

As another example, Nintendo Switch released a new game, 'Animal Crossing: New Horizons', in March 2020 under Animal Crossing IP. About 26 million units (cumulative) have been sold, which is close to 29 million, the record of the best-selling 'Mario Kart 8 Deluxe'. Because it is an exclusive IP game of Nintendo Switch, sales of Nintendo Switch also surged due to Animal Crossing, recording an 81% increase compared to that of the previous year. In addition to game consoles and titles, additional products such as amiibo cards are gaining exploding popularity, and as a result, they were sold on extra premium to due to shortage, and Nintendo recorded about KRW 8.3385 trillion in sales and KRW 3.1576 trillion in operating profit by September 2020, which represents an increase of 73% and 209%, respectively, compared to those of the previous year. This shows the case of a boom which resulted from characters and exclusive IP business despite COVID-19.

Sales of Nintendo Switch and Software

| | 2019 | 2020 | Comparison |
|----------------------|------------------|------------------|------------|
| Hardware | 16.95 mil units | 21.03 mil units | +24.0% |
| Nintendo Switch | 16.95 mil units | 14.83 mil units | |
| Nintendo Switch Lite | - | 6.19 mil units | |
| Software | 118.55 mil units | 168.72 mil units | +42.3% |

27 Titles of Million-sellers in 2020

Out of 27, 18 are for those exclusively published by Nintendo, and 9 are for those published by other software publishers.



Pokémon Sword and Shield
17.37 mil units



Animal Crossing: New Horizons
11.77 mil units



Mario Kart 8 Deluxe
8.08 mil units

Source : Nintendo IR

[Figure 2] Sales of Nintendo Switch and Software

01-2 Black Hole-man

The character 'Black Hole-man', which was created during collaboration marketing with LG Telecom (currently LG U+) in the 2000s, is on the way back to the market.

We (Khai) are planning to provide various content services with Black Hole-man which is to be combined with Khai's multi-platform business through a blockchain using Khai's unique IP Khai's unique IP Khai's unique IP Khai's unique IP. We want to maximize the expansion of Black Hole-man IP by creating an ecosystem where consumers can voluntarily participate, by purchasing and enjoying services and products or receiving compensation with Black Hole-man tokens within the Khai platform.



Registration of copyright of general works in the Korea Copyright Association

- Blackholeman : C-2020-038719
- Blackholemancat : C-2020-038721
- Holemandog : C-2020-038720
- Tman : C-2020-038723
- Tbird : C-2020-38722

[Figure 3] Black Hole-man Character, IP of Khai Company

02. KHAI Platform

02-1 OVERVIEW

1. LICENSING

We will produce and sell stationery, toys, fashion goods and beauty products with Black Hole-man IP.

2. ENTERTAINMENT

We plan to release our self-built game and provide characters for other games.

