



# ASSA

Global  
Entertainment  
Metaverse  
Platform



WHITEPAPER ver 1.0



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# 1. Abstract

## 《ASSA》 is a global entertainment metaverse project centered on music themes



With the growth of the content industry, the global music market and by extension the E&M market are growing day by day. The influence of the related industries in Korea abroad also grows significantly in line with the growth of K-POP. Although the brick-and-mortar domain became severely shrunk due to the pandemic, a new concept market is being created due to the expansion of contactless business based on ever more developing information and communication technology (ICT) and the materialization of the metaverse industry where online and offline converge, and the expansion of its size and scope is accelerating. In order to create realistic business opportunities in the global market and sustainable future values, it becomes necessary to respond to the needs and expectations of customers around the world.

E&M industry is a representative field where copyright or IP(Intellectual property) is at the starting point of business. In this market, the production, distribution and brokerage have long been led by large organizations of power type and most of the profits have long been monopolized. This

situation has consistently been controversial, and the underlying problem remains unresolved, so it has become unsolved problem for the industry. In recent years, as the introduction of blockchain technologies can clearly realize transparent contracts and efficient management, operating structure of profit sharing, and security maintenance, etc., transformation into an ecosystem close to “distribution revolution” is being pursued.

In the E&M(Entertainment&Media) industry where 《ASSA》 is located, new business models have appeared and various changes are being attempted, but the actual progress is still insignificant. It is because that traditional business structures and typical operating patterns are hard to change in short period of time. The market environment of the gigantic distribution structure is hard to change easily unless business leaders change in the industry, implying that new attempts do not gain sufficient consensus within the industry.

Nevertheless, the overall trend of the times requires clear and realistic changes. In a simple industry structure, that is supplier-consumer structure, creating content with users and music consumers to share value and profits is starting to become more natural. Music consumers have been playing the role in forming and supporting a fandom, going beyond being just buyers so that the business with this goal and structure can be sustainable into the future.

ASSA believes that these changes are irreversible, so we intend to use blockchain to create a new business model that fits new trends, and an E&M platform with a reasonable structure that can be mutually beneficial to all participants. In addition, we will create a new concept of an on-offline linkage model in which the physical and online spaces are naturally connected through the metaverse in the content that is music. The new ecosystem will become a fun playground where all members, as producers and consumers, use the community and commerce functions conveniently according to their individual needs and receive rewards and share profits according to their contribution. Furthermore, we will implement Sing to Earn and Entertain to Earn, where play and cultural creative activities can be directly linked to economic activities.

《ASSA》, as a global brand that started in Korea, has been exporting and supplying noraebang (karaoke) services and a full range of equipment to the world for over 30 years, playing a role of imprinting K-POP in the hearts of people around the world. In the future, 《ASSA》 aims to create a future-oriented service with a vivid sense of reality by converging and complexing on-off services on the basis of its know-how and capabilities in the global business. In order to realize decentralization and customized service, technologies appropriate to ICT and proprietary patented technologies

will be integrated, and on top of that, E&M ecosystem with rich storytelling and universes making it possible to fathom future entertainment will be realized.

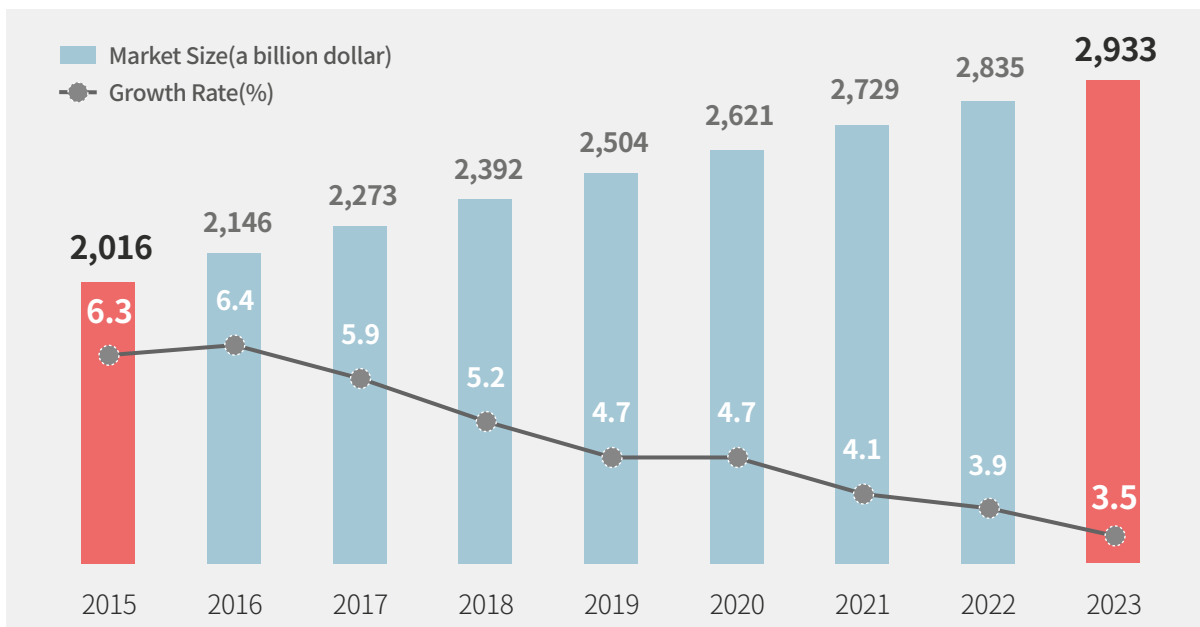
《ASSA》pursues a customized playground where members of the ecosystem, as producers and consumers, become actors, and enjoy conveniently in expanded on&off entertainment space in various ways according to individual tastes. The blockchain-based service platform created for this purpose will implement a transparent and profit-sharing commerce network and community, presenting new models and standards for active consumption to the global market.

Currently, 《ASSA》is planning to introduce a convergence service that suits the situation of each region and user focused on noraebang app service targeting users around the world and a worldwide channel that sells professional background music equipment to 30 countries. In particular, as a 'family-friendly' service model with a healthy body and mind based on user experiences such as 'music' themed e-sports, games, and smart healthcare, 《ASSA》will surely show a clear evolution progress of 'Fun' by business stage.



## 2. Market Overview

The music market, E&M market, and by extension the content market where 《ASSA》 has been operating businesses are expanding day by day. The global content industry is accelerating its growth as various business models emerge through the combination of cutting-edge related technologies such as metaverse and NFT. As a result, the value chain in the form of planning-production-distribution-consumption is also transforming into a different aspect. In particular, in the fields of broadcasting, video, music, and movies, the global online platform, as a core distribution channel in the global market, naturally converges with other industries, creating brand power.

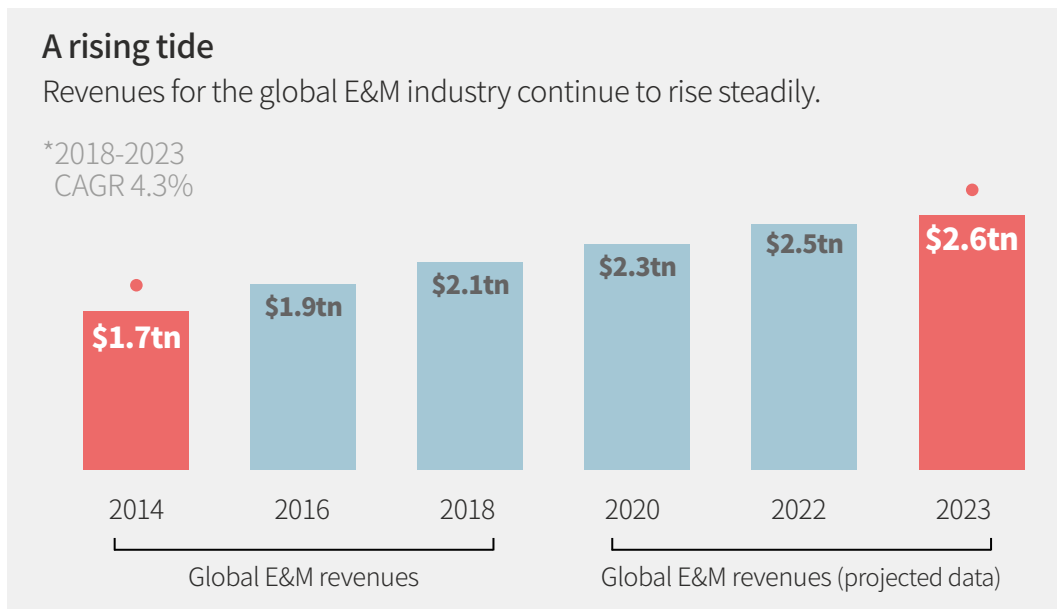


>> Figure 1. Global Contents Market outlook

The scale of the global content industry is expected to exceed USD 2.6 trillion in 2020 and USD 3 trillion after 2023. From 2015 to 2018, the global content market has recorded an annual growth of about 6.0%. Recently, due to the outbreak of COVID-19 pandemic, the traditional form of business conducted offline suffers a blow to some extent, but it has been quickly replaced by untact business method based on the advanced technology of the 4th industrial revolution, and is creating a new market by complementing on-off businesses and creating a new market of convergence concepts and rather, rather showing an aspect of service evolution.

In addition, metaverse, which has been matured for a long time and is now in full swing, transforms the two-dimensional online space into a three-dimensional space, and at the same time converges all content industries such as multiple personas, games, music, art, culture and sports, creating a new physical world and online space connecting layer on top of the Earth.

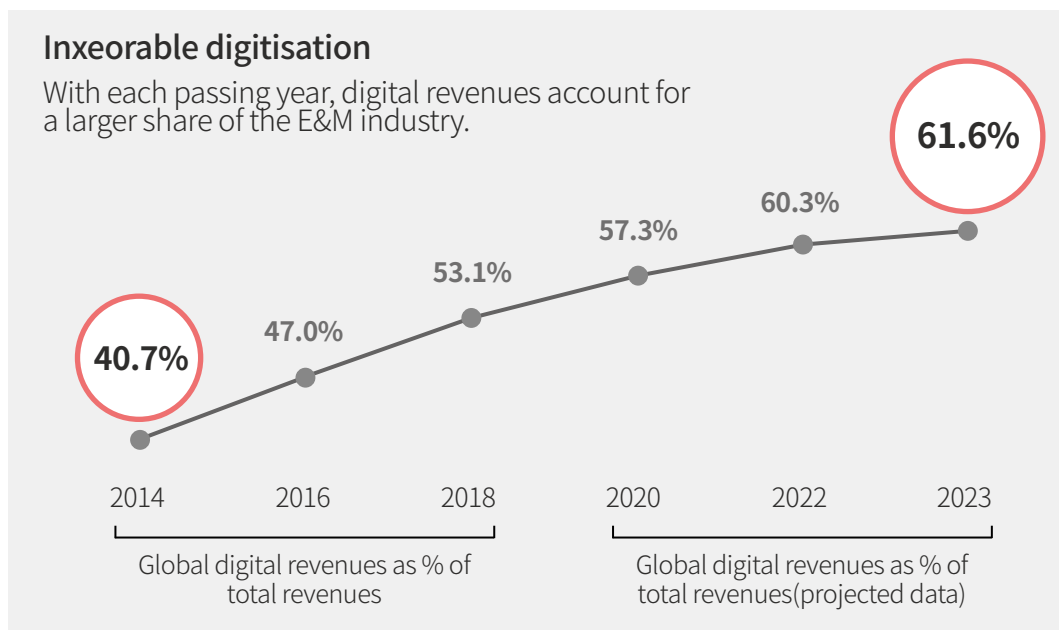
With the continued spread of the Korean Wave, the Korea’s content industry continues to grow steadily, attracting the attention of the world across all industries. In 2019, the total revenue of the content industry reached KRW126.7 trillion, an increase of 5.9% from the previous year, and export amount reached USD10.19 billion, an increase of 6.0% from the previous year. In consideration of the ability to converge and apply new technologies and contents, as a global ICT powerhouse, its growth is expected to be even greater in the future.



>> Figure 2. Global E&M Market Status

E&M(Entertainment & Media) industry is also continuously growing. The advent of 5G and the application of AI and data algorithms make digital content and customized services possible, leading to new changes across the entire value chain. Accordingly, the core theme of the E&M market is personalization and digitalization, and companies create contents that reflect consumers’ individual preferences and provide customized contents to individuals, and consumers consume their desired content through their devices, taking its place in a general form. The E&M industry is pursuing huge scale and capabilities, and it is predicted to grow at an average of 5% or more from 2020 to 2025.

The music industry is leading the growth by playing a pivotal role in the content industry and E&M industry. With the development of digital technology, especially streaming technology, the music industry is evolving into a variety of easy-to-use and leisure-type services. Traditional music consumption patterns, such as purchasing music contents and viewing performances, diversify into new concept services due to mobile-centered usage environment, universal use of social network platforms such as YouTube, and collaboration between companies, evolving into services in more active experience environment (view-listen-sing-participation).



