

HK DB



Stability | Safety | Mobility | Innovation

Make creditors rights more liquid and transparent



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Chapter I Project overview

➤ 1.1 Project Background and Vision

In recent years, the global economic landscape has undergone profound transformations. Amid industrial restructuring, macroeconomic fluctuations, and financial system complexities, debt instruments have become increasingly vital in global markets. Particularly in the realm of distressed asset management and debt restructuring, growing numbers of investment institutions and fintech firms are exploring innovative financial tools to unlock debt value and enhance liquidity.

As a global financial hub, Hong Kong not only boasts a mature legal framework and robust financial regulatory system, but has also pioneered blockchain technology and digital asset applications. This strategic position makes it a pivotal bridge for integrating digital finance with traditional financial systems worldwide. Against this backdrop, the market is now focusing on how to effectively combine debt assets with blockchain technology through compliant, transparent, and efficient methods, thereby advancing the tokenization of debt instruments—a cutting-edge direction in financial innovation.

Baoxin Credit Asset Management Co., LTD

(BaoxinDebtAssetManagementCo.,Ltd.Baoxin (hereinafter referred to as "Baoxin") was established in response to this emerging trend. With the mission of "enhancing liquidity and transparency of debt assets", the company utilizes blockchain technology and fintech solutions to transform debt assets into tradable, traceable, and divisible digital certificates, thereby creating a groundbreaking ecosystem for debt asset management.

The vision of Fosun is:

To become a leading tokenization service provider of debt assets in Hong Kong and even the world;

Build a stable digital asset supported by debt assets, HKDB, to provide the market with a reliable Hong Kong dollar anchored stablecoin;

Promote the integration of creditors rights finance and Web3, and build an innovative ecosystem for cross-border payment, investment, financing and asset management;

Through transparent technology and a robust compliance framework, we provide long-term sustainable value returns for investors, financial institutions and ecosystem participants.



➤ 1.2 Hong Kong Taiping Asset Management Co., LTD

The establishment of Baoxin Credit Asset Management Co., Ltd. received crucial support from Hong Kong Pacific Asset Management Co., Ltd. As a renowned financial institution in the industry, Hong Kong Pacific Asset Management has long been engaged in asset management, insurance fund operations, and investment advisory services. The company boasts extensive experience and a strong market reputation in credit investment, non-performing asset management, and risk control.

As a mature local asset management institution in Hong Kong, Hong Kong Taiping Asset Management Co., Ltd. has perfect compliance operation experience. Its endorsement not only enhances the market credibility of Baixin, but also provides strong credit support for the issuance and operation of HKDB.

Professional capacity support

In terms of debt acquisition and management, risk control and asset disposal, Hong Kong Taiping Asset Management Co., Ltd. has a mature business system, which can provide professional support for Baixin in core links such as debt screening, value assessment and asset restructuring.

Resource and ecological synergy

Hong Kong Taiping Asset Management Co., Ltd. has accumulated a wide range of cooperative networks in the financial market, including banks, securities brokers, funds and insurance companies, which has laid a solid foundation for the future business expansion and ecological cooperation of Baixin.

Regulatory and compliance advantages

As an institution operating legally within the Hong Kong financial regulatory system, its compliance experience and risk control framework will help Baixin better meet the requirements of Hong Kong and international financial regulation, and enhance the recognition of HKDB in the international market.

➤ 1.3 Positioning of Baixin Debt Asset Management Co., LTD

The core positioning of ICBC is "a professional platform for tokenization of creditors rights assets", and its core business covers the following four sectors:

Debt acquisition and management

Through professional due diligence and asset evaluation, non-performing debts, corporate debts and personal debts are acquired and integrated to form a controllable debt asset pool.

Investment advisory services

We provide advisory services on debt investment and asset allocation for institutional and individual investors to help clients reduce risks and increase returns.

Leasing and derivatives

The application scenarios of creditors rights assets are expanded through leasing business and asset mortgage business to increase the liquidity of creditors rights assets.

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Blockchain technology research and development and application

Develop a blockchain system adapted to the tokenization of creditors rights assets, realize the on-chain, digital split and transaction circulation of creditors rights assets, and issue a Hong Kong dollar anchored stablecoin HKDB on this basis.



➤ 1.4 The significance of debt tokenization in global financial markets

Debt tokenization refers to the digitization of debt assets and the conversion of tradable tokenized assets through blockchain technology. Compared with traditional debt management methods, debt tokenization has the following advantages:

Improving liquidity

Traditional debt transfer cycle is long and cost is high, while tokenized debt can be traded on the chain quickly, greatly improving liquidity.

Lowering the investment threshold

Debt tokens can be split into small units, enabling more investors to participate in the debt market and expanding the investor base of the market.

Enhance transparency and traceability

Blockchain technology ensures that the chain record of creditors rights assets is not tampered with, and investors can track the status of assets in real time, improving trust.