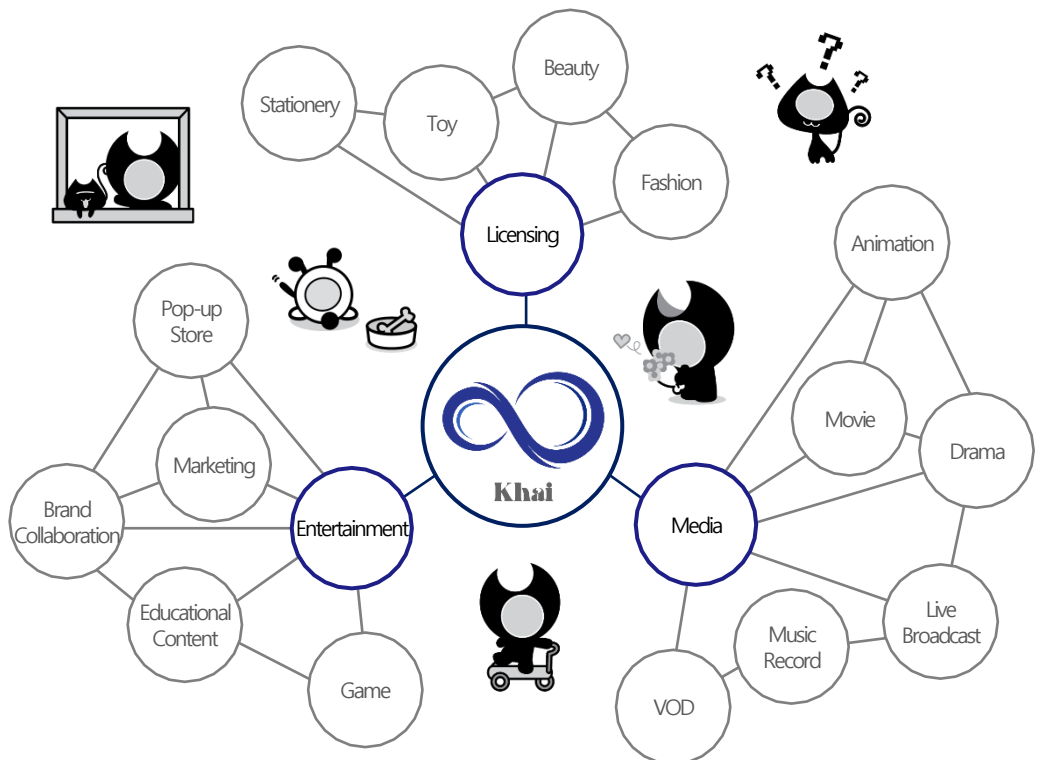
We plan to open a Black Hole-man pop-up store.

We plan to provide characters for educational contents and carry out promotional collaborations with medium and large-sized franchises.

3. MEDIA

We have established an entertainment company and plan to produce movies, dramas, records, etc.

We plan to create various videos with Black Hole-man IP and provide contents through various channels such as YouTube, Instagram, etc.



Expansion of sharing and connectivity between members and contents through combination of all kinds of business on KHAI Platform

[Figure 4] KHAI Platform

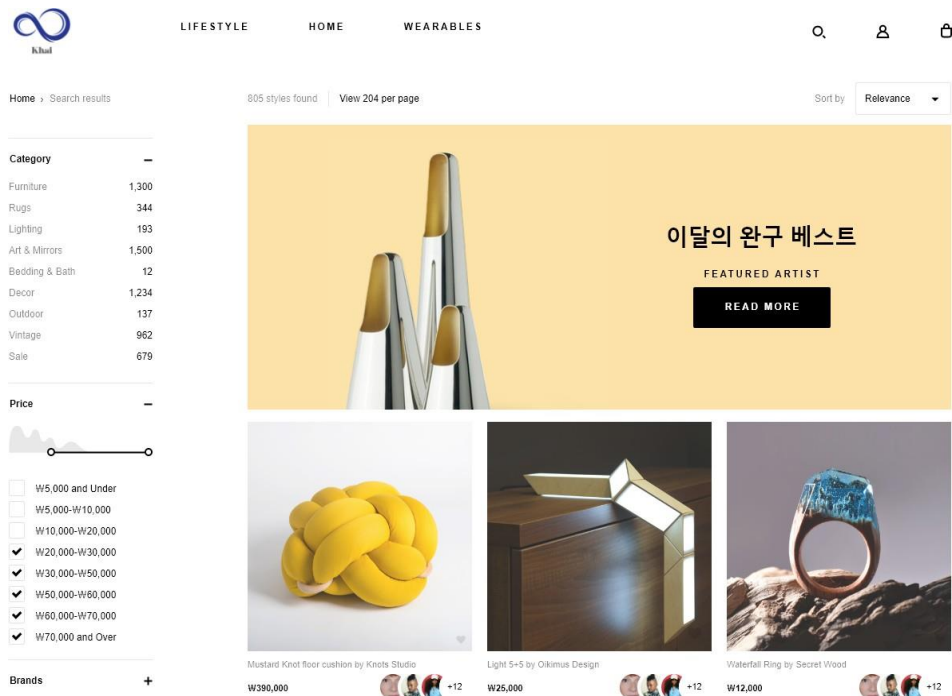
02-2 LICENSING

Since the early 2000s, we have produced Black Hole-man character and various characters in the Black Hole-man worldview, and have been carrying out several character businesses after collaboration marketing with LG Telecom (currently LG U+).