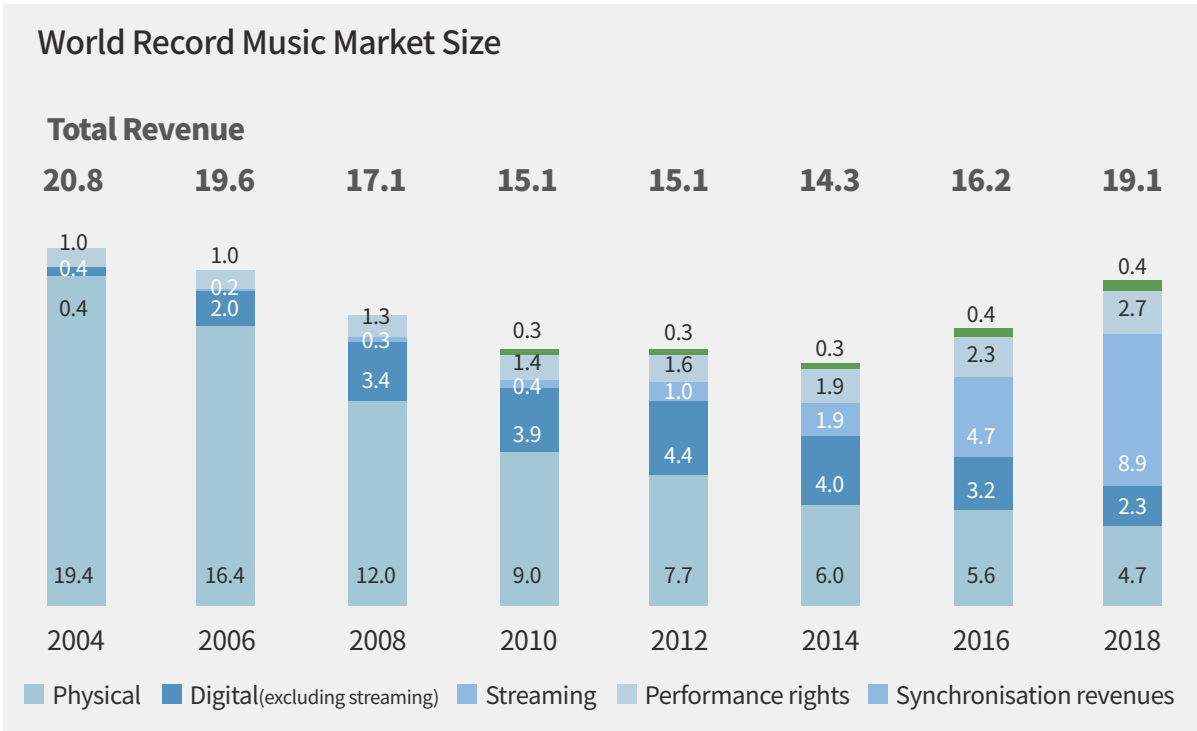
>> Figure 3. Percentage of digital sales in E&M industry

As K-POP, a global content loved by people around the world, has established itself as one genre of music, global business opportunities are being created in the Korea's music industry. Currently, the Korean music market is the 6th largest in the world, and is the second largest market to Japan (2nd largest market in the world) in Asia, showing its global influence over China (7th largest market in the world). The size of the Korean music market exceeded KRW6.81 trillion in 2019, and export amount exceeded USD 756million, showing a continuous growth trend.



1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
U.S.A	Japan	U.K	Germany	France	South Korea	China	Australia	Canada	Brazil

>> Figure 4. The world's music markets top 10



>> Figure 5. World Record Music Market Size

Metaverse and NFT, which have recently emerged as global trends, are creating new opportunities in the content industry. The current Metaverse is drawing attention just by creating a plausible 3D space itself, but by the time this stage passes and 3D space is no longer new and novel, Metaverse without "to do" or "to play" will gradually be shunned from the market. At the same time, this means that content such as music that people play, enjoy, and create something is inevitably integrated into the metaverse. In addition, NFT based on blockchain technology will secure the authenticity and uniqueness of digital contents and drive a more democratic and cooperative contents ecosystem based on user participation.



## 3. Problems with the Industry

### 3.1. Monopolized, large-scale industrial structure

In the E&M market, huge capital exists as 'Power', and the typical pattern of mass supply-mass consumption has been going on for a very long time. In the process of 'production, distribution, brokerage, and consumption' on a large scale, the rights of the creator have been underrated, and even their justifiable rights have not been protected. Consumers were also given only the rights as buyers, and could not think of any further roles or rights.

However, as consumers' perception of value has changed and legal mechanisms for rights have been added, the importance of copyright and intellectual property rights is increasing across the music industry. In addition, as the business structure and communication environment become interactive, consumers have the roles of producers, being able to demand appropriate reward and legitimate rights.

However, even though the E&M market is the communication industry itself, the first-generation structure and business method are being followed. The service structure is centered on monopolistic conglomerates and large distributors and their influence still remains great. The operating profit is skewed to one side, showing a serious imbalance within the ecosystem.

### 3.2. Ecosystem in chaos and changes

The advent of blockchain technologies has provided a turning point for breakthrough changes in typical industries, such as decentralization of service structures, transparent contracts, operating structure of profit sharing, cost cutting and efficient management, and security.

As a result, almost all industries are seeking to introduce to necessary technologies. However, the business model aiming to solve the long-standing structural problems of the industry with blockchain has yet to be activated. This is because the power of the actors seeking innovation is not strong enough. They usually do not have the ability to transform the industry and ecosystems by and large. They are usually at start-up-level (just ideas, in the early stages of business, from the

perspective of weak infrastructure) and are not in a position to dominate large-scale ecosystem within the industry.

In addition, the businesses that have created and maintain the existing ecosystem are also in a difficult position. They have built up a business infrastructure with large investments and volumes, provided a wide range of customer service, and earned the price for their efforts. Until present day, they are making large investments and spending large expenses.

Therefore, it is difficult for them to change the existing method easily, and they are just seeking 'reasonable improvement' for the issue of reward for rights of producers(copyright holders) and distribution of profits.

### **3.3. New technology and Sustainability**

It seems that it will take longer until the problems of the existing ecosystem have improved and a service that can lead the large market take a root. Currently, blockchain technology, like other new technologies, is being applied passively at a level that is partially utilized according to business usefulness.

It is apparent that the reason why the industries and heterogeneous industries are easily converged and applied, such as providing AI services through partnerships with large telecommunication companies, linking global online platforms and contents, and diversifying online and offline experiences, is because of the power of existing infrastructure and capital that makes it possible. In the industry, future-oriented cutting-edge technologies are being used to be in line with the mega trend and achieve the goal of expanding the market with great competitiveness and maximizing profits by continuously creating new businesses that will attract customers' attention.

《ASSA》 is using a variety of technologies of the 4th industrial revolution to achieve our goal of expanding the market by continuously creating new businesses that will be in the limelight, expanding the market with great competitiveness, and maximizing profit. That doesn't necessarily mean that we are in the time where customers love and are satisfied with services because they're provided by large companies. Above all, from the customer's perspective, irrational structures or factors in the market must be improved and overcome by business operators through self-purification

efforts in the future. In the future, it will be an essential element in order to maintain a sustainable business foundation without being disregarded by consumers.

In reality, even though a block chain is simply integrated and used for a service, the service is not necessarily recognized as a new business model or universal service. If it's not 'fun and convenient', even high-tech technologies are meaningless, and in fact, all future technologies only exist for 'daily convenience services' tailored to the user's lifestyle and this will continue that way.



## 4. Solutions for the E&M Market

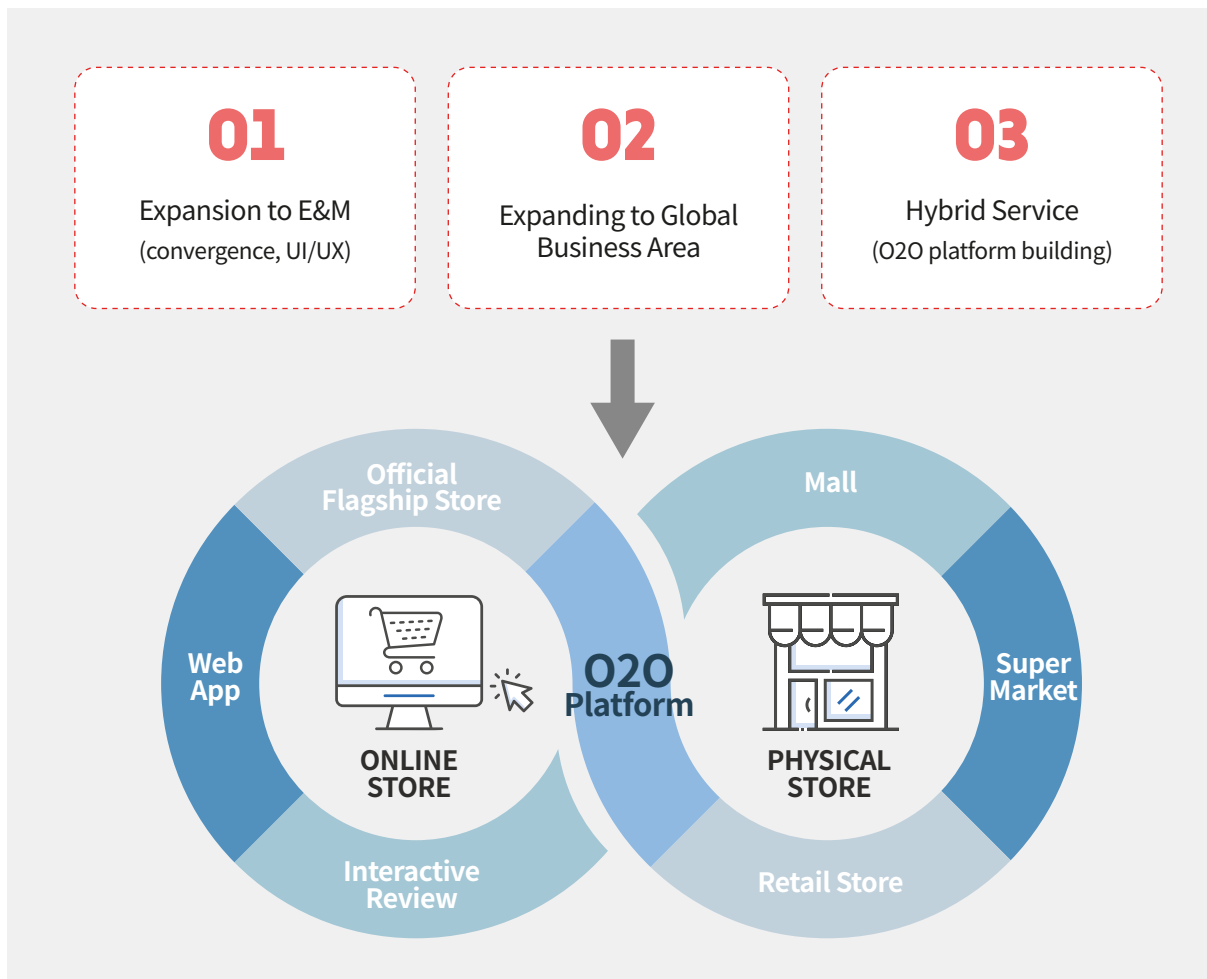
### 4.1. Preparing a venue for E&M experiences centered on music themes

Currently, the largest part of the music industry is the music distribution market and it shows rapid growth with the development of smart devices and digital technologies. The most apparent feature in the modern industry is that it became a structure gradually changing and expanding from just “listening” to a “enjoying” and further on participating and producing. Various experience environments(watch-listen-sing-participate) of music themes are crossing the boundaries between industries through convergence not only within the E&M area, but also with other industries.

《ASSA》intends to present new concept shared services where community and commerce linking on-off line are actively taking place in addition to its existing businesses such as the noraebang app service of streaming sound sources currently used by more than 6.3 million people around the world, and the production and distribution of more than 5.7 million background music equipment (noraebang equipment, Bluetooth microphones, speakers, etc.). Members of the ecosystem, who have been consuming only ‘sing’, can also act as secondary producers of contents on the ASSA platform and receive appropriate reward, and can receive fair and transparent profit distribution by directly participating or investing in related events and promotions.

In addition, they will be able to experience a three-dimensional experience encompassing on-off line according to the business model and service composition that links the functionalities of E&M such as games, e-sports, and smart healthcare. Through the diversification of these services, 《ASSA》 will play a positive role for the balanced growth of the future music industry, providing a unique service that has not existed in the past, E&M experience where you can ‘play-eat-create-purchase-relax’ as if you enjoy in a theme park. Furthermore, we will implement Sing to Earn and Entertain to Earn, where play and cultural creative activities can be directly linked to economic activities.

## 4.2. Building an O2O business model that has evolved into O4O



>> Figure 6. ASSA O2O Vision

O2O(Online to Offline) refers to a business that provides convenient and valuable services to customers by organically linking online and offline. Korean and overseas O2O market are rapidly expanding into an innovative industry with the advent of super-large business models such as Amazon, Uber, People of Delivery, Socar, and Yanolja. According to the report published by the Ministry of Science and ICT(2020.2), sales amount was KRW2.9 and transaction amount was 97 KRW trillion as of the year of 2019, and the market is scaled up to KRW100 trillion as of the year of 2020. The global market is also expected to exceed \$53.2 billion in 2019 and \$75.6 billion in 2020, showing a significant growth.

O2O is not a new service. It is rather a business that has evolved its scale and scope by linking and strengthening the existing offline business on-off. O2O is a model suitable for sharing and on-

demand business, and the structure of a harmonious win-win relationship between the service platform operator and the tenant companies becomes a critical important factor in judging the sustainability of a brand. In recent years, the conflict over the main profit pools (excessive fees and advertising costs) has emerged as the main issue, and it is also facing the challenge of profit diversification.

O2O is the most suitable business structure in consideration of the nature of «ASSA» business where offline and online services are interconnected and coexist. In particular, the decentralized O2O model with the introduction of blockchain technology is expected to be a win-win business model as an alternative to the current O2O business, revealing the problems with large platforms dominating and monopolizing the market.

In particular, ASSA has its uniqueness in that it is an O2O service model that has been expanded on the basis of experiences and know-how of O4O(online for offline) business linking noraebang streaming app services, and the production and distribution of background music equipment over the past scores of years, and is a new concept E&M business that expands the scale and scope of existing specialized themes (music) where entry barriers exist.

O4O is a business platform in which a company with online competency creates new growth opportunities by expanding its business areas into offline areas. The effects of O4O can be summarized in three main aspects:

- (1) Offline shops of online service companies become a marketing channel, creating a mutual synergy effect between on and off.
- (2) It becomes possible to establish a brand identity by providing experiences of the physical world that cannot be provided online.
- (3) It becomes possible to collect feedbacks from customers visiting offline business sites, and utilize them for online services.

### 4.3. Introduction of a decentralized blockchain platform

《ASSA》 will realize a transparent and reliable service by introducing decentralized blockchain technology and token economy to the O2O platform. 《ASSA》's experience and know how in global service for 6.3 million members with high brand loyalty around the world will facilitate a new platform service.

