

KCT White Paper

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We want to build a new type of digital asset exchange that is safe, convenient, transparent and orderly - KCT, and we invite all the investors to share all the rights and revenues of KCT.

Project Background

Digital currency was not only an application of blockchain technology, but also experienced the rapid growth in the last decade and had significant influence on the global economy and finance. From the perspective of development course of digital currencies, it is the digital asset exchanges that laid the foundation for value discovery and circulation of digital assets and widely link the digital currencies with human.

In 2009, bitcoin, the world's first digital currency, came into being. In May 2010, a man called Laszlo Hanyecz from Florida bought two pizzas for 10,000 bitcoins (equivalent to USD 41, with one bitcoin equivalent to about USD 0.0041), which was the first deal made using digital currency in the world. In July 2010, Jed McCaleb, who created eDonkey, founded MT.gox, the first large digital currency exchange, after which, other digital currency exchanges emerged one after another in the world, making the digital currency transactions increasingly active. As of early 2018, there have been more than 500 digital currency exchanges and more than 1,500 types of digital currencies, totaling a market value of near USD 400 billion.

However, behind the miraculous development of the digital currency market, there are many problems, such as counterfeiting of transaction data, security vulnerabilities, high exchange listing price, backroom deals and low efficiency, which not only cause losses to the investors, but also hinder the healthy development of the digital currency market. Therefore, we want to disrupt the traditional exchange model by creating a new type of digital asset exchange that is safe, convenient, transparent and orderly - KCT, and we invite all the investors to share all the rights and revenues of KCT.

Brand Meaning of KCT

KCT represents mind of the block chain technology, that is, to establish a transparent and fair credit society.

It also remind each participant, including ourselves, be faithful to the original aspiration and continue marching forward.

KCT



Organizational Form

As soon as we founded KCT, we have decided to apply community based model instead of the traditional centralized business model as its organizational form, because we believe that with the rapid development of the Internet and blockchain technology nowadays, the organizational form of community will be more effective, which also represents the future. Thus, as the economy grows, communities start to want their voice listened.

Adam Smith was renowned as the father of modern economics who wrote what is considered the “bible of western economics”, *The Wealth of Nations*. The core points of view of this book include that division of labor and market exchange can lead to economic prosperity; that in a “perfectly competitive market”, individuals only consider their self-interest in the economic life and are led by “an invisible hand”, which means the society will be affluent through division of labor and market exchange. The basic characteristics of a perfectly competitive market include private ownership, every man for himself, full knowledge of the market information, free competition and no need of governmental intervention in the economic activities.

According to Adam Smith’s theory, if everyone directly and freely participates in the market as an individual, the most “perfect” market will be formed, the efficiency of which should be the highest. But that is not what happened. As the world economy has developed so far, “firms” have become the main participants of the market economy, while individuals usually participate in the market in an indirect and not fully free manner by participating in firms, which is an “overstaffed, hierarchical and bureaucratic organization”. Does this prove Adam Smith and western economics wrong? No, because selecting which organizational form to participate in the market is also affected by “cost”.

British economist R. H. Coase introduced the concept of “transactions costs” in his article *The Nature of the Firm*, which won him the Nobel Prize in Economics.

The transactions costs theory explains why “firms” instead of “individuals” have become the most extensive direct participators in the market. According to Coase, transactions costs include the expense required to obtain accurate market information and the expenses of bargaining and recurring contract. In other words, transactions costs comprise information search costs, bargaining costs, contract costs, policing and enforcement costs, and potential costs for dealing with breaches. It is these

recurring costs that prevent “individuals” from directly and freely participating in the market. In order to reduce the transactions costs of each individual, they have to indirectly participate in the market by establishing an indefinite and semi-permanent hierarchical relation, i.e. by gathering resources to form an organization, like a firm.

However, the rapid development of the Internet technology and blockchain technology is significantly reducing the “transactions costs” for individuals to participate in the market.