Implement cross-border applications

Through the stablecoin and blockchain system, debt tokens can be circulated across borders to meet the needs of international investment and payment settlement.

Promoting financial innovation

Debt tokenization is not only a supplement to the traditional financial market, but also an important path for fintech to enable traditional assets, which will promote the formation of a new financial ecology.

Globally, the tokenization of debt is poised to become the next wave of financial innovation following securitization. Baoxins HKDB project capitalizes on this trend by leveraging Hong Kongs geographical and policy advantages to build a world-leading platform for debt tokenization.



➤ 1.5 Definition and Value Proposition of HKDB Stable Assets

HKDB (HongKongDebt-BackedStableAsset) is a stable asset anchored to the Hong Kong dollar issued by Baixin. Its core features are as follows:

Anchor mechanism

The HKDB uses the Hong Kong dollar as an anchor target to ensure the stability of 1:1 value. Users can exchange HKDB for Hong Kong dollars at any time, ensuring its stability in payment, settlement and investment.

Debt asset support

Unlike traditional stablecoins, HKDB does not rely solely on fiat currency reserves, but is backed by debt assets as collateral. By tokenizing the acquired debt assets and incorporating them into an asset pool, HKDB achieves a dual safeguard model of "debt value support + Hong Kong dollar anchor".

Transparency and traceability

All creditor assets and HKDB issuance are recorded on the blockchain, which can be queried by investors and users in real time, enhancing trust and compliance.

Application scenarios are abundant

HKDB can not only be used for cross-border payment and settlement, but also for debt asset circulation, financial leasing, investment and wealth management and DeFi scenarios, with a wide range of application value.



Value proposition

Stability: Anchor the Hong Kong dollar to withstand fluctuations in the crypto market;

Safety: Double guarantee of creditors rights assets and compliance structure;

Flow: Tokenization improves the transaction efficiency of creditors rights assets;

Innovation: Promote the integration of traditional creditors rights and blockchain technology.

A wide-angle photograph of the Hong Kong skyline at sunset. The sky is a mix of orange, pink, and blue. The city's lights are beginning to glow, and the water in the foreground reflects the colors of the sky. A yellow decorative line runs across the bottom of the image.

Chapter II Industry Background and Market Opportunities

➤ 2.1 Current situation of global creditors rights asset management market

In global financial markets, debt assets have always held a pivotal position. From sovereign bonds issued by governments to corporate debt financing and bank lending operations, these debt instruments form the bedrock of modern financial systems. According to statistics from the International Monetary Fund (IMF) and World Bank, the total global debt scale surpassed \$300 trillion in 2023, with corporate debt, government debt, and household debt collectively constituting a massive debt market.

In this market, the demand for debt asset management continues to grow, particularly the acquisition and disposal of non-performing debts, which has become a crucial component for maintaining the stable operation of financial systems worldwide. European and American markets developed mature non-performing asset management industries relatively early. For instance, the "Asset Management Company (AMC) model" in the United States effectively mitigates financial risks by having professional institutions package, acquire, and dispose of non-performing assets through specialized institutions.

Meanwhile, the demand for debt management in Asian markets is equally significant. Countries such as China, Japan, and South Korea, due to their different stages of economic development, have accumulated substantial non-performing debts in financial institutions, attracting participation from numerous domestic and international entities. Against this backdrop, how to improve the disposal efficiency of debt assets, reduce investment risks, and enhance liquidity has become a common challenge faced by the global asset management industry.

➤ **2.2 Hong Kongs advantages in international finance and blockchain regulation**

As one of the worlds three major financial centers, Hong Kong has long played an important role in the international financial system. Its unique legal system, open financial market and close links with the mainland have made Hong Kong an important gateway for international capital to enter and exit Asia.

Hong Kong has the following advantages in the field of debt management and digital finance:

Mature financial markets and legal systems

Hong Kongs legal framework, rooted in the common law system, features strong contract enforceability and judicial independence, making it ideal for confirming, trading, and disposing of creditors rights assets. The citys highly internationalized financial market hosts major global banks, funds, and insurance institutions, providing abundant liquidity and collaborative resources for managing creditors rights assets and tokenization initiatives.

Policy support for blockchain and digital assets

In 2022, the Hong Kong government explicitly proposed to establish the city as a global hub for virtual assets and Web3 innovation, while introducing regulatory frameworks governing cryptocurrency exchanges, stablecoin issuance, and digital asset custody. The Hong Kong Monetary Authority (HKMA) and Securities and Futures Commission (SFC) subsequently released policy documents that balance regulatory compliance with innovation-friendly provisions.