The O2O service of 《ASSA》 starts with a good understanding of copyright management, as evidenced by the 《ASSA》's exclusive technology related to streaming sound source IC that 《ASSA》 designed and music source (350,000 songs) in 34 languages owned by 《ASSA》. Therefore, 《ASSA》 platform, as an easy-to-use environment, is suitable for global business, and a system for transparent profit sharing and fair reward will be the basic element. In addition, 《ASSA》 will provide fair reward and profits not only to service providers and purchasers, but also to activists who perform various roles in keeping the ecosystem rolling actively.

Above all, 《ASSA》 pursues a platform where the usability of blockchain technology and token economy is maximized and will focus on building a sustainable foundation with blockchain technology and token economy aiming for a platform with maximum usability. 《ASSA》's ecosystem will evolve into a realistic and effective decentralized platform, and 《ASSA》 will continue to strive to achieve a value proportional between the creative aspects of the music theme business and the platform economy. Through this process, it will be a best business model of themed business that breaks away from the current centralized O2O structure focused on fees and advertising revenue, demonstrates various ways of existence of the platform business, and diversifies services and profit sources.

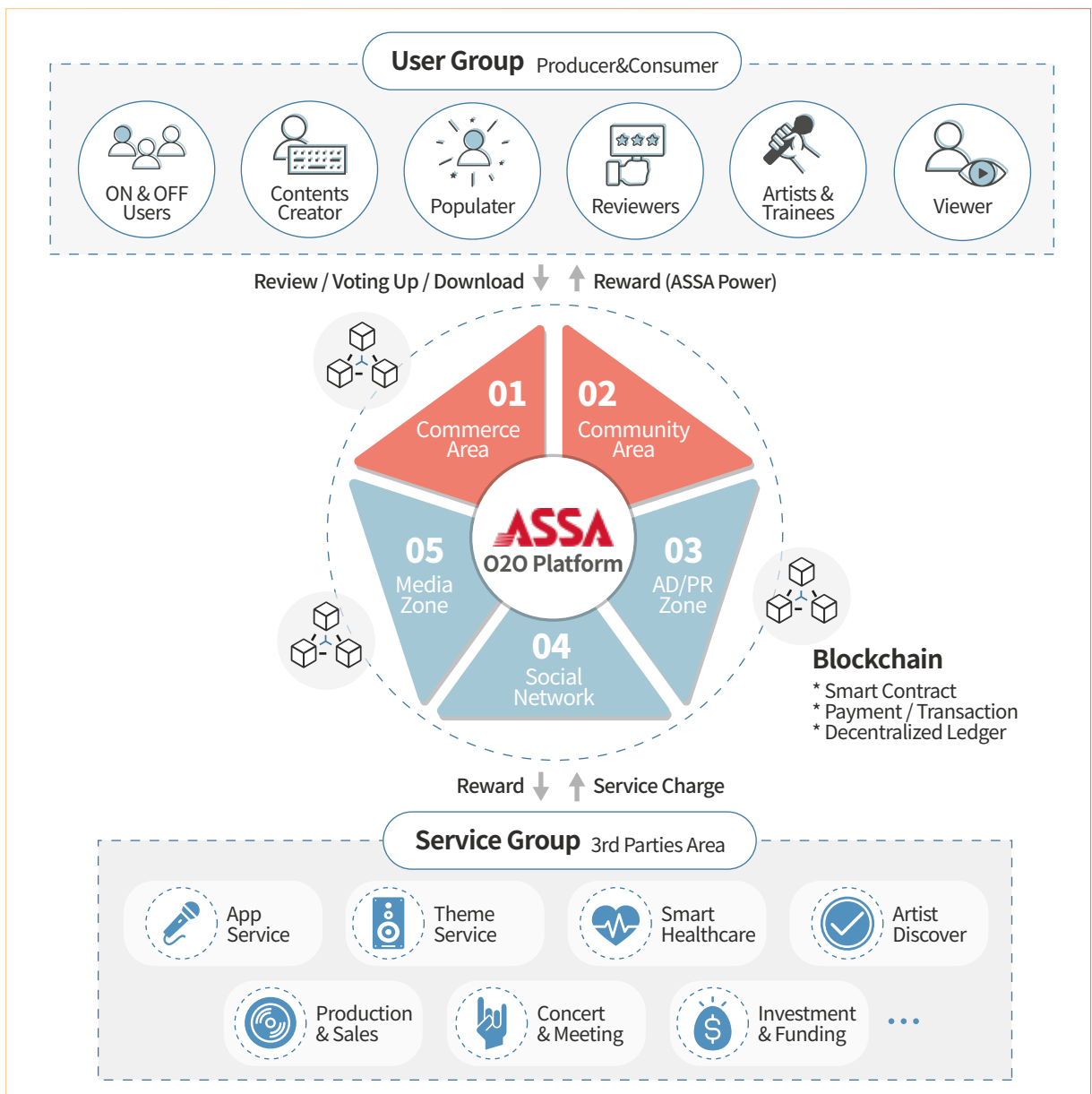
To implement this, we will work strategically with the Protocon team. The Protocon Mainnet is the best blockchain platform with the latest critical mind and blockchain technology. In particular, it provides an environment where ASSA tokens can be used as practical utilities both online and the physical world by fundamentally solving the fee problem, which has been pointed out as the biggest problem among blockchain usability. Through the long-term and strategic cooperation with the Protocon team, we will solve new needs of industries with in-depth technology.





## 5. ASSA Ecosystem

As aforementioned, «ASSA»'s O2O is a global E&M platform that expands its scale and scope by connecting the similar industries and heterogeneous industries, focusing on on-off linked music theme services in the world. By introducing the O4O and metaverse concept, «ASSA» intends to maximize the synergy between online and offline. In addition, we will realize the concept of Sing to Earn and Entertain to Earn by providing features such as regular content authorization, participation reward, and resale for users' activities and participation. A community and commerce service consisting of items that maximize the attractiveness of each online and offline and items highly related to each other will revitalize the ecosystem and create a sustainable future vitality.



>> Figure 7. ASSA Eco System

## 5.1. Participants in ASSA's Ecosystem

### On & off User(Platform User)

As a member of «ASSA» online service and offline services, he or she can work in the community and commerce areas of the platform. On & off User include Contents Creator, Artist & Trainee, Populater, Viewer, and Reviewer, etc.

### Contents Creator

On&off user refers to a person who uploads his or her own music video to the platform media channel using the noraebang app service. On&off user includes Artist & Trainee, and comes the subject to reviews, voting, sponsorship, crowdfunding, and investment.

### Artist & Trainee

Artist & Trainee refers to an artists and a trainee who has made his debut in the broadcasting/entertainment world. Through the platform service, he or she can announce and communicate new music sources, introduce and sell his or her own goods(products), and conduct events and promotions such as fan meetings, performances, and collaborations.

### Populater(Information Provider)

Populater can provide various and in-depth information that is beneficial to the E&M platform ecosystem, with focus on the music theme. He or she can introduce or link text, photos, videos, etc. to the extent that copyright or intellectual property rights are not infringed.

### Viewer

Viewer is a person who has viewed content uploaded by Contents Creator or viewed the information uploaded by Populater.

### Reviewer

Reviewer refers to a collective term for those who review, vote, and subscribe to content in the community area and product information in the commerce area. He or she is rewarded with 'ASSA POWER', which is in general point concept.

## Seller

Seller refers to SOHO, Shop, or Service Company selling in the marketplace (Service Group) of «ASSA». When special events and promotions (performances, contests, crowdfunding, etc.) are promoted through collaboration, etc., it also refers to the entity that provides ticketing services.

## 5.2. ASSA platform configuration

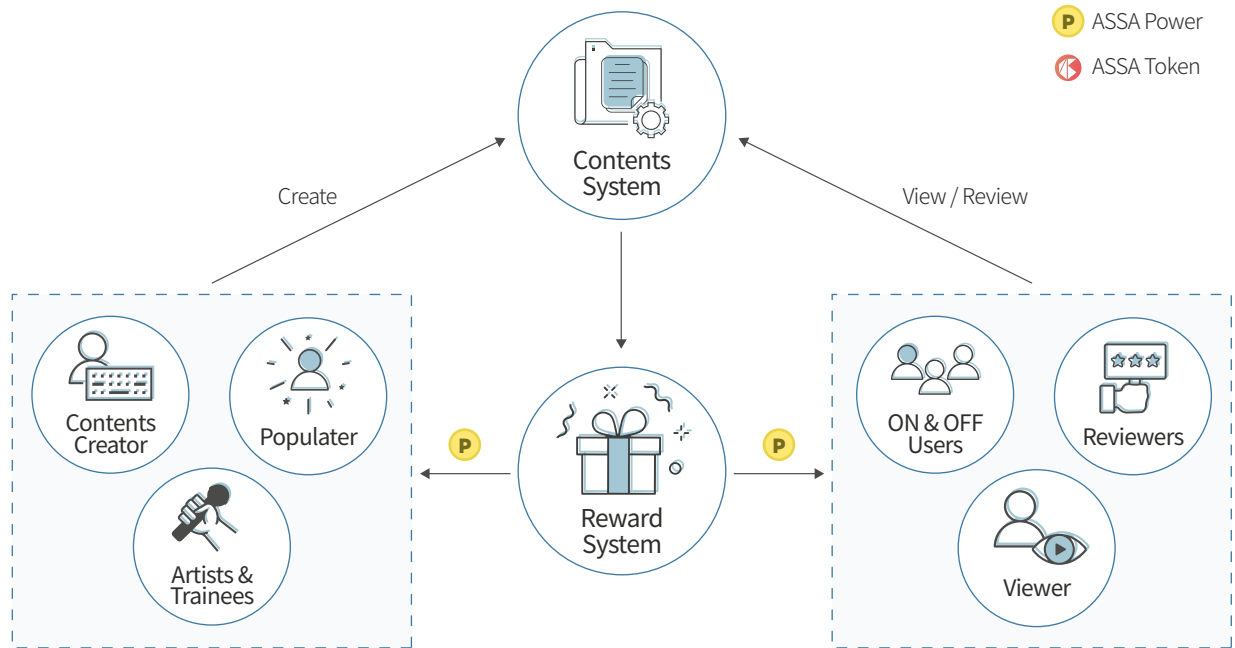
The participants in «ASSA» platform work on the basis of two axes: 'USER GROUP', that is both consumer and producer, and 'SERVICE GROUP', that sells and provides products and services. In the process of their activities and interactive communication, new content and data are created, and an ecosystem of rewards and profit sharing operates.

These two groups, respectively, become main agents of activities in Community Area and Commerce Area, and pursue additional activities through five specialized areas, including Media Zone, AD/PR Zone, and Social Zone, etc. for ecosystem maintenance and growth.

USER GROUP leads community activities, such as content data registration, voting, and reviews, etc.; and the purchase and consumption of products and services. SERVICE GROUP conducts activities focused on sales and supply of products and services. They are provided with the operating system of «ASSA» platform, and are evaluated and rewarded for their contributions such as the nature, frequency, and content of their activities according to the token economy.

### USER GROUP

In User Group, on & off users basically refers to those who participate in online and offline activities after registering as a member. Depending on the nature of their activities thereafter, they become content providers or consumers, populators, reviewers, and voters. They also become artists and trainees according to special programs linked to events and promotion, such as auditions and contests. They can be producers, consumers, or both, depending on the nature of their activities, and are rewarded with 'ASSA Power'. They can join in activities for creating profit as key buyers and collaboration partners connected to the service group.



Users can upload various contents (videos, recorded sound sources, etc.) that they produced in to the media area through O2O commerce activities (using noraebang app services, using offline complex entertainment spaces, participating in event promotions, etc.). On the one hand, users can evaluate the content of other producers from consumers' viewpoint and produce data such as comments, share, and follow.

Tokens earned according to the results of activities can be freely used in the on-offline commerce area of «ASSA», such as purchasing products and services, discovering artists (investment, crowd-funding, sponsorship, etc.), and purchasing performance teckets/sounds/goods. Artists, trainees, those selected for audition, etc. will be provided the opportunity to make their debut through USER GROUP's evaluation and support programs or through partnered agencies. At this time, if a sound source is released or an album is produced, they can participate in investment, crowdfunding, etc., to receive profit distribution.