Currently, KHAI owns 100% of all character IPs, including Black Hole, Hole Cat, Black Hole-man, Hole Dog, T man and T bird.

We produced and sold products, such as mobile phones and records, through collaboration reflecting the needs of consumers with purchasing power in characters that had been considered exclusive to children. In 2023, we will once again combine exclusive rights to IPs with blockchain technologies to introduce new and diverse licensing businesses to consumers and B2B operators.

- We plan to expand the range of our exclusive stationery products into our own online sales business.
- We plan to separately design toy products for kids and those for kidults to carry out promotions and sales in our own mall.
- We plan to produce our own Black Hole-man apparel goods line by season and line to sell in collaboration with other brands.
- We plan to provide sales services by linking the Black Hole-man online shopping mall to the KHAI platform.

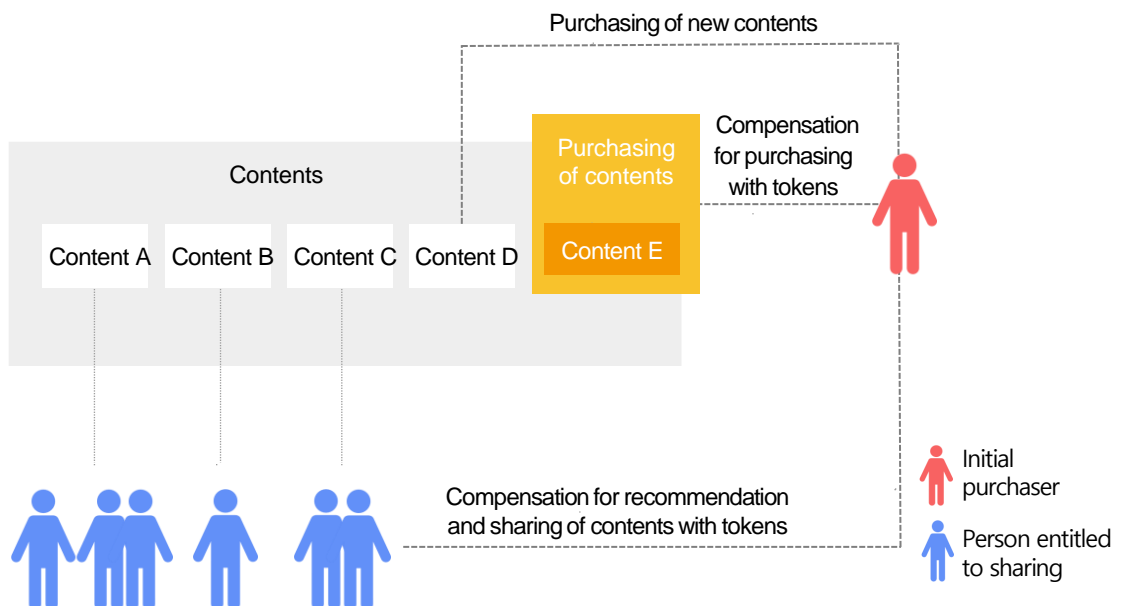


[Figure 5] Example of own combined online mall

02-3 ENTERTAINMENT

To expand the use of coins, we will create a virtuous cycle of the KHAI token ecosystem by adding on/offline place for use to the KHAI platform, such as opening of a pop-up store, combination with educational contents, development of games with characters, and collaboration with other brands.

- We will link the pop-up store with the KHAI platform for tokens to be used offline as well.
- We will create educational contents using the Black Hole-man IP as a character that leads learning, increase positive effects of learning by adding various reward systems, such as compensation for progress in learning, compensation for purchasing content, etc., and continue to use educational contents.
- We plan to develop our own game and provide characters in other games, and give token rewards for purchasing in-game items with Black Hole-man IP or inviting friends, and make such tokens used within the KHAI platform.
- We plan to provide Black Hole-man IP to products, seasons and events of medium and large-sized franchise brands, and to make KHAI tokens be used within the KHAI platform through on/offline partnerships.