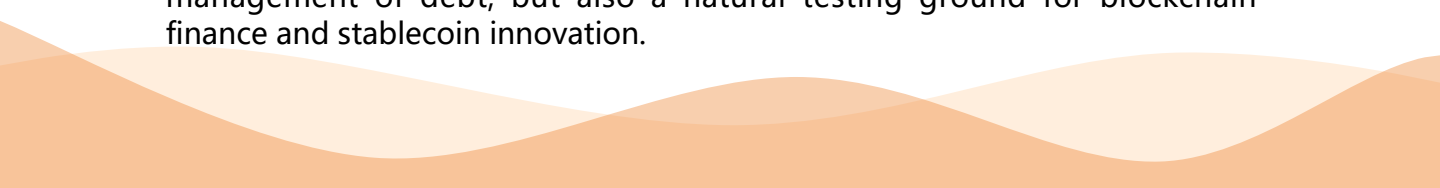
Advantages of Hong Kong dollar stability and currency anchoring

The Hong Kong dollar has a long-term exchange rate mechanism linked to the US dollar to maintain stability. In the current situation of high volatility in the cryptocurrency market, the stablecoin anchored by the Hong Kong dollar can combine "currency credit" and "blockchain liquidity", providing an ideal hedge tool for the market.

The location value of the intersection of China and West

Hong Kong is not only an important financial gateway for China but also closely connected with international markets. In the global layout of tokenizing debt assets, Hong Kong can play a "bridge" role, attracting two-way flows of domestic debt assets and overseas capital.

With these advantages, Hong Kong is not only an important hub for asset management of debt, but also a natural testing ground for blockchain finance and stablecoin innovation.



➤ 2.3 Debt acquisition and non-performing asset disposal trend

With the fluctuations of the global economy, the scale of non-performing assets shows cyclical growth. Especially in the context of the combination of factors such as the epidemic, geopolitical conflicts and rising interest rates, the debt default rate of banks and enterprises has increased, and the scale of the non-performing creditors rights market continues to expand.

Global Trends:

In the US market, non-performing asset management companies (such as Blackstone and Oaktree) have formed a mature model to profit by packaging up the acquisition of non-performing loans and then restructuring or transferring them.

After the debt crisis, Europe set up a large number of special non-performing asset disposal agencies to promote the "deleveraging" of the banking system.

In Asia, particularly in China, the four major AMC's (Huarong, Cinda, Orient, and Great Wall) have led the acquisition and disposal of non-performing assets. However, during the market-oriented transformation process, private and foreign institutions have gradually been introduced to participate.



Industry trends:

The degree of marketization has increased: the trading of non-performing assets has gradually shifted from policy orientation to market pricing.

Digitization and informatization: big data, blockchain and other technologies are used for debt value evaluation and transaction matching.

Cross-border development: With the globalization of capital, the demand of foreign investors to enter the Asian NPL market is increasing.

Investor diversification: from institutional investors to family offices and private equity funds, and even open to retail investors through tokenization in the future.

Debt acquisition and disposal is entering a new stage of transparency, marketization and internationalization, which is highly compatible with the tokenized business path of Baoxin.



➤ **2.4 Strategic significance of stablecoin development and Hong Kong dollar anchoring**

Stablecoins, a vital component of the crypto asset market, have experienced rapid growth in recent years. According to data from Messari, the global stablecoin market capitalization surpassed \$150 billion in 2024, with dollar-anchored currencies like USDT and USDC dominating the landscape.

However, the market demand for stablecoins is gradually diversifying, mainly in the following aspects:

Regionalization needs: In addition to the US dollar, investors also need stablecoins anchored to local currencies for settlement and payment in their home or regional markets.

Trend of compliance: National regulators require stablecoins to be backed by real assets and audited transparently to ensure financial stability.

Multiple asset support: Stable coins that rely solely on legal tender reserves have the risk of concentration, while stable coins supported by diversified assets such as creditors rights and securitization assets are more resilient to risks.

Against this backdrop, the launch of the Hong Kong dollar anchor stablecoin HKDB is strategically significant:

Filling a market gap

At present, there are limited stablecoins anchored to the Hong Kong dollar in the market. HKDB will be an important supplement to Hong Kong dollar stablecoins, serving local and international investors in Hong Kong.

Combine creditor asset support

HKDB does not rely solely on cash reserves, but uses debt assets as the underlying mortgage, which innovatively improves the asset security and anti-risk ability of stablecoin.

Promoting cross-border settlement

HKDB can serve as a payment bridge between Hong Kong, the Mainland and the international market to reduce cross-border settlement costs and improve efficiency.

Promote the internationalization of the Hong Kong dollar

Through blockchain and tokenization, HKDB will help the use and circulation of Hong Kong dollars in the global digital asset market, further enhancing the status of Hong Kong dollars in the international financial system.

➤ **2.5 Opportunities for the integration of blockchain and traditional finance**

The core of debt tokenization lies in the deep integration of blockchain technology and traditional finance.

Improve the efficiency of debt transactions

The smart contract function of blockchain can automatically execute the process of creditors rights transfer, interest payment, mortgage management, etc., greatly reducing labor costs and time delay.