## SERVICE GROUP

Service Group refers to companies, shops, or special individuals (experts) that are active in the area of 3rd parties and have presence in the market place within the platform according to the participation criteria by theme. They supply music themes and products and services in the E&M category, and with regard to event promotion activities, they can share various profitable activities

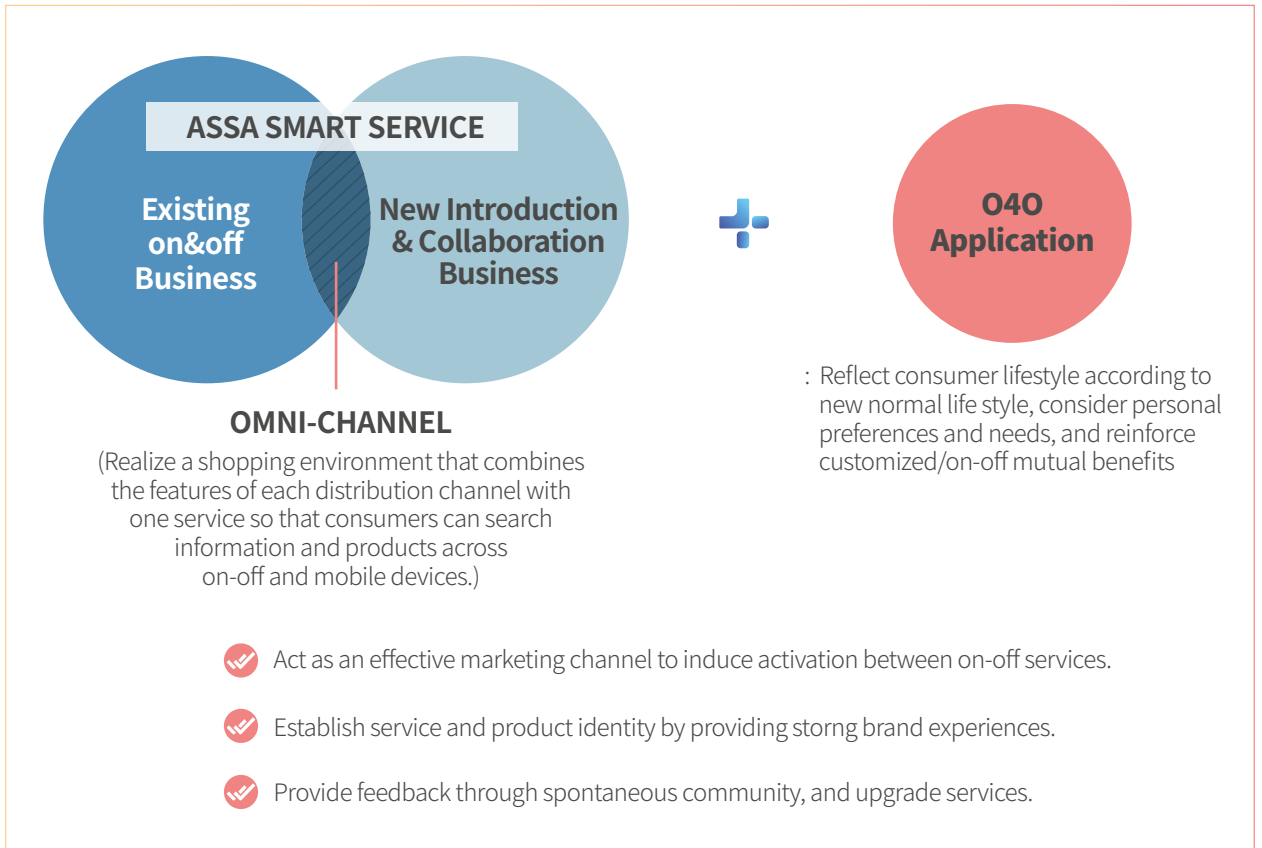
(sponsorship, investment attraction, profit sharing, etc.) through various strategic partnerships with User Group.



The marketplace of «ASSA» combines convergence entertainment experience service, and smart healthcare service centered on the existing core services(global app service, sales of background music equipment), and fuses subdivided E&M theme alliance services linked with them. Companies and companies in the E&M category for long-term mutual growth or individuals(experts) can join and have presence as alliance partners.

Together with them, «ASSA» platform will support and share blockchain-based SCM and CRM solutions such as direct and indirect cost reduction, maximization of marketing and sales efficiency, fast transaction speed, and easy payment, thus creating a comfortable commerce environment. Consumers will also receive 'ASSA Power's as rewards in the concept of bonus points in return for their purchasing activities on the marketplace and the tokens can be used for various purposes within the entire ecosystem.

### 5.3. ASSA Service Model



>> Figure 8. ASSA Service Model

ASSA's service, with its unique characteristics (O2O, O4O) combining karaoke apps and devices, further strengthens the connection between the virtual and real worlds with metaverse technology, and is implemented as an environment suitable for building the metaverse world. In addition, ASSA's community and commerce seek a interoperable infrastructure and will create a creator economy combined with NFT, creating the uniqueness and flexibility of ASSA services.

### 5.3.1. Configuration of service areas

《ASSA》 strengthens communication channels through specialized areas, such as the media area and the AD/PR zone and social zone for the vitalization of the community area and the commerce area where key user groups exist, maintenance of an ecosystem, and future growth.

#### Media Zone

Members who want to act as producers (Contents Provider and Artist & Trainee) on 《ASSA》 platform can open their own room (My Planet) and upload contents.

The contents are the videos produced using the function of the noraebang app service, and are stored in the smart contract. After watching the content uploaded on the media zone, consumers (on & off users and reviewers) can review, subscribe, or conduct activities such as voting, sponsoring and making investment according to their preferences.

In addition, members who purchase products or services through the marketplace can upload reviews, satisfaction levels, and related professional information (data). General members can also leave reviews or express empathy for this information.

#### AD/PR Zone

Content producers in User Group and sellers in Service Group can actively inform their members of themselves, their contents, products, and service products through Broadcasting Performance and Programatic AD within the platform. The disclosed contents and official information are recorded on the blockchain, gaining high reliability.

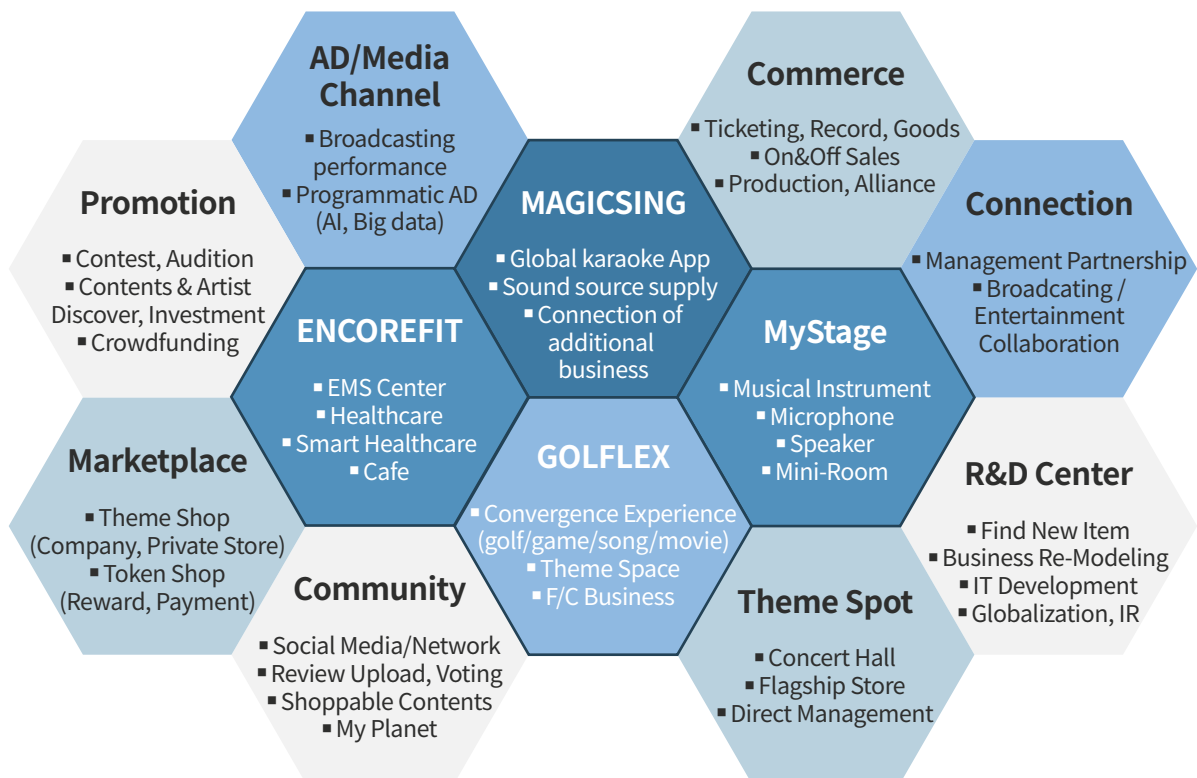
It serves as a guide channel that informs and guides events and promotions that occur within 《ASSA》 platform on a regular/irregular basis. The current status of active artists' new news releases, performances, concerts, introduction of fan meetings, and discovery of new artists (audition, contest, music production, presentation, etc.) are transparently disclosed. In addition, the platform operation status, such as the introduction of new services and business alliances, is continuously disclosed.

## Social Zone

Contents within «ASSA» platform can be linked with the social networks and spread to external social networks. Accordingly, Contents Creators can introduce their own creations to various open channels.

### 5.3.2. Uniqueness of ASSA service

As aforementioned, «ASSA» E&M platform service aims to create a sustainable business model by categorizing additional services that can be realized on the basis of the existing global service base. For this purpose, «ASSA» will create a narration (Universe) with rich storytelling centered on music themes.



>> Figure 9. Organization of ASSA Global E&M Platform Service

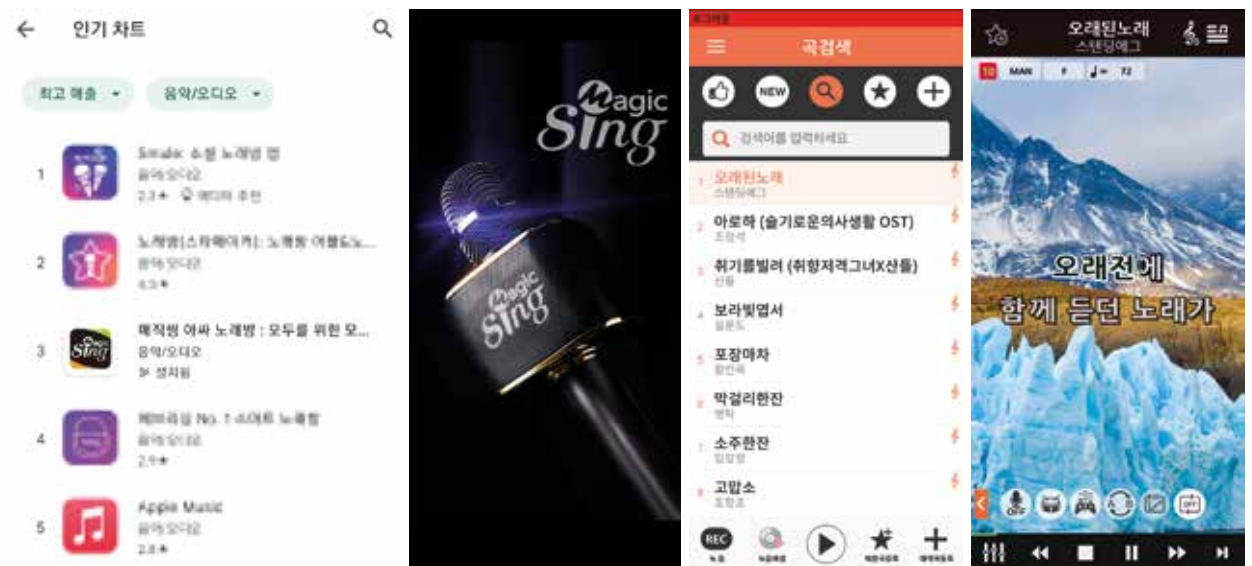


## 5.4. ASSA Service Situation

ASSA's community and marketplace will be completed as a differentiated entertainment platform by adding various businesses of the O2O concept strategically born through new introductions and collaborations. In particular, by applying the metaverse environment designed for expansion for each phase, the characteristics of the ASSA platform, where participants act as consumers and creators, will be clearly reflected.

The services currently being developed around the music theme are being interoperated centered around music themes related businesses such as global karaoke app service(MagicSing), performance/accompaniment sales service(ASSA, MyStage), on-off convergence experience service (GOLFLEX), and smart healthcare service(Encorefit) by each brand. In addition, each business is in the process of optimizing to match the metaverse environment, and the main services and R&D activities are as follows.

### 5.4.1. Global noraebang(karaoke) streaming app service



MagicSing is the core content in 《ASSA》 platform. MagicSing is the world's best noraebang service, used by more than 6.3 million subscribers around the world, and users can download the app from the App Store and enjoy it as a streaming service after signing up for membership. In 2017, it was ranked 7th in the App of the Year category in the Apple Store, and it is currently the 3rd in the Google Play and is a global service app used by more than 100 countries.

MagicSing is currently servicing 350,000 songs in 34 languages based on its exclusive streaming sound source IC technology (ASIC) as the first and only patented technology in Korea. In addition, it has a Bluetooth function so that it can be used by connecting background music equipment (microphone, speaker).

MagicSing will play the initial role in creating secondary works (videos) by being connected with media functions on ASSA platform. The content created is recorded on the blockchain as the core content in the community area and is disclosed to consumers, making users IP producers. Users in User Group consume publicly available content, and conduct various activities according to the nature and goal of the content, such as review, voting, sponsorship, support, and investment.

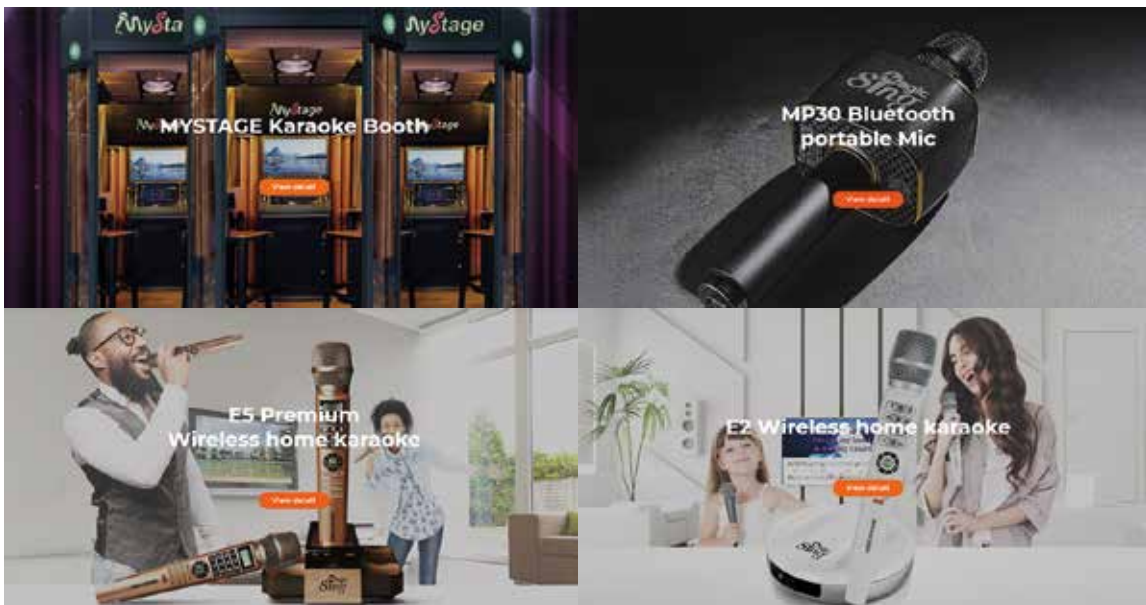
MagicSing will be re-created as Korea's first and the world's first metaverse karaoke app, and will be linked with various on-off entertainment services in the future to become the core service of the ASSA music theme park.