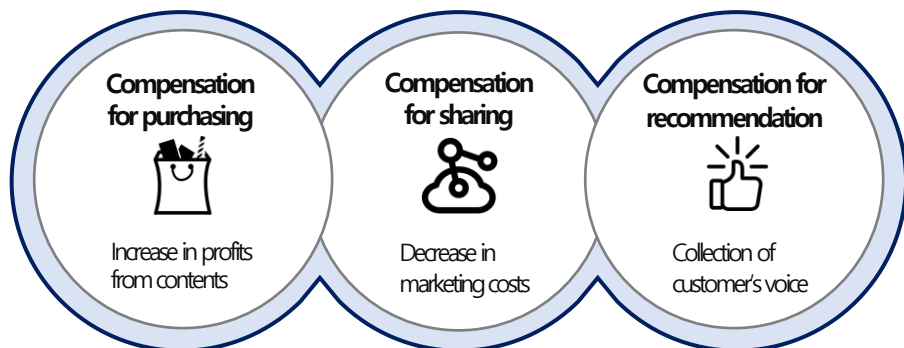


[Figure 6] Contents ecosystem

02-4 MEDIA

We plan to create a worldview and give life to Black Hole-man which has existed only in images or short videos to form an animation series, based on which we create and release contents in a consumer-friendly way, such as movies, records, web dramas, etc.

- We produce Black Hole-man animation series. We plan to link animation and licensing business by adding a worldview to existing characters, producing animations based on stories with more characters, and exposing information on animation-related products (stationery, toys, beauty products, etc.).
- We plan to establish a comprehensive entertainment company, produce movies, web dramas, records, etc. derived from the Black Hole-man animation, and provide product services to our own VOD platform, YouTube, other VOD services, and other music platforms.
- We plan to link the KHAI platform with others to introduce and promote services such as new animations, movies, web dramas, records, etc. through real-time live broadcasting, which would create profits.