Enhance transparency and compliance

The whole process of creditors rights confirmation, transaction and disposal is on the chain to ensure open and transparent information, which helps meet regulatory requirements and enhance investor trust.

Expand investor base

Through tokenization, creditors rights assets can be divided into smaller shares, and ordinary investors can also participate in it, realizing the "universal creditors rights".

We will enrich the innovation of financial products

Tokenized claims can be combined with DeFi protocols to generate new financial products such as mortgage lending, revenue farms, and debt NFTs.

Promoting cross-border financial cooperation

Blockchain cross-border payment and settlement capabilities provide technical support for the circulation of creditors rights assets between different countries and regions, reducing the cost of exchange and settlement.

Forming new asset classes

Debt tokenization is not only a financial innovation, but also may give birth to a new asset class — "On-chain debt assets (On-chain Debt Assets)", whose market size and development potential should not be underestimated.

Chapter III Company and Business Structure

➤ 3.1 Overview of Baixin Debt Asset Management Co., LTD

Baoxin Credit Asset Management Co., LTD

(BaoxinDebtAssetManagementCo.,Ltd.Founded in Hong Kong, Baoxin (hereinafter referred to as "Baoxin") is a comprehensive fintech company specializing in debt asset acquisition, tokenization of debt instruments, investment advisory services, and blockchain technology development. The company is committed to driving the digital transformation of traditional debt markets through financial innovation and technological empowerment, providing global investors with transparent, efficient, and trustworthy asset management services.

Compared with traditional asset management companies, Baoxins most distinctive feature lies in its deep integration of debt assets with blockchain technology. The company not only possesses professional capabilities in debt acquisition and non-performing asset disposal, but also achieves the tokenization of debt assets through its technological platform. It ultimately launched the Hong Kong dollar-anchored Stable Asset HKDB, establishing a digital financial ecosystem centered on debt assets as its core foundation.

Headquartered in Hong Kong, the company fully relies on the advantages of Hong Kong as an international financial center and the open regulatory policy of blockchain, and jointly builds a new liquidity infrastructure for creditors rights assets with financial institutions, technical teams and investors.

The mission of CIRC : To make creditors rights assets more transparent, efficient and liquid.

The vision of Baixin : To become the worlds leading creditor tokenization and stable asset service provider.

➤ **3.2 Shareholders: Hong Kong Taiping Asset Management Co., LTD**

The establishment of Baoxin would not have been possible without the strategic support of its shareholder—— Hong Kong Pacific Asset Management Company Limited. As a renowned asset management institution in Hong Kong, the company has long been engaged in insurance fund management, debt investment, asset allocation, and risk management, accumulating extensive experience in debt acquisition and asset restructuring.

The endorsement and support of Hong Kong Taiping Asset Management Co., Ltd. are reflected in the following aspects:

Capital and credit guarantee

As an important shareholder of China Credit, Hong Kong Taiping Asset Management Co., Ltd. has provided capital support and market credit endorsement to the company, ensuring its trust in the international financial market.

Professional competencies outputs

The experience of Hong Kong Taiping Asset Management Co., Ltd. in debt value assessment, non-performing asset disposal, debt recovery rate improvement and other aspects can provide direct guidance and operational experience for the core business of Credit Suisse.

Resources and Ecological Support

With its extensive network of cooperation in the financial market, Hong Kong Taiping Asset Management Co., Ltd. can introduce partners such as banks, funds and insurance institutions for Baixin, helping to promote HKDB and implement the tokenization of debt bonds.

Experience in compliance and risk control

Hong Kong Taiping Asset Management Co., Ltd. has a mature system in terms of compliance operation, and its compliance framework can provide reference and guidance for the development of Baixin in Hong Kong and the international market.

Through close cooperation with Hong Kong Taiping Asset Management Co., LTD., Baoxin has not only gained a reliable starting point in business, but also established a stable and credible brand image in the market.



➤ 3.3 Core business segments

The core business of ICBC is divided into four parts, forming a complete business loop:

3.3.1 Debt acquisition and management

Debt acquisition is one of the core businesses of Credit Suisse. The company acquires various types of debt assets through value assessment, risk control and due diligence of debt assets, including:

Non-performing debts (enterprise loan defaults, personal loan delinquencies, etc.);

Enterprise creditors rights (accounts receivable, debt restructuring creditors rights, etc.);

Debt of financial institutions (packaged transfer of bank loans, lease claims, etc.).

After the acquisition, Baoxin will classify and manage the claims, including:

Restructuring management: improve the recovery rate of creditors rights through negotiation and restructuring;

Disposal management: recover creditors rights through asset mortgage, judicial disposal and other methods;

Tokenization management: the qualified creditors rights assets are mapped digitally and formed into tradable creditors rights tokens on the chain.

This sector not only creates stable cash flow for the company, but also provides underlying mortgage support for HKDB to stabilize the issuance of assets.