With the big data and world wide web, the information search has become easy and efficient; and with the application of blockchain-based smart contract, bargaining and contraction can be finished by one click. The “optimal solution” to participate in the market is changing, and a “perfect market” in which individuals can directly participate is becoming possible.

Shared Digital Asset Trading Platform

First of all, using the new design concept and leading technology, KCT will provide a safe, efficient and convenient digital asset trading platform for all participants. In KCT, regardless of the size of the transaction, each participant can effectively achieve the investment objectives without worrying about personal privacy protection or the security of digital assets. In addition, the professional financial unit will provide investors with rich risk hedging instruments and investment target choices.

Second, KCT is committed to creating a completely transparent, fair and shared investment environment. KCT Token (KCT) is the only token issued by the KCT platform, not only as a digital asset, but also representing all rights and interests of the KCT platform

Users can voluntarily join the program with part or all of the KCT it holds, which will enjoy different proportions of dividend bonus in addition to the basic dividends.

All of the above mining and dividend data will be made public in real time and are truly transparent and accessible.

Except the equity attribute, the asset attribute of KCT is also important. The stability of price has a direct effect on the users on the KCT platform. The KCT unlocked in the account will be 100% locked in the fund account until the mining is finished and won't flow into the secondary market. The dividends these KCT enjoys will be first used to pay for the dividend bonus generated in the Dividend Bonus Program; and the rest will be used to buy back the KCT in the secondary market, which will be locked in the fund account, too.

Finally, KCT hopes to break the barriers to information asymmetry between shareholders and management, and between companies and users under the traditional "firm" model, and to build a co-governed and shared organizational structure so that each KCT holder has the right to participate in making the platform business decisions.

Advantages of KCT



SAFE



EFFICIENT



RISK CONTROL

**TRANSACTION
MINING**

**REVENUE
SHARING**

**USE REAL-WORLD
THE ONLY WAY
TO CHARGE
VTC WALLET**

**GO PUBLIC
NOT ICO**



**RIGHT
SHARING**



**TRANSPARENT
AND ORDERLY**



Safe

Safety of the users' digital assets is our top priority. KCT collaborates with top security companies, examining the platform codes and setting up multi-layer firewalls before the platform is put into use, and after its launch, using multi-signature and cold/hot wallet separation to place over 90% assets in the cold wallet as so to maximize the security of user assets.

Efficient

KCT provides users with a financial-grade transaction framework, meanwhile, the securities-level API interface supports professional trading instructions such as high-frequency, providing extensive technical support for professional investors.

Risk control

The risk of single digital currency spot transaction is uncontrollable, and the professional investors are unable to reduce the risk effectively. Based on the digital currency spot transaction, KCT will further introduce the financial derivatives with digital currency as target, including but not limited to forward contract, option contract, future contract and token financing, providing the professional investors with rich and effective risk hedging instruments.



Transaction mining

KCT adopts the “transaction + token holding” mining model , under which 50% of the KCT Token (KCT) is rewarded to users through transaction processing fee mining. Every time a user participates in a transaction with KCT, a transaction processing fee is generated, and then based on the KCT held by the user and the market price of the processing fee paid by the user and the KCT market price, KCT calculates the number of rewarded KCT the user should receive according to a proportion and settle and release the KCT once per hour.

$$\text{Number of KCTs mined in one transaction by the user} = (Q_i \times P_i \div P_{\text{HIBT}}) \times \alpha\%$$

Wherein,

Q_i stands for the number of processing fee paid;

P_i stands for the unit price of the processing fee paid at the Time it is paid;

P_{KCT} stands for the unit price of the KCT at the Time the processing fee is paid; and $\alpha\%$ stands for the proportion of the processing fee return the user

enjoys at the Time the processing fee is paid

To maintain a long-term and steady development of the platform, KCT will limit the hourly mining quantity by a single account.

Users can increase their miner grades by increasing the KCT "money holding", and high grade miners will get a higher rate of fee return ($\alpha\%$) and the upper limit of mining per hour.