[Figure 7] Compensation from media

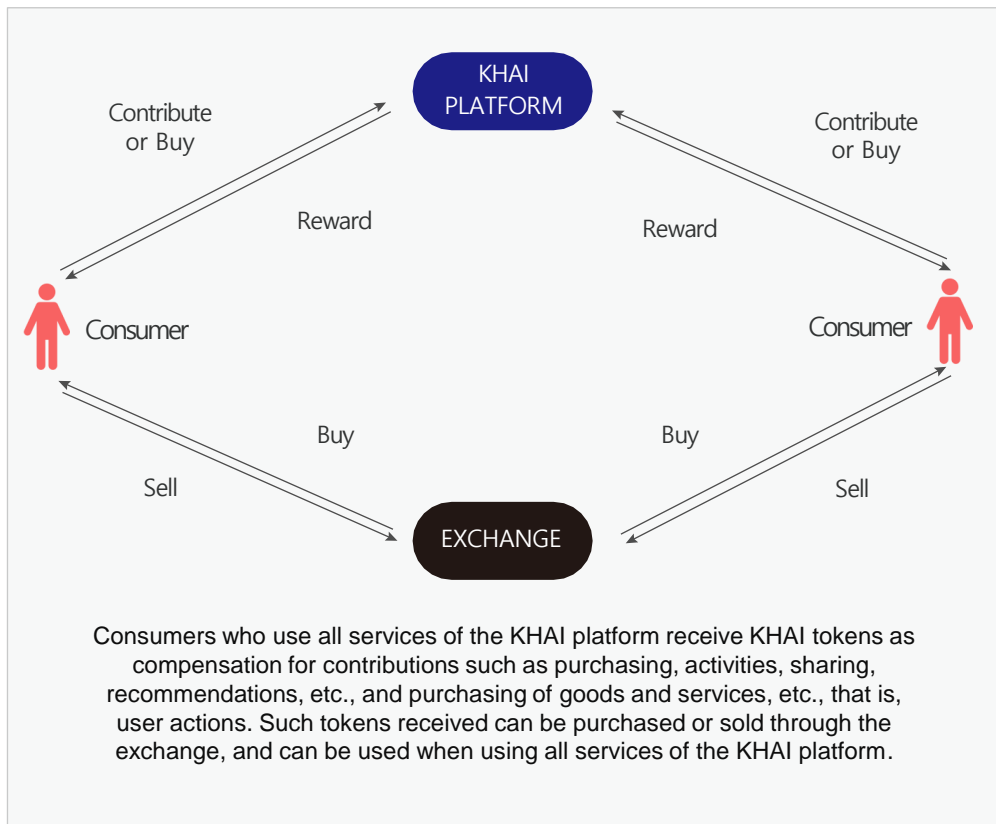
03. KHAI Blockchain

03-1 ECOSYSTEM

KHAI Token.



It is ERC-20-based coin and can be used wherever Black Hole-man IP is used. It can be used in games, as a discount coupon when purchasing products, and used for free viewing of videos, learning, etc. It can be used anywhere in the KHAI platform, and we will enter into partnership so that it can be used anywhere in DApp which will run business jointly.



[Figure 8] Ecosystem created based on a compensation system on the degree of activities and contributions of participants in the KHAI platform

03-2 ALLOCATION

Khai will use the Ethereum network before it is issued based on ERC20 and its own main-net is maintained. Khai has no mining activity and therefore there is no further issuance other than 2,000,000,000 Khai initially issued. The main-net will be maintained as Khai's functions in distribution and trading are stabilized in the future, and it will be maintained in the way of swap or other ways on existing ERC20-based Khai holders. With the progress of the main-net, a genesis block of Khai tokens will be created, and a fixed quantity of Khai tokens based on DAG will be created.