Smart contracts and clearing: Smart contracts can be used to automate the execution of creditors rights transfer, interest payment, mortgage management, etc.

Compliance and audit tools: Audit tools on the R&D chain to ensure that creditor assets and stablecoin issuance processes are transparent and traceable.

Blockchain research and development not only serves its own business, but also lays the foundation for future technology capabilities to be exported to third parties.

Cross-border investment advisory: Assist clients to participate in Hong Kong and international debt markets, reduce information asymmetry.



➤ 3.4 Risk management and compliance framework

In the process of combining creditors rights asset management and digital finance, risk management and compliance are the most important guarantee for the company. Baoxin has established a comprehensive risk management and compliance framework:

In the process of combining debt asset management with digital finance, risk management and compliance are the most important guarantee for the company. Baoxin has established a comprehensive risk management and compliance framework:

Asset risk control

Conduct rigorous due diligence prior to acquisition of claims;

Adopt independent third-party evaluation agencies to conduct value audit;

Establish a diversified debt pool to spread industry and regional risks.

Technology risk management

The underlying blockchain system has been security audited;

Multiple signatures and cold wallet to ensure the security of assets;

Conduct regular security reviews of smart contracts.

Compliance and legal framework

Strictly comply with the regulatory requirements of the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC);

Conduct regular compliance reviews to ensure that business models comply with local and international regulations;

Pre-set anti-money laundering (AML) and know your customer (KYC) mechanisms.

Operational risk management

Introduce international risk control team;

Formulate emergency plans to ensure stable operation in the event of market fluctuations or emergencies.

Through this system, Baoxin can operate steadily in the complex and changing financial environment and ensure the rights and interests of investors and users.

A wide-angle photograph of the Hong Kong skyline at sunset. The sky is a mix of orange, pink, and blue. The city lights are visible, and the water in the foreground reflects the colors of the sky. A yellow decorative line runs across the bottom of the image.

Chapter IV Products and technical solutions

➤ 4.1 Debt tokenization model design

The core innovation of Credit Asset Management Co., Ltd. (hereinafter referred to as "Credit") is to deeply combine traditional debt assets with blockchain technology to build a debt tokenization model.

Traditional debt instruments suffer from issues such as poor liquidity, opaque valuation mechanisms, and lengthy disposal cycles. These inherent challenges often result in significant undervaluation of creditors rights, thereby limiting the asset utilization efficiency for financial institutions and investors. Blockchain technology enables the fragmentation, tokenization, and blockchain integration of debt assets, transforming them into tradable, traceable digital assets with stable collateral value.

The model of debt tokenization consists of three core elements:

Debt acquisition and evaluation

Baoxin acquires all kinds of high-quality debts through market means, including corporate debts, non-performing loans and lease claims.

The company will introduce a third-party audit and evaluation agency to conduct a comprehensive review of the authenticity of the debt, cash flow recovery ability and legal compliance to ensure that it has a mortgage basis.

Debt pool construction and asset chain

The approved creditors rights assets will enter the "creditors rights assets pool" and be registered and confirmed through the blockchain smart contract.

Each debt will be generated as a unique digital certificate whose value will be linked to a future issue of a stablecoin (HKDB).

Tokenization and stablecoin issuance

Supported by the pool of creditor assets, Baoxin issued a stable asset anchored to the Hong Kong dollar, HKDB.

The HKDB held by users not only represents a digital asset that can be steadily converted into Hong Kong dollars, but also indirectly enjoys the endorsement of the creditor asset pool.

The model takes into account stability (Hong Kong dollar anchor), compliance (legal disposal of debt assets) and transparency (on-chain open audit), providing a new digital debt solution for Hong Kong and even the international market.

➤ **4.2HKDB Stablecoin Anchor Mechanism (1:1 Hong Kong dollar)**

The design concept of HKDB is to anchor the value of the Hong Kong dollar and ensure that it can be exchanged at a 1:1 ratio under any circumstances, thus maintaining price stability. This mechanism is achieved by the following means:

Hong Kong dollar reserve system

The Bank will establish an independent Hong Kong dollar reserve account and all issued HKDB must be backed by an equivalent pool of Hong Kong dollar or debt assets.

In the process of expanding the scale of stablecoin, reserves and creditors rights assets will be dynamically adjusted in proportion to ensure the solvency.

Dual anchoring mechanism: Hong Kong dollar + creditors rights assets

In addition to the Hong Kong dollar cash reserves, the debt asset pool provides a secondary support for the HKDB to provide excess collateral capacity.

Even in extreme cases, users can still get payment guarantee by liquidating the assets of the creditor pool.



Transparency in auditing

The reserve account balance and creditor pool will be disclosed regularly, and an independent audit institution will be introduced to conduct monthly and quarterly audits. The data will be synchronized to the chain for all users to check.