## 5.4.2. On-offline sales of noraebang background music equipment and services

MagicSing app services can be enjoyed offline by interlocking it with background music equipment such as Bluetooth microphone or speaker.

Accordingly, «ASSA» manufactures and distributes noraebang equipment for carrying, home use, and commercial use to the world. Having sold million units on an accumulative basis worldwide, «ASSA» is ranked as the top brand in the background music equipment field. It has been awarded 10 Million Dollars Export Tower, 20 Million Dollars Export Tower, and 50 Million Dollars Export Tower successively. The main products on sale include Bluetooth speaker microphone (MP30), Bluetooth speaker (KP650), Smart Noraebang (E2, E5, E2P), and independent booth noraebang (MyStage).



«ASSA» forms a music-themed on-offline complex shop for product sales at Service Group in the platform based on the noraebang background music equipment items on sale. Through this service, not only musical instruments, but also related products from strategic alliance partners are sold, and purchasers can receive the same benefits in online or offline stores. For this purpose, a flagship store (Theme Spot) that offers multi-purpose services will be established inside the headquarters. It is also applied collectively to all services linked to «ASSA» brand.

### 5.4.3. Operation of the entertainment experience spacetailored to customers



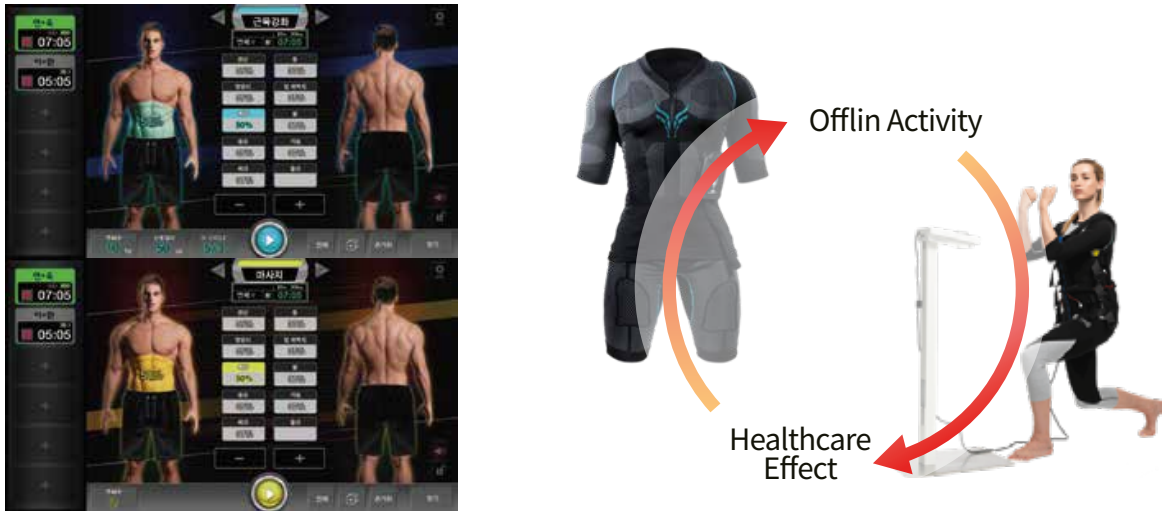
《ASSA》 provides a ‘GOLFLEX’ service using its exclusive video-related ICT technology so that users can enjoy a variety of experience activities in online or offline space as they want (Application for patent has been made). GOLFLEX is an O4O concept complex experience, and is a service that encompasses games, e-sports, and movies, which are the core of the E&M (Entertainment & Media) industry as well as the music industry. GOLFLEX will be operated as a link that implements a platform with the service structure extending the music theme to the realm of the E&M industry.

GOLFLEX allows users to play golf, sing, play games, and watch movies and sports at the same time. For example, in the golf system, more than 100 actual golf courses are implemented and tens of thousands of delicate objects are applied to provide realistic training program and games.

In addition, large screen and the latest sound system allow users to enjoy noraebang, games, e-sports, and movies. The experience space implemented offline can be easily installed anywhere in the group or individual activity space, and is also used as a space for producing secondary works created on 《ASSA》 platform, and as an online audition space. For the use of GOLFLEX both online and offline, 《ASSA》’s token economy will apply. The GOLFLEX experience space is currently available in 2 directly managed stores(Seoul, Bucheon) and 11 affiliated stores, and we are currently discussing nationwide road shows and overseas partnership negotiations to expand the service.



#### 5.4.4. Smart Healthcare program for wellness



《ASSA》 integrates its exclusive EMS (Electronical Muscle Stimulation) wearable technology with GOLFLEX service and applies smart healthcare to the E&M experience process. The Smart Healthcare service named ‘ENCOREFIT’ brand is applied and utilized by users as an option in GOLFLEX experience. EMS training using wearables produced and sold by ASSA has excellent effects such as strengthening muscle strength, increasing cardiorespiratory endurance, and recovering from fatigue.

As part of the convergence experience service, we provide a wearable program at the GOLFLEX experience space or booth karaoke, and you can get 6 hours of exercise effect just by experiencing ‘20 minutes of wearing the wearable + singing’, giving us the dual effect of ‘play + health care’. Users will be provided with blockchainized healthcare information generated in the process of regular use, and will be able to manage their health effectively.



### 5.4.5. ASSAPLAY THEME SPOT

Since ASSA is an O2O-based music theme service, so we created ASSAPLAY Theme Building in Seoul for a unique experience and R&D environment to provide and operate a performance hall, studio, showroom for major services, planning, production, and research facilities. ASSA THEME SPOT will be used in various ways as the hot place linked with the metaverse service experience of ASSAPLAY in the future, along with a mega-scale GOLFLEX experience facility available nearby.



## 5.4.6. Introduction of theme-centered strategic partnership

### Technology Partnership

ASSA's metaverse service is from the strategic combination of ASSA's existing music assets and Protocon, which has unrivaled blockchain technology, on the global business foundation that covers online and physical spaces. In the future, ASSAPLAY-Protocon will create synergy by realizing advanced immersive media content together and working together to penetrate into the global market.

Protocon is widely known for its mainnet, which significantly improves blockchain performance and safety with its proprietary technology, and especially solves the problem of fees, which has been pointed out as a chronic problem of blockchain. In addition, Protocon has developed a metaverse game Block City using Minecraft, and has and is applying blockchain technologies necessary for the metaverse such as NFT and real estate transactions. In addition, it is the world's leading technology company that has already developed DID technology, having already prepared and secured the foundation technologies necessary to build the metaverse's economic system.

### Service Partnership

《ASSA》 will form SERVICE GROUP with strategic partners who will sell and collaborate on music-themed products and service products to create a sustainable operating structure and profits. They are companies and shops with unique services in the E&M industry, and individuals (professionals) can also have presence. The marketplace of 《ASSA》 consists of products and services in the following categories.

#### Products

- Music them performance/background music equipment and peripheral devices, accessories (noraebang equipment, Bluetooth microphones and speakers, EMS wearables, etc.)
- Open market items (artist's albums, goods, MD products, etc.)

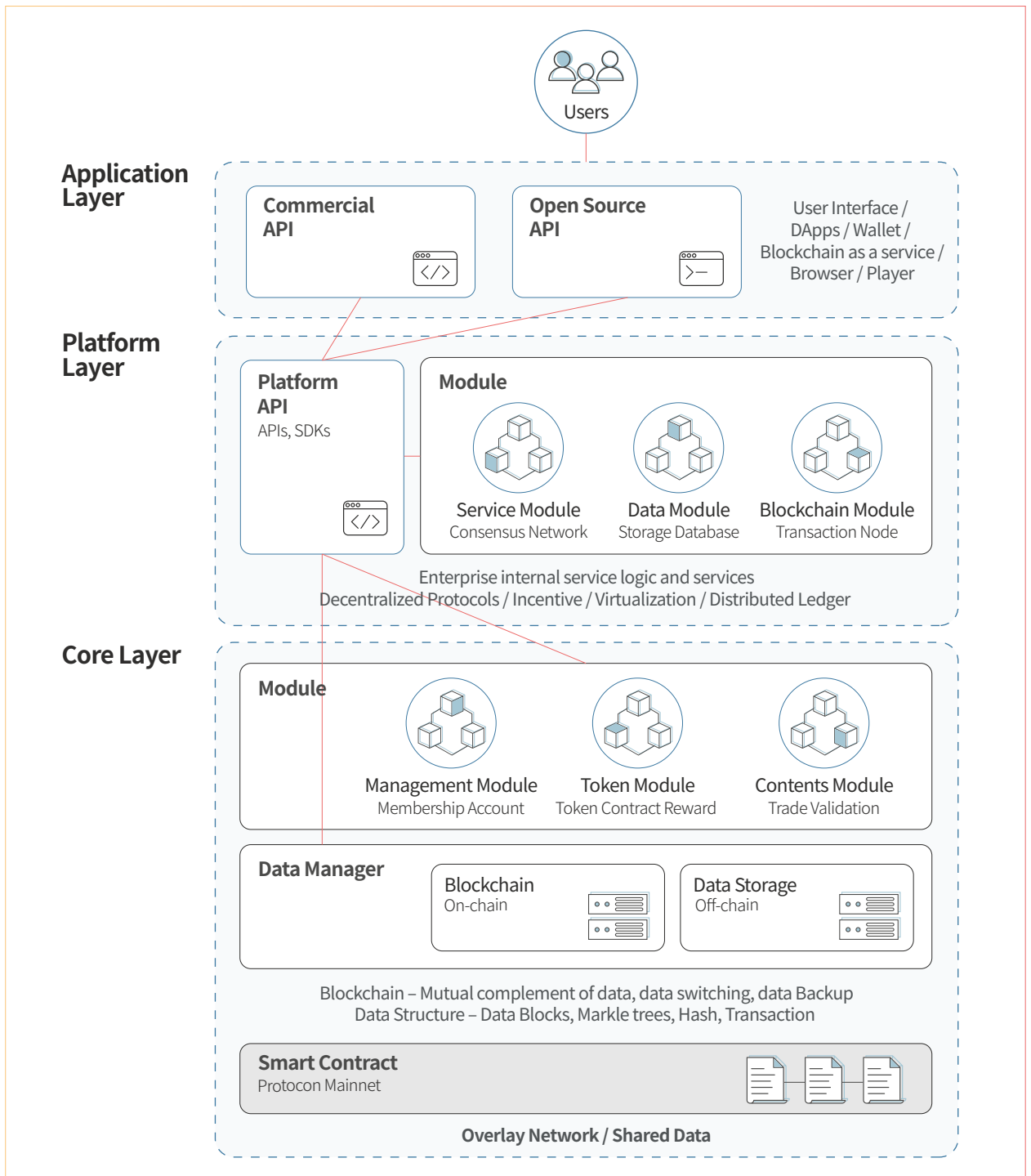
#### Service Products

- Tickets for complex experience centers(GOLFLEX, ENCOREFIT), tickets for affiliated offline experience centers & shops
- Artist performances, Tickets of concerts, fan meetings, etc.
- Tickets for events and promotions (audition, contest, presentation, etc.)
- Support programs (sponsorship, investment, and crowdfunding, etc.)



# 6. ASSA ARCHITECTURE

ASSA forms Application Layer, Platform Layer, and Core Layer to support users to easily and safely use the services within the platform. In order to ensure the inherent efficiency, transparency, and scalability of a blockchain based service, each layer is organically connected to form a single ecosystem.





## 6.1. Application Layer

Application Layer is a module that is visible to users. «ASSA» implements and provides a UX/UI environment that participants in the ecosystem can use easily and conveniently on web and mobile. Through Application Layer, users can access and use various services of Platform Layer, such as use of streaming player, community activities, purchases and sales.

Consumers can check their assets(points, tokens, and cash) through the asset management zone, and sellers can understand at a glance the status of receipt of goods, inventory level, sales, and user status and conduct integrated management.

## 6.2. Platform Layer

Platform Layer is an API environment where the community and commerce activities that form both axes of ASSA platform are centered, and there exist modules that can be used according to the activities of members of the ecosystem.

It consists of Service Module, Data Module, Blockchain Module, etc. together with Platform APIs. It supports APIs to implement essential services (centered on «ASSA»'s ongoing business) and services provided by participants with the aim of implementing the basic functions of the platform.

To facilitate the creation and distribution of various and objective contents and data of the music theme, and distribution of products and services between Application Layer and Core Layer, it classifies user activities to store them in the blockchain and data storage by dispersing them and acts as a medium.

## 6.3. Core Layer

Core Layer is Storage Layer that records the information related to major contents and the participants in the ecosystem. Core data that needs to be prevented from forgery, alteration and loss due to server failure are recorded in the blockchain, and general data is stored in the storage.

Basically, the information on contracts, copyrights, intellectual property rights, reputation, trading and settlement, and token is recorded on on-chain. In Off-Chain, large-sized contents and the content and data that can be used as useful information to consumers when processed with AI, big data tools, etc., are distributed and stored. For the purpose of managing large-sized content and data in the future, separate side-chain, and cloud server, etc. can be connected and utilized externally. In addition, public data that can be disclosed and private data that must not be disclosed according to security issues are managed in a dual system, and can be selectively viewed.

Data Manager verifies and manages valid data according to the platform policy, supports the activities of participants, and integrates and manages the storage for efficient operation. Token Module transparently and automatically settle and manages service payments by 'ASSA TOKEN's implemented through protocon-based smart contracts, and protects the assets of all users of the ecosystem.