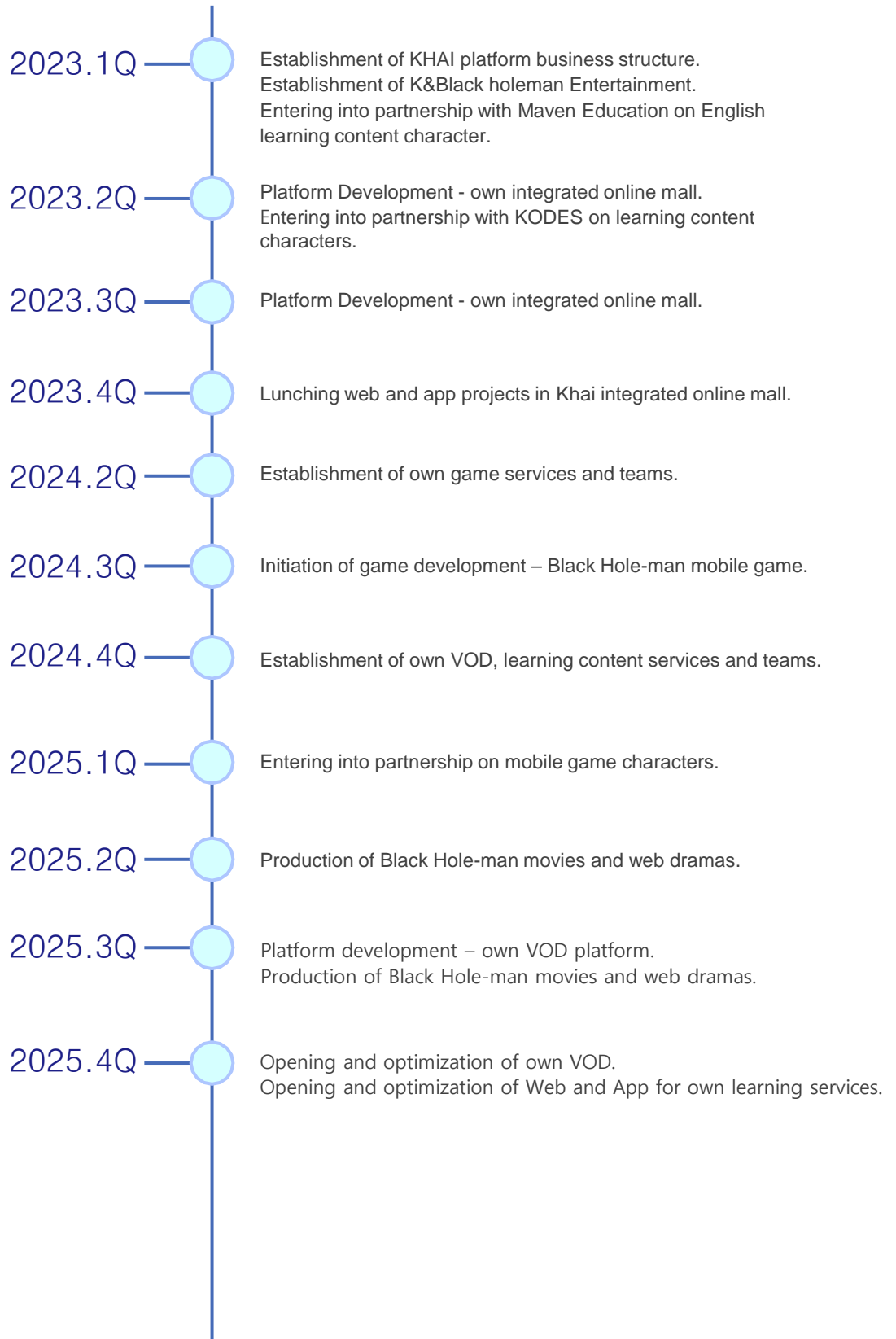
Khai Publication Information

| Classification | Quantity | Ratio |
|-------------------------------------|---------------|-------|
| A. Quantity owned by the foundation | 1,200,000,000 | 60% |
| B. Quantity on sale | 400,000,000 | 20% |
| C. Solution R&D | 160,000,000 | 8% |
| D. Quantity owned by the foundation | 80,000,000 | 4% |
| E. Advisor and partnership | 80,000,000 | 4% |
| F. Marketing | 40,000,000 | 2% |
| G. Team management and foundation | 40,000,000 | 2% |
| Sum | 2,000,000,000 | 100% |

- A. The foundation owns 60% of the total issuance for inflation control, main-net contract SWAP, ecosystem supply, incineration quantity, etc., depending on token conditions, market conditions, and business status.
- B. 20% of the total issuance is allocated for early investors as public sale and private sale.
- C. Much investment will be made on R&D, which accounts for 8% of the total issuance, for the establishment of a high-quality platform and achievement of a stable virtuous cycle in various countries.
- D. This is to be used for advisors, partnerships, and affiliates so that the KHAI platform can be a high-quality project, where 4% of the total issuance is allocated.
- E. This is the quantity allocated for flexible supplies and reserves to encourage high activation after establishment of a platform and activation between platforms belonging to KHAI infrastructure.
- F. This is the quantity allocated for sales promotion, airdrops, promotions, and other advertisements of the KHAI project.
- G. This is the quantity allocated for the foundation working for the project and its operation.

The funds will be fully used for platform solution development and ecosystem creation, and the above ratio may be subject to change depending on future needs.

04. Roadmap



05. Team KHAI



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CEO/FOUNDER

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Overseas Business Department of CareerBank
International Team YB of LG Insurance
Head of instructors, Headquarters of YBM
Planning Office, Tyker Pools Sportsco Co., Ltd



Kim Seong-gi
CTO

CEO of Hackers Holdings Co, Ltd.
Member of Hacker's Lab – CTO of Mopas Co, Ltd.
CTO of SM Technology Co, Ltd.
CEO of CQ Camp Co, Ltd.
Vice President of Micron Wecher Co, Ltd.
CEO of Hackers Holdings Co, Ltd.
Member of Hacker's Lab – CTO of Mopas Co, Ltd.
CTO of SM Technology Co, Ltd.
CEO of CQ Camp Co, Ltd.
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Howard Kim
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Sycamore Networks
Asia-Pacific Operations for Hypercom Network System
Vice President
Cascade Communications (Lucent Technologies), Regional Director of Sales of Asia-Pacific Operations