Price stabilization mechanism

In the secondary market, if the HKDB deviates from HK \$1, the system will repair the price through arbitrage and redemption mechanisms:

When the HKDB is above HK \$1, users are encouraged to redeem Hong Kong dollars to increase supply and bring prices back.

When the HKDB falls below HK \$1, the bank restores its anchor by repurchasing and reducing its circulation.



➤ 4.3 The logic of generating stable assets by mortgage of creditors rights

The issuance logic of HKDB is based on the dual model of creditors rights mortgage and Hong Kong dollar reserves to ensure currency stability and asset security:

Assetization of creditors rights pool

Before a claim enters the asset pool, due diligence, credit rating and cash flow assessment are required.

Debt will be stratified according to the degree of risk, such as AAA, AA and A ratings, which determine the proportion that can be used to support HKDB.

Mortgage rate mechanism

To prevent asset value fluctuations from affecting stability, the bank will set an excess collateral ratio (e.g., 150%).

This means that the issuance of HKD1 is supported by at least HKD1.5 of debt assets or cash reserves.

Liquidation and disposal mechanisms

If a particular type of debt becomes bad or loses value, the system automatically triggers a supplemental collateral or liquidation process.

The bank will ensure the health and stability of the overall debt pool through legal channels, asset disposal and third-party cooperation.

➤ **4.4 Blockchain Infrastructure and Technology Implementation**

In order to ensure the stability and transparency of HKDB, Baoxin will build the underlying architecture based on blockchain technology. The core technical features are as follows:

Public chain + alliance chain combination

The trading and circulation part will be based on mainstream public chains (such as Ethereum or public chains compatible with EVM) to ensure openness and liquidity.

Debt asset pool data is deployed on the consortium chain to meet regulatory, privacy and audit requirements.

Automating smart contracts

All issuance, redemption, mortgage and settlement operations are performed through smart contracts to avoid human intervention and moral hazard.

Cross-chain interoperability

HKDB will support cross-chain protocols (such as LayerZero, CosmosIBC) to achieve interworking with multiple blockchains and improve the scope of applications.

Audit and Oracle systems

The off-chain oracle is introduced to obtain real data such as debt assessment and Hong Kong dollar reserves, and the results are uploaded to the on-chain.

Periodic audit data and market prices will be automatically synchronized to on-chain contracts to ensure transparency.



➤ **4.5 Token issuance, redemption and circulation mechanism**

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➤ 4.6 Security and transparency assurance

Multiple audit mechanisms

Introduce regular audits of creditor assets and Hong Kong dollar reserves by internationally renowned accounting firms.

Provide real-time on-chain query function, anyone can verify the asset support of HKDB.

Legal compliance protection

Prudential will comply with the relevant regulations of the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC).

Debt acquisition and stablecoin issuance are subject to legal framework and compliance review to prevent policy risks.



Technical security protection

The system adopts multiple signatures, cold wallets, hardware security module (HSM) and other methods to protect the security of assets.

Smart contracts are audited by third parties to prevent vulnerabilities and attacks.

Risk Mitigation Fund

The bank will set up a "risk reserve fund" to deal with payment risks in extreme situations.

The fund is funded by a share of the company's profits, some transaction fees and additional funds from partners.

Chapter V. Dividend mechanism

➤ 5.1 Dividend system design

The HKDB ecological dividend mechanism will be implemented through two modules, node incentives and recommendation rewards, in a completely decentralized way that can run on the Ethereum main network and Binance Smart Chain (BSC) main network without relying on an App or DApp.

5.1.1 Node holding rewards

Dividends are automatically calculated and distributed according to the amount of HKDB in the wallet. The specific rules are as follows:

Wallet holdings (HKDB)	Reward rate (daily interest)
1,000– 10,000	0.8%
10,001– 30,000	1%
30,001– 50,000	1.2%
50,001– 100,000	1.5%
100,001– 200,000	1.8%
200,001– 300,000	2.1%
300,001– 400,000	2.5%
400,001– 500,000	3%
Above 500,001	3.6%

Dividends are automatically distributed to the wallet of the holder without manual operation.

The larger the amount of currency held, the higher the reward ratio, reflecting the value incentive of long-term holding.

5.1.2 Recommendation and reward mechanism

The HKDB incentive system is also designed with three levels of recommendation rewards to encourage users to promote the ecosystem:

Reward level	Rate of reward	Explain
A generations reward	20%	You can get 20% of the direct benefits from the lower level
Second generation rewards	10%	You can get 10% of the lower level 2 revenue
Three generations of rewards	5%	You can get 5% of the lower three levels of revenue

Binding relationship: The recommendation relationship binding is completed by transferring any amount of HKDB from the superior wallet to the subordinate wallet, and then returning the same or any amount of HKDB from the subordinate wallet to the superior wallet.

Recommendation rewards and coin dividends can be superimposed to enhance the incentive effect of the community.

The three-level recommendation mechanism ensures the self-propagation ability of the ecology and avoids excessive centralization.