Revenue sharing

In order to encourage money holding users for long time, KCT will introduce a “Dividend Bonus Program”. Users can voluntarily join the program with part or all of the KCT it holds. The KCT joining the program will be locked as required, which will enjoy different proportions of dividend bonus. The longer the lock up period is, the higher the proportion of excess bonus is!

Right sharing

KCT discards the traditional centralized structure of a “firm” and there is no board of directors or management, just the founding team responsible for providing technical support for the platform operation. the right to make decisions on major issues, income rights, the right to elect community representatives, etc. which will be fully returned to KCT holders.

Transparent and orderly

KCT will publicize all data related to user interests on a real-time or regular basis, including but not limited to platform transaction data, income data, mining data, and voting data, which shall be queryable, traceable and verifiable. We are really practicing transparency, fairness and honesty.

KCT (KCT Token)



KCT is the only token issued by the KCT trading platform and certificate of interest of KCT. The total number of KCT issued is 10 billion, and KCT promises this number will be constant and never increase.

What rights do KCT holders enjoy?

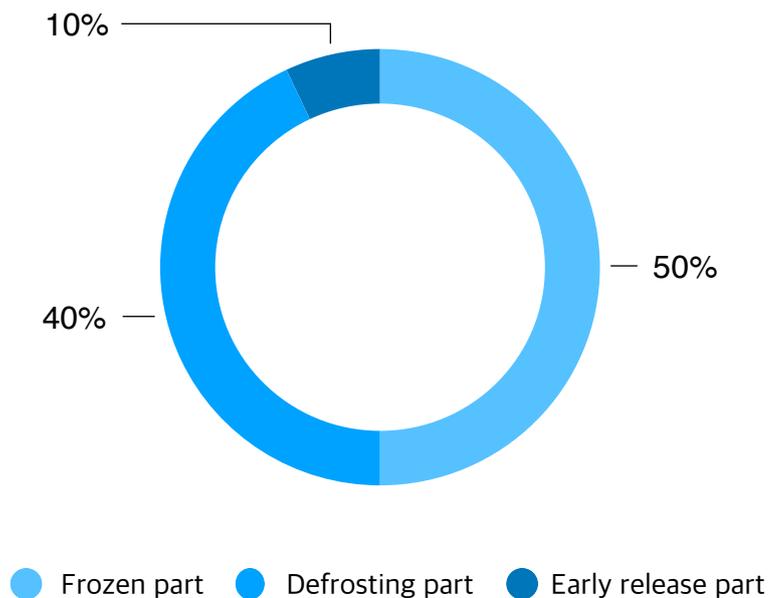
As the proof of negotiable encrypted digital equity, token will become an essential element in the coming digital economy era. Representing the rights of the KCT community, KCT is the cornerstone of governance of the KCT community.

Right	Description
Right of revenue distribution	All revenue from the KCT platform will be distributed to the KCT holders on a daily basis according to the bonus rules
Right of participation in decision making	With the smart contract voting function, the KCT community will provide the KCT holders with opportunities of equally and openly participating in the decision making of the platform's significant issues.
Right of election and supervision	All members of the KCT community committee will be elected by the KCT holders and regularly replaced. The members will regularly report their work to all KCT holders and receive the holders' supervision.
Right of listing recommendation	Users who hold KCT exceed a certain quantity can make a listing recommendation.

How is KCT generated?

KCT is divided into three parts: "mining part", "thawing part" and "early putting part". Among them:

- The Frozen part is 50%, which is mainly allocated to the money holder to share the fund, the founding team and the strategic partners.
- The early release part is 10%, mainly to the cornerstone investors and the participants of the promoting activities.