Edward Kim
Advisor

GLAM Capital HK LTD,
Managing Partner
YOZMA Asia,
board member & partner
Artemis Partner Special situation,
Managing Partner
Union Bancaire Privee (UBP),
Managing Director / Head of Korea



Park Tae-kwang
Development Team Leader

Blockchain DApp Developer
Experience in Mainnet development
Security Specialist



Sung Lisa
Performance marketer

Korean-Russian simultaneous interpreter in international conferences
Marketer of Korea Blockchain Entrepreneur Association

06. DISCLAIMER

This legal disclaimer has been translated in English, and the English legal disclaimer has full legal effect. Please use the legal disclaimer written in Korean as a simple reference. This legal disclaimer applies to anyone who reads the white paper. This white paper, including this legal disclaimer, may be subject to arbitrary change and update at the discretion of Khai and related affiliates. Any phrase contained in this white paper should not be construed as a solicitation for investment. This white paper constitutes a technical explanation of the business purpose, function, economic and social value of Khai, and does not make any promises or warranties that the business contained herein is executed or will be executed. Without prejudice to the entire written content, anyone who reads this white paper acknowledges and agrees that he/she has fully read the entire white paper and understood the risks of ICO and Khai. If there are any questions about other related matters, the consultation with legal, financial, tax or other professional advisors should be in advance made. If you are a corporation established or organized in a country where ICO is prohibited under the law thereof, or an individual such as a citizen, resident, etc. within any entity, you must not purchase Khai. If the purchase process is carried out, the purchaser is solely responsible for participation in the ICO and purchasing of Khai

9.1 Legal disclaimer

- a. This white paper is distributed for general information purposes only in relation to the Khai project and will be reviewed and revised. This white paper is continuously being prepared, and the information in the white paper is updated only by the date on the cover. Thereafter, all information, including information regarding business operation and financial conditions of Khai, may be changed. This white paper may be continuously updated.
- b. Purchasers of Khai should not interpret, classify, or treat as an opportunity to receive dividends from any profits although such profits are earned through Khai and Khai's platform.
- c. This white paper cannot be guided and interpreted as defined by laws or regulations under any circumstances.
- d. There is no domestic or foreign regulatory body which has reviewed or approved the information set forth in this white paper. Such action will not be taken by any competent authority.

9.2 Limitation of Legal Liability

To the extent allowed under applicable laws, rules and regulations, Khai and its affiliates shall not be liable for any special, vicarious or derivative damages, as well as any other losses, such as loss of income, profits or used data. Khai makes no representations, warranties, or obligations in any form with respect to the accuracy, truthfulness, or completeness of the information in this white paper, and shall not assume any responsibility. This white paper contains no recommendation nor advice for purchasing Khai. This document shall not be regarded as an investment or other contract, and the fact of such provision shall not lead to the conclusion of an investment or investment contract.

There is no domestic or foreign regulatory body which has reviewed or approved the information set forth in this white paper. Such action will not be taken by any competent authority.

By reading this white paper, you agree and acknowledge the following.

- a. The team or persons concerned shall make no representations or warranties, explicitly or implicitly, about Khai.
- b. The team or persons concerned shall not guarantee the future value or price of Khai. The value of Khai may be very low or non-existent, and purchasing Khai may result in the loss of all payments made.
- c. The team or persons concerned shall not guarantee Khai affiliates and franchises that may use Khai.
- d. Any purchaser shall not request a cancellation or refund once Khai has been purchased.
- e. Ownership and usage rights of Khai may be restricted in the future according to policy decisions of domestic and foreign regulatory authorities.
- f. Even though a competent court admits liability for damages, the amount of damages shall be limited to the purchase amount of Khai.
- g. Purchasers should make purchase decisions based on full understanding of the nature and risks of Khai and the Khai platform.
- h. Unless otherwise required by applicable laws, the team or persons concerned shall take no legal responsibility.