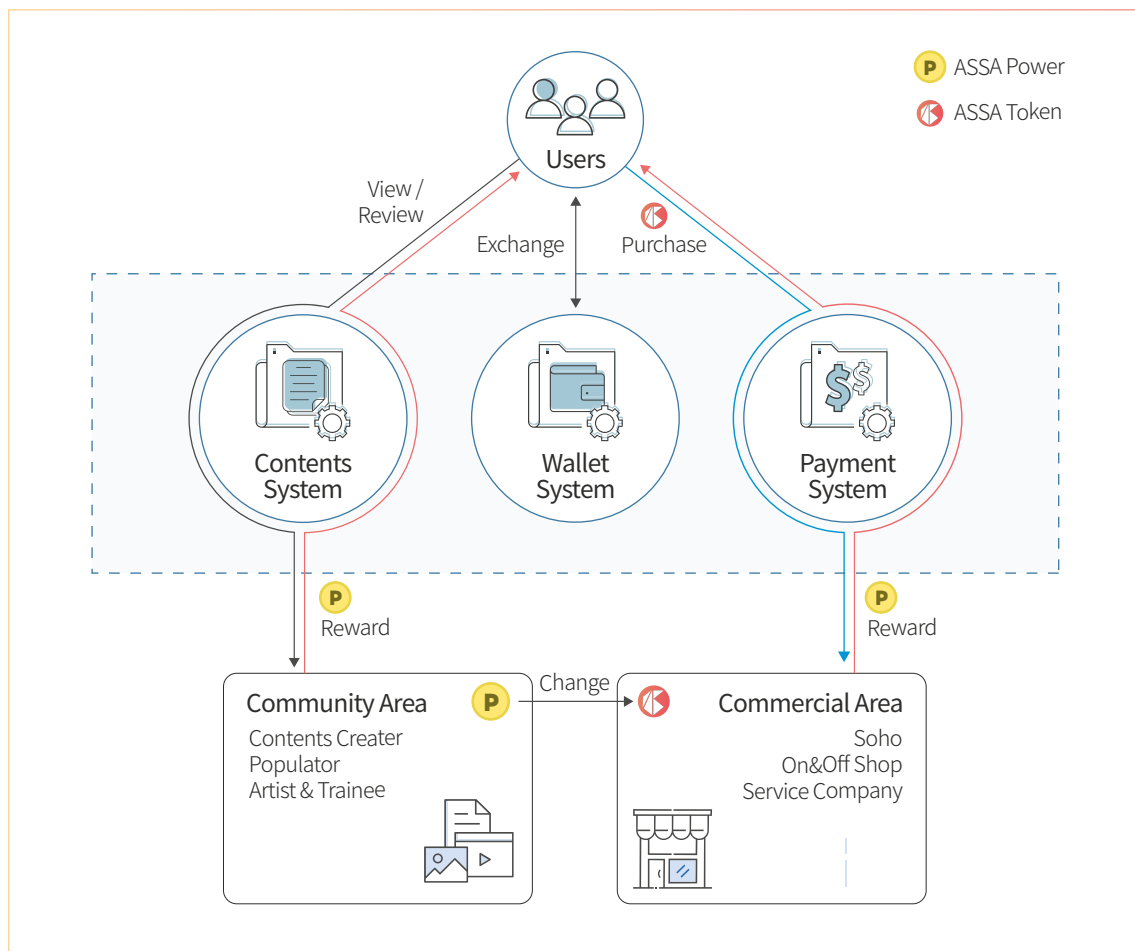
Accordingly, activities of creating creation of blockchain content and producing data will be given ASSA points for fair reward through fair ASSA point system, and 'ASSA TOKEN's are implemented so that fair profits are distributed for the trading activities and collaboration activities.



## 7. TOKEN ECONOMY

The economic activities in «ASSA» ecosystem are conducted through 'ASSA TOKEN(ASSA)'. 'ASSA TOKEN(ASSA)', as a payment method, is used mainly for commerce activities, and forms an organic relationship with a separate 'ASSA POWER(ASP)'. ASSA Token is based on the Protocon mainnet token model standard. ASSA Power is utilized as the center of community activities of participants, and economic activities of the ASSA ecosystem are made with the ASSA Token(ASSA) as the medium.

In the meantime, 'ASSA POWER' is used mainly for community activities of participants, and is also used for additional activities linked to commerce activities, which will make the ecosystem stable so that adequate supply and demand can be achieved and the ecosystem can be circulated continuously.



>> Figure 10. ASSA TOKEN ECONOMY

## 7.1. ASSA Power(ASP)

'ASSA POWER' is a reward point received on the basis of community contribution, and is used as an indicator to fathom the influence within the platform. 'ASSA POWER' is determined by «ASSA»' own evaluation and its reward scale is determined as rank(Ranking System).

Along with this, it will replace mileage or points that were given as a reward in existing, providing more direct benefits to users. 'ASSA POWER' owned by users cannot be exchanged for cash, but can be exchanged for 'ASSA TOKEN's through the platform exchange system.

The contents of rewards for community activities are as follows :

**- Upload content, View content, View ads, Share, Vote, Follow, Subscription, Comment/Report/Like**

## 7.2. ASSA Token(ASSA)

'ASSA TOKEN' is a utility token traded on the market and is used to use and trade all services in the «ASSA» platform. It is used for purchasing various products and services, sponsoring, and crowd-funding. It can be exchanged or traded with other cryptocurrencies via crypto exchanges.

Cash and tokens are used together as payment methods on the platform, and we will make ASSA tokens as a unique brand value base and convenient utility value in real life.

The main contents of rewards for commerce activities are as follows :

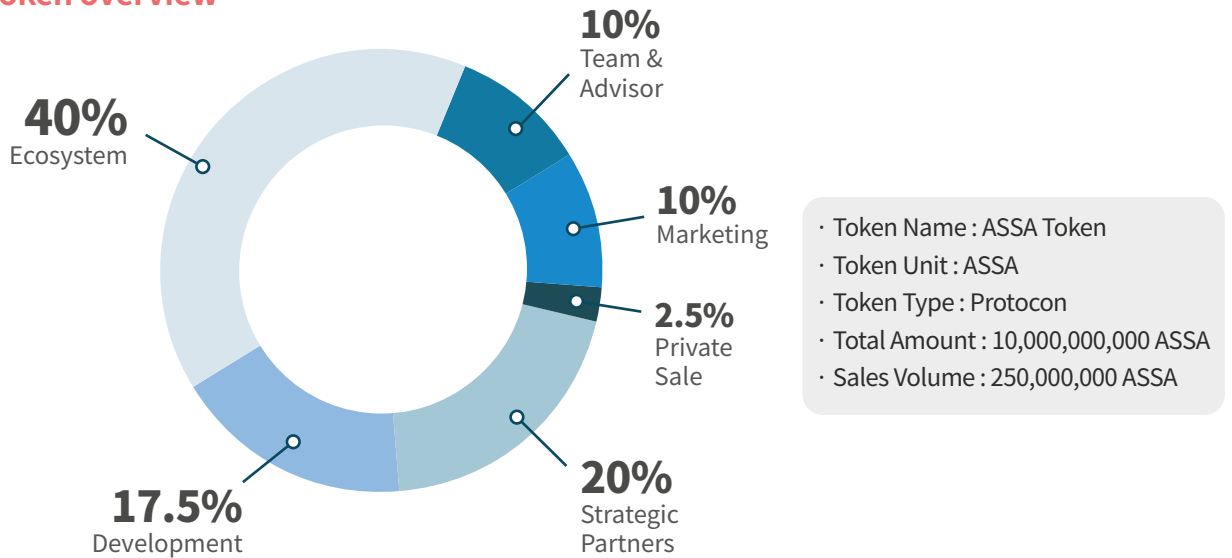
**- Acquisition of bonus points for purchase behaviors, Review, Share, Subscription, Comment/Report/Like**

'ASSA POWER' can be exchanged for 'ASSA TOKEN', but 'ASSA TOKEN' cannot be exchanged for 'ASSA POWER'. The exchange rate may vary depending on the market situation, and a small exchange fee will be incurred with a minimum amount limit for exchange. Currency exchange fees will be used for the operation of the service and ecosystem.



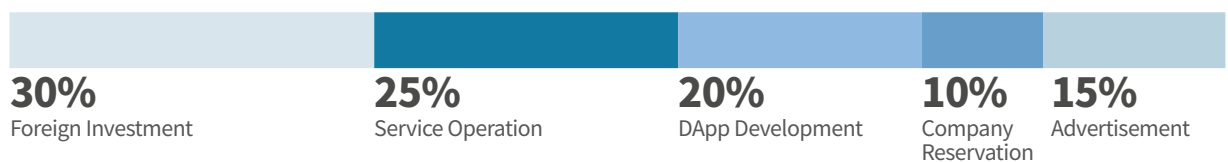
## 8. TOKEN ISSURANCE

### Token overview



A total of 10,000,000,000 'ASSA TOKEN's (ASSA) will be issued. 《ASSA》 plans to sell 200,000,000 tokens, 2.5% of the total issuance, sequentially, according to a step-by-step global business strategy. Excluding the sales, the remaining 97.5% of the tokens will consist of 40% for ecosystem, 20% for Strategic Partners, 17.5% for Development, 10% for marketing and 10% for team and partners as shown in the graph above. Tokens allocated to strategic partners, teams, and advisors will be locked-up for at least one year in the future, and the monthly lock-up release schedule will be announced through public notice.

### Use of Fund



Fund will be used for blockchain-based DApp development and business stabilization, marketing communication for expansion to global services, service operation, development, and efficient operation.

It will be used in the structure of 30% for the foundation for overseas business expansion, 25% for service operation, 20% for DApp development, 15% for advertising and marketing, and 10% for company reserves.



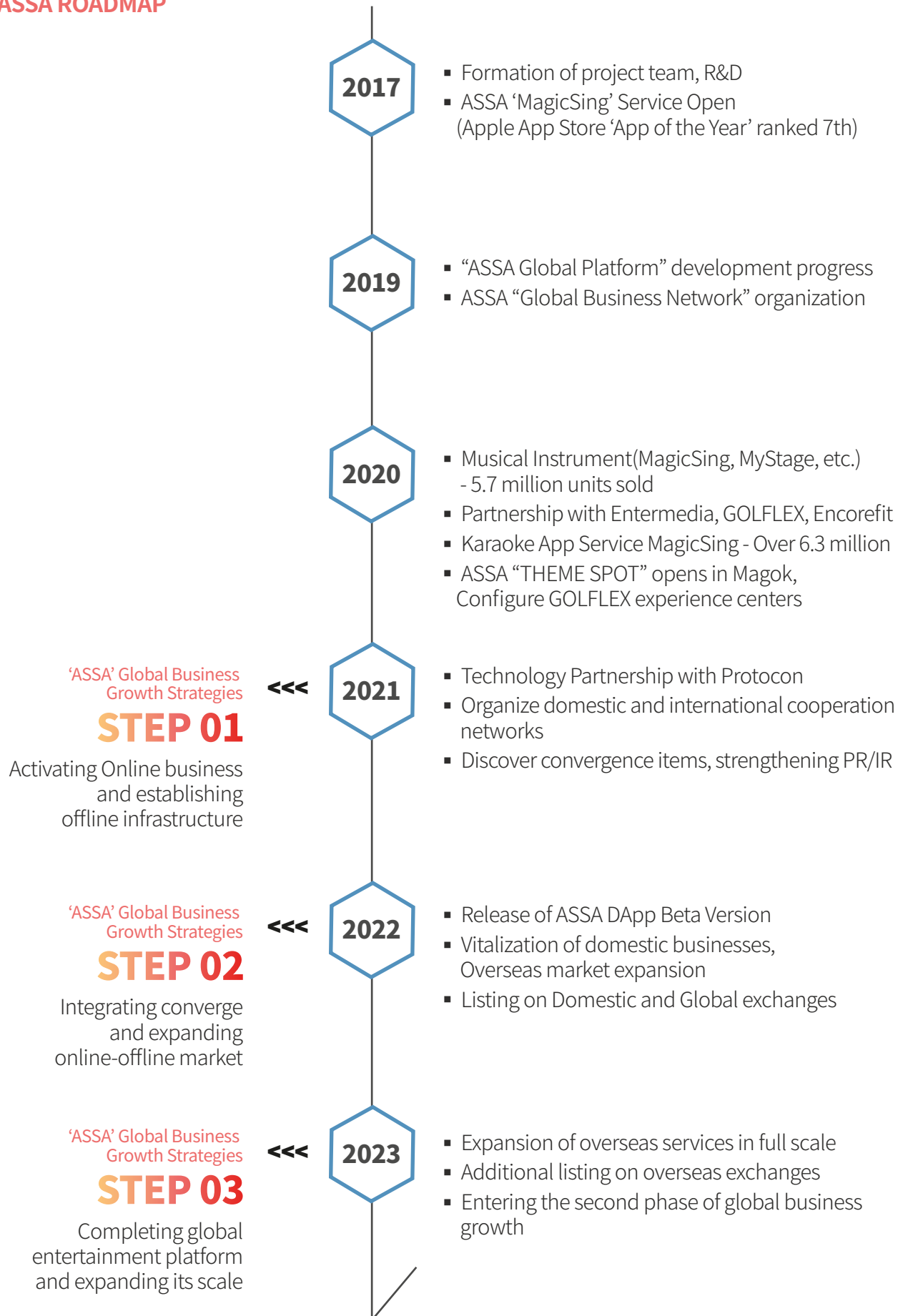
## 9. ROADMAP

《ASSA》 will implement a specialized O4O (Online for Offline) service beyond the functional utility of the O2O platform on the basis of blockchain technology. 《ASSA》 will secure competitiveness for sustainable businesses by utilizing 《ASSA》's unique music theme and the features of E&M.

### Ways to secure competitiveness



## ASSA ROADMAP





## 10. TEAM & ADVISOR

《ASSA》 project team is composed of team members, partners, and advisors with extensive various experiences and know-how to form a specialized entertainment platform. They will demonstrate world-class capabilities to implement music-themed E&M services and blockchain-based O2O and O4O technologies.

(The organization of the project team will be disclosed in the next version of this white paper to ensure the confidentiality of the current stage of development.)

### Business Network

《ASSA》 will create a new global brand with domestic and foreign partner companies.

Sato Shoji(Japan), Pondanet, Creation(USA), Astra Group(Philippines), and other partners in Brazil, India and Dubai will help to globalize the 《ASSA》 O2O platform.