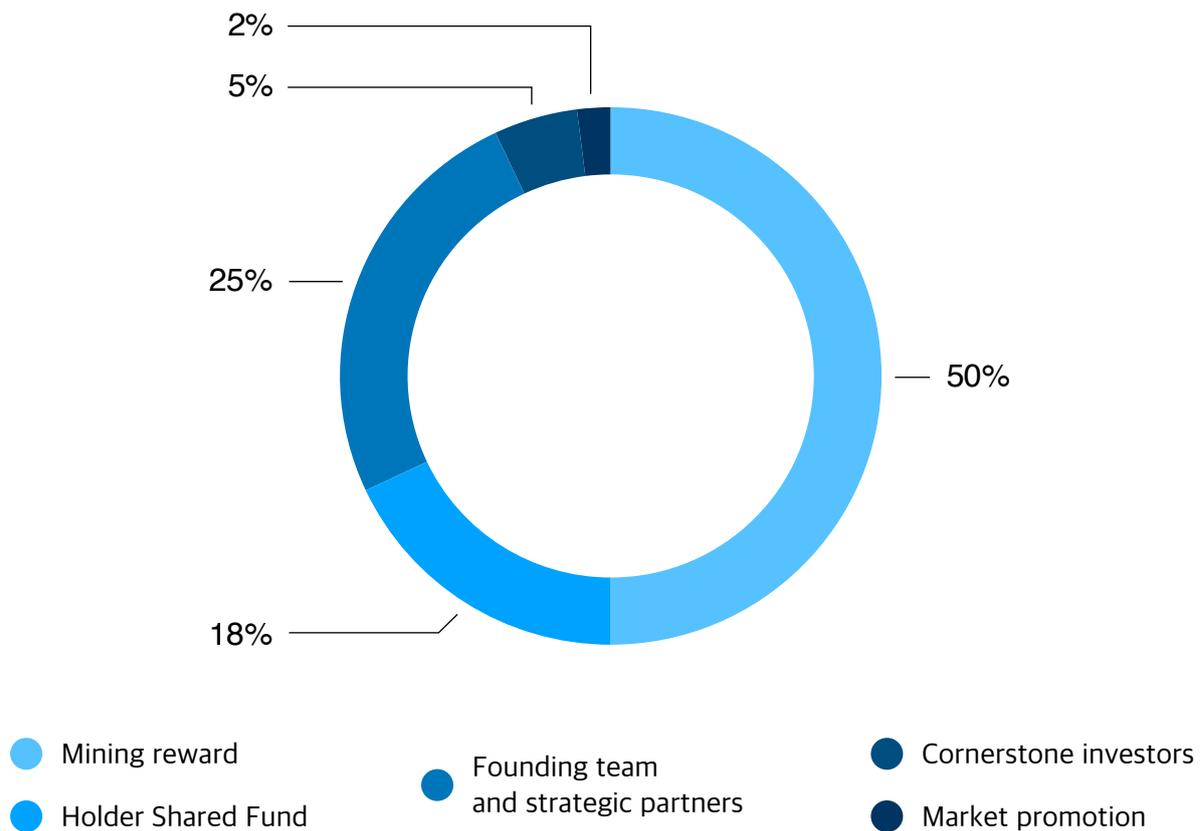


To thaw part : in order to ensure fairness, the parts were frozen in advance, and then released according to the proportion of KCT excavated from the excavated part.

Early release part : in order to ensure market stability, 10% of KCT will be gradually put to the cornerstone investors after 6 months on the platform, and KCT that don't put into market will be locked out as non tradable currency on the platform and not participating in the dividend; 2% is used for marketing, KCT that don't give to the participants of the promotion activities, and is also locked as a non tradable currency on the platform, not participate in dividends.

How are KCT allocated?

The initial allocation scheme of the 10 billion KCT is as follows:



Part	Quantity	Proportion
Mining reward	5.0 billion	50 %
Holder Shared Fund	1.8 billion	18 %
Founding team and strategic partners	2.5 billion	25 %
Cornerstone investors	500 million	5 %
Market promotion	200 million	2 %

Timeline

- Mar, 2019**
KCT exchange open for registration
- Mar, 2019**
Launch of VTC Wallet Beta Service
- Sep, 2019**
Launch of VTC Wallet 1.0
- Dec, 2019**
Launch of mobile app
- Feb, 2020**
Launch of financial derivatives