9.3 Prospect for the future

This white paper describes the future plans, strategies and expectations of Khai and the Khai platform. Actual performances or issues may differ materially from those expressed or implied in these statements.

9.4 Potential Risks and Uncertainties

Sales of Khai, business, operation and this project are exposed to numerous risks beyond the control of the team and person concerned.

Major risks related to the project are listed below.

- a. Khai and other cryptocurrencies are new and unproven technologies, and the complete safety and functionality of Khai cannot be guaranteed in this white paper. These factors can be a risk for using Khai. The team shall do its best to develop and implement Khai's services, Khai and other relevant technologies, but there is no guarantee that the completed version of the project will be released or put into operation.
- b. This project relies on the performance and reliability of the Internet infrastructure of market in which it is operated. Suspensions of unplanned service disruptions may result in the impossibility or limited performance of all businesses and operations.
- c. Errors, such as source code errors, may be contained in the project, which may cause Khai's business and operations to cease. Such defects may cause damage to Khai's usability, stability, or other project-related function.
- d. A private key is required to access the blockchain wallet. If the private key is lost or destroyed, it cannot be permanently recovered. This means that Khai can be lost if the user loses his/her private key.
- e. The prices of cryptocurrencies like ETH historically have experienced great fluctuation. The value of the funds raised from the sales of Khai may drop significantly if the price of the purchasing instrument, such as ETH, declines. Therefore, resources for Khai operation may be reduced.

- f. The sales of Khai may end early due to unforeseen circumstances. When funds such as ETH are exchanged for legal currency, investors may only receive a partial refund of the invested ETH due to price volatility of the invested ETH and other purchasing instruments or costs incurred by selling Khai.
- g. Khai is being operated in a highly competitive market, and there is a risk that Khai will not gain significant market share. In addition, this may negatively affect Khai's demand and price, to adversely affect Khai's financial position.
- h. Khai may be subject to security breaches and attacks. This means that the security of information stored on the Khai blockchain may be damaged, and Khai may not have the resources or technical expertise needed to foresee or prevent all types of attacks. Such an attack may lead to a loss of Khai's trust, which would negatively affect Khai's demand and price.
- i. Regulators may introduce new regulations to regulate the use of all cryptocurrencies, including Khai. Therefore, trading or holding of Khai may potentially be prohibited or taxed in certain countries depending on local regulatory requirements.
- j. No regulators have reviewed or approved the information set forth in this white paper, and trading or holding Khai may potentially be prohibited or subject to taxation in certain countries depending on local regulatory requirements.
- k. All funds collected during the Khai sales process are not separately insured. Therefore, purchasers of Khai may potentially not be able to recover their funds.
- l. This white paper may be translated into other languages other than English, and in case of conflict or ambiguity, the English version shall take precedence.
- m. Except for the legal disclaimer written in this white paper, the information specified in this white paper shall not be legally binding. The contract for the sale and purchase of Khai shall be governed by a separate agreement provided separately prior to the sale of Khai. Where information is inconsistent, the Khai Sales Contract shall take precedence.
- n. Despite best efforts, Khai shall be unable to identify all risks associated with this project and may consider all factors.

Prospective purchasers intending to purchase Khai should carefully consider and evaluate all risks and uncertainties associated with the project, particularly those described above. If such risks and uncertainties develop into actual events, the business, financial condition and operation of Khai and persons concerned may be materially and adversely affected. In such cases, all or part of Khai may be lost.

- a. If the provision of Khai services is restricted under applicable laws and regulations, the team or persons concerned may modify the service content to comply with applicable laws and regulations.
- b. The purchase of Khai shall not provide the purchaser with any form of rights to the team or persons concerned, and shall not indicate a rental concept with respect to the team. It also shall not give the purchaser an ownership or other shares in the team.



Thank you