At the same time, we will create sustainable conditions for the future in the major hubs of the Korean Wave (Vietnam, Thailand, Taiwan, the Americas, Europe, etc.).







# 11. Core Partners

《ASSA》entertainment platform service was initiated by ENTERMEDIA.

ENTERMEDIA is a global music content specialized company that has been introducing K-POP to the world after launching noraebang(garaoke) service in Korea and abroad under ASSA brand in 1994.

Since its foundation, it has invested KRW 37 billion in R&D alone. With its exclusive semiconductor technology (source IC technology), it has produced background music equipment based on Korea's first soft sound source technology and sold it to the world, and is currently supplying sound sources of 350,000 songs to 34 countries.

ENTERMEDIA's reputation continues with its noraebang streaming app service with over 6.3 million members worldwide, and MagicSing, a professional background music equipment brand which has recorded the sale of over 5.7 million units.



>> Figure 11. ENTERMEDIA bldg(Headquarters, ASSA Theme Spot)

Summary	President & CEO : Lee, Kyung-Ho / Established May 10, 1994
Address	Headquarters : 31, Magokjungang 8-ro 3-gil, Gangseo-gu, Seoul / Overseas Factory : Huizou, China
Business Domain	Music content production, manufacture of portable video background music equipment, mobile noraebang app service
Core competences	Global MIDI contents and copyrights (over 350,000 songs in 34 countries)
Overseas sales	Overseas sales network / Currently it has sales networks in 14 countries including Japan, the United States, the Philippines, Brazil, India, and Dubai
Certifications and patents	Company with excellent technology competency (T2), Innovate technology company (INNO-BIZ), Innovatively managed company (MAIN-BIZ), Venture business certified industrial property rights (49 domestic patents, 15 overseas patents)



## Certification and Awards

- T2 Grade “Certificate of Company with Excellent Technology Competency”
- MagicSing App Google Play Best of 2017
- Selected as MAIN-BIZ, INNO-BIZ, Certified World-class Product Manufacturing Company
- Awarded ‘50 Million Dollars Export Tower’, ‘20 Million Dollars Export Tower’ and ‘10 Million Dollars Export Tower’ successively
- Awarded Korea Consumer Forum’s Best Innovative Company Grand Prize, Seoul Venture Prize Grand Prize

### **Domestic patents (49 registrations/4 applications)**

- Cradle-type background music equipment (07/01/29)
- Automatic channel access device for wireless microphone for noraebang (06/08/08)
- Wireless background music equipment data receiver pack and background music system using it (05/10/18)
- Communication between RFID reader and tag (10/05/17)
- Media player with built-in microphone (10/12/07), etc.

### **Overseas patents(15 patents)**

- US - Portable noraebang equipment (00/11/06)
- Philippines - Background music equipment wireless receiver pack and background music equipment system using it (05/12/10)
- China - Portable noraebang system (05/11/21)
- Saudi/Iran/India/Brazil - Portable noraebang equipment, etc.

ENTERMEDIA will take the initiative in preparing a near-perfect first-stage operation structure by supplying the core services of «ASSA» entertainment platform. In addition, ENTERMEDIA will support blockchain technology, patented technology, etc. through its own technology research center.



## 12. DISCLAIMER

This white paper was prepared to provide information on the new business model and business progress designed by «ASSA» project team, and is not intended to recommend investment in the project.

This white paper has been prepared for reference on the basis of the current state at the time of preparing this white paper, and for any content in the white paper including the schedule and performance of the project planned in the roadmap at the time of reading this white paper and in the future, we do not guarantee that they are accurate or appropriate, and do not assume any liability.

For example, whether revenue or profit is guaranteed, whether it has been prepared on a legitimate basis without infringement on the rights of a third party, whether it is commercially valuable or useful, whether there is any error in its content, whether it is legally prepared and distributed according to the laws of the country, and whether there is any part of the contents of the «ASSA» project described in the white paper that does not violate the owner's national legislation, we do not guarantee. And the scope within which the project team's responsibility is exempted is not limited to the examples above.

Certain expressions specified in this white paper contain forward-looking statements about the future, future events, and prospects of the project. In addition, forward-looking statements may be included in other publicly disclosed materials such as published materials, interviews, videos, etc. Forward-looking statement contains various lists and uncertainties, and does not guarantee future performance. It may be changed or modified in the course of the actual business progress. As of the date this white paper was prepared, «ASSA» platform has not been completed, and major businesses are being individually serviced.

In the event of any change in this situation in the future, «ASSA» project team will be under no obligation to provide updates on forward-looking statements. Please note that the responsibility for the results of actions by referring to this white paper, such as decision making, is entirely up the person who made the judgment. In other words, «ASSA» project team is not responsible for any damages, losses, debts or other damages incurred as a result of the use of this white paper.

This white paper is written in Korean and English, and the white paper in the language of the corresponding country will be added according to the plans advance into the global market. For more accurate interpretation or in the event of dispute, we will resolve the problem on the basis of the English version.

& SELVAM LLP

A JOINT LAW VENTURE

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FAX: +65 6311 0058

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MEMORANDUM

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***Attorney-Client***

***Communication Privileged***

***and Confidential***

DATE: 24 February 2021

To: ASSAPLAY Pte. Ltd. (the "Client")

FROM: Duane Morris & Selvam LLP

SUBJECT: Regulatory treatment of ASSA Tokens under Singapore law, specifically the Securities and Futures Act (Chapter 289 of Singapore).

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**1. SCOPE**

1. We have been instructed to address whether the ASSA Tokens ("**Tokens**", as described below) will fall within the definition of a "capital markets product" under the Securities and Futures Act (Chapter 289 of Singapore) and its subsidiary legislation (the "**SFA**").
2. This legal opinion is strictly limited to the matters stated herein and is not to be read as extending by implication to any other matter in connection with the Tokens. Other than the Company which may rely on this legal opinion for the sole purpose of making an independent assessment on whether the Tokens fall within the definition of "capital markets products" under the SFA, this legal opinion is not to be transmitted to, nor is it to be relied upon by, any other person, whether in whole or in part, or otherwise referred to in any public document or filed with or provided to any other governmental agency or other person without our specific consent in writing.

**2. DOCUMENTS REVIEWED**

- 2.1. For the purposes of this legal opinion, we have examined the following documents (the "**Documents**"):
  - (a) a copy of the Company's white paper (the "**White Paper**"), which is attached hereto as "**Annex 1**"; and

- (b) the Company's email responses and comments dated 16 February 2021 in relation to our further email enquiries on the White Paper, and an English-language translation of such responses and comments ("**Email Responses**"), which is attached hereto as "**Annex 2**".
- 2.2. Except as stated above, we have not, for the purpose of this legal opinion, examined any other agreements, marketing materials or other documentation disseminated or made available by the Company to the public.
- 2.3. We have not been involved in the drafting of the White Paper but have been instructed by the Company to provide this legal opinion solely based on our review of the White Paper.
- 2.4. For the avoidance of doubt, in preparing this legal opinion we have only reviewed the English language content contained in the Documents.

## 2. BACKGROUND

- 2.1. Based on our review of the Documents and our understanding of the Company, the Platform (as defined below) and the Tokens are as follows:
  - (a) The Company is developing a global entertainment and music ("**E&M**") platform ("**Platform**") which allows the members to participate and use the following services:
    - (i) Music streaming, producing and promotion/advertising;
    - (ii) Karaoke app (the name of the service on the Platform being "Magicsing");
    - (iii) Market place for music themed products (equipment, musical instrument, artist merchandises, concert tickets), tickets for events and promotions (audition, contest, presentation, etc), support program (sponsorship, investment, and crowdfunding, etc);
    - (iv) Community- based services (Social media/network, reviewing, voting for contents uploaded on the platform);
    - (v) Online and offline entertainment services such as movies, media and games (the name of the service on the Platform being "Golflex"); and
    - (vi) Smart healthcare services integrated with the Company's wearable technologies (the name of the service on the Platform being "Encorefit").
  - (b) The Platform is also intended to operate without being centrally controlled or governed by the Company.
  - (c) The participants in ASSA Platform includes the following:
    - (i) Contents Creators who upload their own music video to the platform media channel using the Karaoke application service and includes Artist & Trainee;
    - (ii) Artists & Trainees who have made their debut in the broadcasting /entertainment world;

- (iii) Populators (Information Provider) who provide various and in-depth information that is beneficial to the E&M platform ecosystem with focus on the music theme.
  - (iv) Viewers who have viewed content uploaded by Contents Creators or viewed the information uploaded by Populators;
  - (v) Reviewers who review, vote, and subscribe to content in the community area and product information in the commerce area; and
  - (vi) Sellers who sell in the marketplace (i.e. Service Group);
- (d) The participating members work on the basis of two groups:
- (i) **User Group**  
 User Group refers to those who participate in online and offline activities after registering as a member. They lead community activities such as content data registration, voting and reviews, etc, and also the purchase and consumption of products and services.  
  
 Artistes, trainees, or those selected for audition will be provided the opportunity to make their debut through User Group's evaluation and support programs or through partnered agencies. At this time, if a sound source is released or an album is produced, the User Group can participate in event promotion activities where members of the User Group can provide ASSA Power (defined below) to the artistes in a show of support to that artiste, and the entertainment agencies to which these artistes belong to (which may be Service Groups (as defined below)) can reward such supporters by way of sending them souvenirs such as signed posters or albums of the artistes.
  - (ii) **Service Group**  
 Service Group refers to companies, shops, or special individuals that are active in the market place within the platform. They supply music themes and products and services in the E&M category, and with regard to event promotion activities, they can participate in the manner set out above.
- (e) **Details of the Token**
- "ASSA Token"** (Token Name: ASSA Coin, ERC-20 based)
- (A) ASSA Token is a payment token traded (or intended to be traded) on cryptocurrency exchange(s) which is used for purchasing products and services, sponsoring, and crowdfunding.
  - (B) After listing on the exchange, it can be exchanged or traded with other cryptocurrencies.



- (C) Members can receive ASSA Token as rewards for commerce activities.
  - (D) ASSA Token cannot be exchanged for ASSA Power.
- (f) In addition to the Token, the ASSA Platform also issues reward points called "**ASSA Power**".
- (A) ASSA Power is a reward point received on the basis of community contribution. It is determined by the Company's own evaluation and its reward scale is determined via ranking system.
  - (B) ASSA Power will function as mileage or points that were given as a reward in existing services of the Company.
  - (C) ASSA Power cannot be exchanged for cash directly, however it can be exchanged for ASSA Tokens through the platform exchange system. The exchange rate may vary depending on the market situation.
- (g) ASSA Tokens are obtainable by members participating on the Platform in the following manner:
- (i) User Group can be producers, consumers, or both, depending on the nature of their activities, and are rewarded with ASSA Token. The ASSA Tokens earned according to the result of activities can be freely used in the on-offline commerce area of ASSA Platform.
  - (ii) Members who participate in purchasing activities on the marketplace of ASSA Platform will receive ASSA Token as rewards in the concept of bonus points in return of their purchase. ASSA Token earned can be used for various purposes within the entire ecosystem.
  - (iii) Purchasing ASSA Tokens during the token generation event; and
  - (iv) Purchasing ASSA Tokens from a third-party cryptocurrency exchange **if and/or when** ASSA Tokens are made available on such third-party cryptocurrency exchanges.

### 3. THE MONETARY AUTHORITY OF SINGAPORE'S ("MAS") APPROACH TOWARDS VIRTUAL CURRENCIES

3.1. The MAS has made known its approach towards virtual currencies and digital token offerings through a number of statements and the release of a guide to digital token offerings. On 13 March 2014, the MAS had stated that it would regulate virtual currency intermediaries in Singapore to address potential money laundering and terrorist financing risks ("**ML/TF risks**")<sup>1</sup>. More significantly, the MAS said that, "*Singapore, like most jurisdictions, does not regulate*

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<sup>1</sup>[www.mas.gov.sg/news-and-publications/media-releases/2014/mas-to-regulate-virtual-currency-intermediaries-for-money-laundering-and-terrorist-financing-risks.aspx](http://www.mas.gov.sg/news-and-publications/media-releases/2014/mas-to-regulate-virtual-currency-intermediaries-for-money-laundering-and-terrorist-financing-risks.aspx)

*virtual currencies per se, as these are not considered as securities or legal tender. MAS' regulation of virtual currency intermediaries pertains specifically to the money laundering and terrorist financing risks they pose. It does not extend to the safety and soundness of virtual currency intermediaries nor the proper functioning of virtual currency transactions. Investors in virtual currencies will not have the safeguards that investors in securities enjoy under the Securities and Futures Act and the Financial Advisers Act."*

2. On 1 August 2017, the MAS clarified its position on the offer of digital tokens in Singapore<sup>2</sup>. In addition to restating its concerns relating to ML/TF risks, the MAS stated that, "*Where digital tokens fall within the definition of securities in the SFA, issuers of such tokens would be required to lodge and register a prospectus with MAS prior to the offer of such tokens, unless exempted. Issuers or intermediaries of such tokens would also be subject to licensing requirements under the SFA and Financial Advisers Act (Cap. 110), unless exempted, and the applicable requirements on anti-money laundering and countering the financing of terrorism. In addition, platforms facilitating secondary trading of such tokens would also have to be approved or recognised by MAS as an approved exchange or recognised market operator, respectively, under the SFA.*" This was an important clarification as it gave certainty that if offers of digital tokens did not fall under the relevant laws of Singapore, they would not be regulated.
3. On 14 November 2017, the MAS released "A Guide to Digital Token Offerings" (the "**MAS Guide**"). The MAS further updated the MAS Guide on 5 April 2019<sup>3</sup> and 26 May 2020<sup>4</sup>. In the updated MAS guide, the MAS elaborated on the approach originally set out in their 1 August 2017 statement, including providing examples of how digital token offerings and intermediaries would be regulated by the SFA and other legislation.
4. On 19 December 2017, the MAS cautioned against investments in cryptocurrencies<sup>5</sup>. Importantly, the MAS stated that "*As in most jurisdictions, MAS does not regulate cryptocurrencies. Nor do MAS regulations extend to the safety and soundness of cryptocurrency intermediaries or the proper processing of cryptocurrency transactions*". The MAS reiterated that to the extent cryptocurrencies are not regulated under existing legislation, such cryptocurrencies and their related transactions will not be regulated by the MAS.
5. Further to the MAS' statements and the MAS Guide, the MAS has made clear its position that unless a virtual currency and/or an offer of digital tokens is a security or capital markets product under the SFA, the offer of the same will not be subject to the offering requirements set out in the SFA.