➤ **5.2 Token Issuance and On-chain Deployment**

HKDB token operates on the blockchain, is completely decentralized, and has a total issuance of 320 million coins, which are deployed on the Ethereum main network and Binance Smart Chain:

Ethereum mainnet: 160 million

Contract address: 0x7de1cb532a084956d32A2294175Bf2a7a878fFb7

Binance Smart Chain (BSC): 160 million

Contract address: 0x741f5ceaa253D5d8eA440781cCC4c6041a743Cd9

The HKDB smart contract is open source, allowing any user to query the amount of coins held, transaction history and dividend distribution records on the chain for full transparency.

The dividend holding and recommendation reward are automatically executed by the smart contract, without the need for third-party custody, which improves the security and trust.

➤ **5.3 Two-stage ecological construction**

The HKDB Dividend and Incentive Scheme will be gradually improved in two phases over two years:

Phase 1 (ecological start-up)

The key is to launch the node holding coin reward and recommendation mechanism to attract early users to participate.

Automated process and smart contract stability of token dividend verification through decentralized approach.

The second stage (ecological expansion)

More financial application scenarios will be introduced, such as cross-border payment, DeFi lending, mortgage financing and so on.

Sustainable growth of the token economy is achieved based on market demand optimization reward ratio and recommendation mechanism.

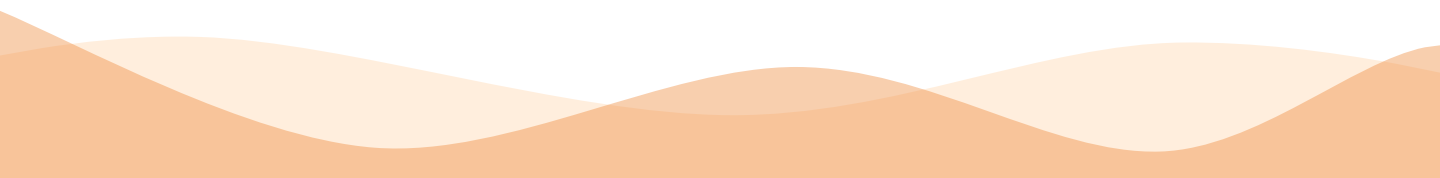
➤ **5.4 Advantages of incentive mechanism**

Decentralization: No App/DApp, relay chain or wallet is required to participate.

Transparency: The reward chain for holding coins and recommending coins can be checked on the chain, and users can verify them at any time.

Sustainable development: A reasonable gradient of rewards to avoid excessive inflationary pressures while encouraging long-term ownership and community dissemination.

Dual-chain deployment: Ethereum and Binance Smart Chain are issued simultaneously to give consideration to security and low transaction costs.



A wide-angle photograph of the Hong Kong skyline at sunset. The sky is a mix of orange, pink, and blue. The city lights are visible, and the water in the foreground is calm. A yellow decorative line runs across the bottom of the image.

Chapter VI Business Applications and Ecological Scenarios

➤ 6.1 Financial investment scenario

Stable income investments

The pool of creditors rights behind HKDB is essentially a type of asset with cash flow recovery ability, which makes the value of HKDB not only stable, but also has a solid income base.

Investors can participate in the dividend mechanism through HKDB to indirectly enjoy the income distribution brought by the recovery of the debt asset pool.

Low risk asset allocation

For institutional investors, the HKDB can be incorporated into their asset allocation portfolios as a low-risk, highly liquid asset to hedge against market fluctuations.

For individual investors, HKDB offers an alternative stable digital asset option, especially suitable for investors with low risk appetite.

A stable anchor for the digital asset market

Volatility is often too high in the digital currency investment market. The existence of the HKDB provides investors with a stable Hong Kong dollar anchor to facilitate flexible switching between high-risk and low-risk assets.

For example, investors can lock in returns by transferring their assets into HKDB when cryptocurrency prices fluctuate wildly, thus avoiding market risk.

➤ Cross-border settlement and payment

Cross-border trade settlement

As an international financial and trade center, Hong Kong's geographical and institutional advantages make HKDB have natural application value in the field of cross-border settlement.

HKDB can be used for Hong Kong dollar related trade settlement, reduce the friction and fees of traditional bank clearing links, and improve the efficiency of settlement.

Personal and corporate cross-border remittances

In the traditional system, cross-border remittances often face high fees and delays in arrival.

Relying on the blockchain network, HKDB enables real-time arrival and low-cost cross-border transfers, which is especially suitable for small and medium-sized enterprises and individual users.

Digital payment expansion

With the increasing demand for digital payment in Hong Kong and Southeast Asia, HKDB can be embedded as a means of payment into e-commerce, travel, online services and other platforms to achieve stable asset settlement and reduce payment risks.