#### **4. SFA REGULATIONS IN RELATION TO THE TOKENS**

- 4.1. The Tokens will be regulated by the SFA if they are deemed to be "capital market products".

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<sup>2</sup> <http://www.mas.gov.sg/News-and-Publications/Media-Releases/2017/MAS-clarifies-regulatory-position-on-the-offer-of-digital-tokens-in-Singapore.aspx>

<sup>3</sup> <https://www.mas.gov.sg/-/media/MAS/Regulations-and-Financial-Stability/Regulations-Guidance-and-Licensing/Guide-to-Digital-Tokens-Offering-last-updated-on-5-April-2019.pdf>

<sup>4</sup> <https://www.mas.gov.sg/regulation/explainers/a-guide-to-digital-token-offerings>

<sup>5</sup> <https://www.mas.gov.sg/news/media-releases/2017/mas-cautions-against-investments-in-cryptocurrencies>

2. A capital market product is defined in the SFA as “any securities, units in a collective investment scheme (“CIS”), derivatives contracts, spot foreign exchange contracts for the purposes of leveraged foreign exchange trading, and such other products” as the MAS may prescribe.

**Are the Tokens a “security”**

3. The term “securities” is defined under section 2(1) of the SFA as:
- (a) shares, units in a business trust or any instrument conferring or representing a legal or beneficial ownership interest in a corporation, partnership or limited liability partnership;
  - (b) debentures; or
  - (c) any other product or class of products as the MAS may prescribe.

The term “securities” excludes any unit of a CIS, bills of exchange and certificates of deposit issued by a bank or finance company, or any such other product or class of products as may be prescribed.

- 4.4. Accordingly, determining whether the Token is a security under section 2(1) of the SFA will require an analysis of whether the Tokens fall within any of the types of securities set out in **paragraph 5.3:** -

- (a) Shares or any instrument conferring or representing a legal or beneficial ownership interest in a corporation, partnership or limited liability partnership. Pursuant to our review of the Documents, there is nothing contained therein that suggests that the Tokens are likely to be deemed as either shares or instruments conferring or representing a legal or beneficial ownership interest in a corporation, partnership or limited liability partnership.

In particular, nothing contained in the Documents suggests that: (i) the holders of the Tokens will receive a financial benefit solely by virtue of their passive holding, ownership or possession of the Tokens; (ii) the Tokens will provide the holder with an ownership interest in the Company or any other corporate entity; (iii) the Tokens will provide the holder with voting rights or other decision-making rights in the Company or any other corporate entity or its assets; or (iv) the Token will provide the holder a right to receive dividends or other distributions from the Company or any other corporate entity.

- (b) Unit in a business trust. Pursuant to our review of the Documents, nothing contained therein leads us to believe that the Tokens are likely to be deemed as units in a business trust. In particular, nothing contained in the Documents suggest that the Company is a registered business trust pursuant to the Business Trusts Act (Cap 31A) of Singapore.
- (c) Debenture. Pursuant to our review of the Documents, nothing contained therein leads us to believe that the Tokens are likely to be deemed as debentures. In particular, nothing contained in the Documents suggests that: (i) the holder of the Tokens will receive a financial benefit by virtue of their holding, ownership or possession of the Tokens; (ii) the Company has a legal obligation to repay the holder in full or part for his purchase of the Tokens; (iii) the Tokens will provide the holder with a direct or indirect exposure to assets of the Company; or (iv) the Tokens will provide the holder with a payment of interest.



Therefore, the Tokens are unlikely to fall under the definition of "securities" as set out in section 2(1) of the SFA.

**Is the Token a "derivative contract"**

5. Section 2(1) of the SFA defines a derivative contract to be:
- (a) any contract or arrangement under which —
    - (i) a party to the contract or arrangement is required to, or may be required to, discharge all or any of its obligations under the contract or arrangement at some future time; and
    - (ii) the value of the contract or arrangement is determined (whether directly or indirectly, or whether wholly or in part) by reference to, is derived from, or varies by reference to, either of the following:
      - (A) the value or amount of one or more underlying things;
      - (B) fluctuations in the values or amounts of one or more underlying things;  
or
  - (b) any contract or arrangement that is, or that belongs to a class of contracts or arrangements that is, prescribed to be a derivatives contract,

but does not include, securities; any unit in a collective investment scheme; a spot contract; deposits defined under (i) the Banking Act (Cap. 19) ("BA") where such deposit is accepted by a bank licensed under the BA or a merchant bank approved under the Monetary Authority of Singapore Act or, deposits defined under (ii) the Finance Companies Act (Cap 108); and/or specified contracts for insurance under the Insurance Act (Cap. 142).

6. Pursuant to our review of the Documents, nothing contained therein leads us to believe that the Tokens are likely to be deemed as derivatives contracts.
7. Further, nothing contained in the Documents leads us to believe that the Tokens are likely to be deemed as securities-based derivatives contracts<sup>6</sup>. In particular, nothing contained in the Documents suggests that: (i) the Tokens will provide the holders with an interest in underlying securities (as based on the interpretation of Singapore law regarding the nature of the Tokens); or (ii) the Tokens will provide the holder with a direct or indirect exposure to underlying profits and/or losses, or assets and/or liabilities.

**Is the Token a "spot foreign exchange contract for the purposes of leveraged foreign exchange trading"**

8. Pursuant to our review of the Documents, there is nothing that suggests that the Tokens are or can be used for such purposes.

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<sup>6</sup> "securities-based derivatives contract" is defined under section 2(1) of the SFA to mean any derivatives contract of which the underlying thing or any of the underlying things is a security or a securities index, but does not include any derivatives contract that is, or that belongs to a class of derivatives contracts that is, prescribed by regulations made under section 341 of the SFA.

### **Is the Token a “unit in a CIS”?**

4.9. In addition, pursuant to our review of the Documents, nothing contained therein leads us to believe that the Tokens are likely to be deemed as units in a CIS<sup>7</sup>. In particular, there is nothing contained in the Documents that suggests that any profits, income, other payments or returns will be received by holders of Tokens solely by virtue of their passive ownership of the Tokens.

## **5. QUALIFICATIONS**

The opinions in this legal opinion are subject to the following assumptions, reservations, qualifications, limitations and exclusions set out below:

5.1. We have assumed without enquiry:

- (a) that all references in the Documents made in respect of “AST”, or other similar terms mean “Tokens” as referred to in **paragraph 1.1(a)** above;
- (b) that our understanding of the Company, the Platform, the Token, and ASSA Power set out in **paragraph 3** is correct in all respects. In particular, we highlight that the White Paper mentions the following:
  - (i) that members of ASSA can “share profits according to their contribution” (Section 1 of the White Paper);
  - (ii) that members of the ASSA ecosystem can “receive fair and transparent profit distribution by directly participating or investing in related events and promotions” (Section 4.1 of the White Paper);
  - (iii) that the ASSA Platform is a “system for transparent profit sharing” (Section 4.3 of the White Paper);
  - (iv) that platform users, which includes artistes and trainees may have access to “crowdfunding” (Section 5.1 of the White Paper);

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<sup>7</sup> “collective investment scheme” is defined under section 2(1) of the SFA to mean—

- (a) an arrangement in respect of any property –
  - (i) under which the participants do not have day-to-day control over the management of the property, whether or not they have the right to be consulted or to give directions in respect of such management,
  - (ii) under which either or both of the following characteristics are present:
    - (A) the property is managed as a whole by or on behalf of the manager;
    - (B) the contributions of the participants, and the profits or income from which the payments are to be made to them, are pooled; and
  - (iii) under which either or both of the following characteristics are present:
    - (A) the effect of the arrangement is to enable the participants (whether by acquiring any right, interest, title or benefit in the property or any part of the property or otherwise) –
      - (AA) to participate in or receive profits, income, or other payments or returns arising from the acquisition, holding, management, disposal, exercise, redemption or expiry of, any right, interest, title or benefit in the property or any part of the property; or
      - (AB) to receive sums paid out of such profits, income, or other payments or returns;
    - (B) the purpose, purported purpose or purported effect of the arrangement is to enable the participants (whether by acquiring any right, interest, title or benefit in the property or any part of the property or otherwise) –
      - (BA) to participate in or receive profits, income, or other payments or returns arising from the acquisition, holding, management, disposal, exercise, redemption or expiry of, any right, interest, title or benefit in the property or any part of the property; or
      - (BB) to receive sums paid out of such profits, income, or other payments or returns, *[remaining definition of CIS truncated]*

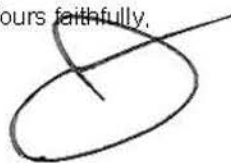
- (v) that there may be special events and promotions such as “crowdfunding” (Section 5.1 of the White Paper);
- (vi) that the ASSA Platform creates “an ecosystem of rewards and profit” (Section 5.2 of the White Paper);
- (vii) that tokens can be used in the on-offline commerce area of ASSA for certain activities for “creating profit” such as “investment” and “crowdfunding” and User Groups and Service Groups can participate in such activities such as “investment attraction” and “profit sharing” to receive “profit distribution” (Section 5.2 of the White Paper);
- (viii) that the karaoke streaming app service of ASSA includes the ability for the User Group to conduct various activities including “investment” (Section 5.3.1 of the White Paper);
- (ix) that one of the services or products of ASSA include support programmes that include “investment and crowdfunding” (Section 5.3.5 of the White Paper); that the Media Zone service area includes a feature where consumers can conduct activities such as “making investment(s)” (Section 5.3.6 of the White Paper);
- (xi) that ASSA’s business model in relation to promotions include “investment” and “crowdfunding” (Section 5.3.7 of the White Paper); and
- (xii) that ASSA Tokens are “used for purchasing products and ... crowdfunding” (Section 7.2 of the White Paper).

We understand based on the Email Responses that such references above were intended to refer to the event promotion activities as described in **paragraph 3.1(d)(ii)**, and assume that there are no other ways in which Tokens or ASSA Power can be used other than as described in **paragraph 3**; including for any other investment purposes;

- (c) that the Company has the necessary capacity and corporate power under the laws of its country of incorporation and under its constitutional documents to: (i) issue the Documents; (ii) make all representations in the Documents; and (iii) create any obligations / undertakings pursuant to the Documents, and has taken all necessary corporate actions under its constitutional documents to authorise the same;
  - (d) that all the statements made in the Documents are accurate and not misleading in all respects, and that the Company will: (i) develop the Platform, and the Token in accordance with the representations made in the Documents; (ii) operate the Platform in accordance with the representations made in the Documents; and (ii) honour all representations made in the Documents; and
  - (e) that any exchange assessing the nature of the Tokens does not rely solely on our opinions as contained herein and that such exchange has, in its role as the operator of a cryptocurrency exchange, acted reasonably and has carried out its own independent research, including but not limited to obtaining its own legal opinion on the nature of the Tokens, in arriving at any conclusions in respect of the nature and/or characteristics of the Tokens.
2. Our examination of the Documents is limited to those as attached in the **Annexes**. For the avoidance of doubt, our opinions in **paragraph 5** are strictly limited to our review of such Documents.
  3. Other than as set out above, we make no opinion on whether the activities or internal payment mechanisms carried out on the Platform are regulated by the SFA, the Payment Service Act 2019 of Singapore, and/or any other laws in Singapore.

4. The scope of this legal opinion is limited to the queries set out in **paragraph 1.1** and does not consider any other legislation, subsidiary legislation, notice or other binding authority in Singapore or in any other jurisdiction that may be relevant to the said queries.
5. There is limited regulatory guidance available in respect of the issues on which the opinions in **paragraph 5** (the "**Issues**") are made. While we have made said opinions pursuant to our foregoing analysis of the Issues, we express no opinion as to the interpretations of the Singapore Government, the Courts of Singapore or the MAS in respect of the Issues. It is difficult to opine with legal certitude under Singapore law due to the dearth of legal authorities.
6. We note that the Tokens are being considered for listing on cryptocurrency exchanges (the "**Token Listings**"). We have not made any opinions in respect of any public sale of the Tokens or the Token Listings nor have we considered or analysed such public sales or Token Listings in arriving at our opinions as set out here.
7. The opinions set out in this legal opinion are rendered as of the date hereof and are only an expression of our understanding of the Issues based on current Singapore legislation, which is subject to change. Where our opinion herein refers to events to occur at a future date, we have assumed that there will have been no changes in the relevant laws or facts between the date hereof and such future date. We do not undertake to advise the Company of any changes in respect of this legal opinion due to matters that may hereafter arise or be brought to our attention, including any prospective and/or future use of the Tokens on the Platform, or to revise or supplement this legal opinion should the laws in Singapore be changed by legislative action, judicial decision or otherwise.
8. Our opinions are not intended to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed by any applicable laws or governmental authorities.
9. Except to the extent expressly authorised by us, the Company and/or its affiliates shall keep confidential and shall not publish, whether in whole or in part, or otherwise disclose to any other person or entity the contents of this opinion.
10. We do not express any opinion in this legal opinion on the enforceability of any of the terms or conditions set out under the White Paper, and/or the initial version of the White Paper. For this purpose, the term "enforceability" means that an obligation is of a type that the courts of Singapore may enforce.
11. We express no opinion on the design of the Token, and/or mechanisms to be implemented (whether now or in the future) in relation to the Token on the Platform, nor have we opined on any fiscal/monetary policy mechanisms to be implemented with respect to the supply of the Tokens.
12. We express no opinion on any matter in respect of the Documents other than what is set out in **paragraph 5**.

Yours faithfully,



**DUANE MORRIS & SELVAM LLP**