➤ 6.3 Application of lease and creditors right transfer

Lease settlement

Leasing is one of the core businesses of ICBC. HKDB can be used as a payment medium in lease contracts, which not only ensures the stability of payment, but also reduces exchange losses.

For example, when leasing equipment or commercial property, companies can use HKDB directly for regular payments to reduce the risk of cash flow fluctuations.

Creditors rights transfer and assignment

Debt assets are inherently illiquid, but through the tokenization design of HKDB, debt can be split into transferable digital certificates.

Investors can transfer or mortgage debt certificates through the platform to enhance the activity and transparency of the debt market.

Construction of secondary market for creditors rights

The HKDB, as an anchor asset, can build a secondary market around the debt assets.

Through the free circulation of debt certificates and HKDB, market participants can realize the rapid trading of debt in the secondary market, shorten the disposal cycle of debt and improve the utilization rate of funds.



➤ 6.4 DeFi and Web3 integration

DeFi loan market

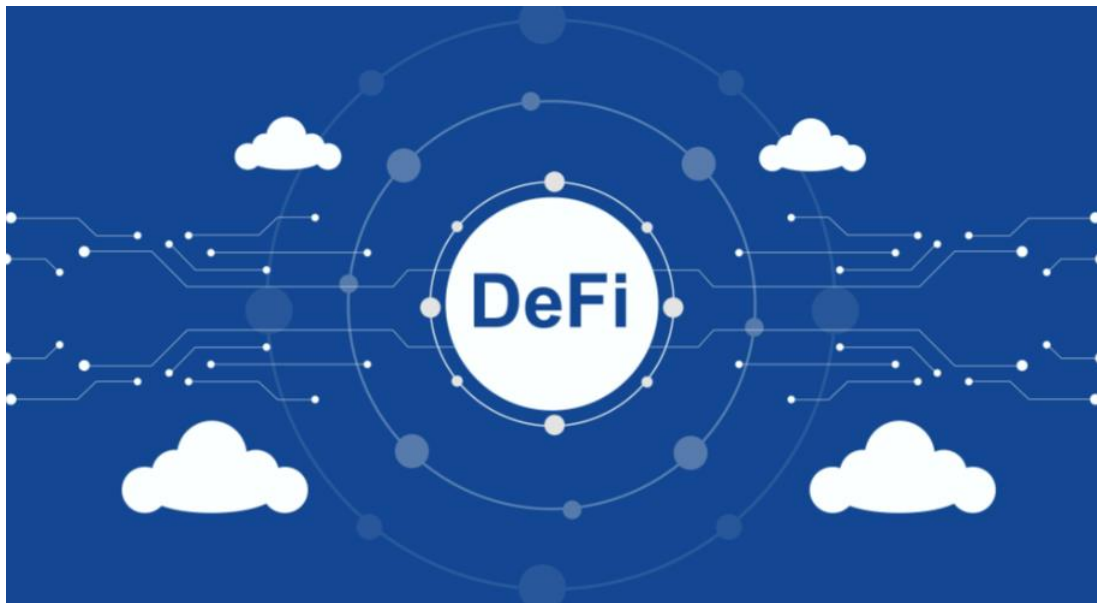
Stablecoins serve as the core assets of lending protocols within the DeFi ecosystem. HKDB can be used as collateral or as a funding source for users participating in decentralized finance activities on lending platforms.

Through the over-mortgage mechanism, HKDB will provide a stable liquidity tool to the market while ensuring safety.

Liquidity mining and revenue farms

Investors can participate in the liquidity pool of a decentralized exchange (DEX) by providing liquidity through HKDB and receive fees and rewards.

In addition, HKDB can also be paired with other assets to build a revenue farm, bringing additional passive income to users.



Web3 application scenarios

HKDB can be widely used as a stable payment tool in NFT trading, metaverse payments, and in-game economic systems.

Compared with crypto assets with high volatility, HKDB is more suitable as a "settlement currency" in the digital economy.

Cross-chain and multi-chain ecology

HKDB will support cross-chain protocols to enable free circulation in multi-chain ecosystems such as Ethereum, Polygon, BNBChain, Cosmos, etc.

Through cross-chain bridges and multi-chain deployments, HKDB will expand its reach as a key asset in the DeFi and Web3 worlds that is both stable and compliant.

➤ **6.5 Cooperation model with financial institutions and regulators**

Cooperation with traditional financial institutions

Baoxin plans to cooperate with local banks, insurance companies and asset management companies in Hong Kong to promote the digitization of debt assets.

HKDB can be used as an interbank clearing tool, or embedded as a stable asset in insurance business and wealth management products to form compliant financial derivatives.

Connect with international payment networks

The bank will actively promote the access of HKDB to global payment networks such as SWIFT, Visa and Mastercard, so that it can play a bridge role in international payment and settlement.

Collaboration with regulators

The Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC) are gradually improving the regulatory framework for stablecoins and digital assets.

Prudential will actively maintain communication with regulators to ensure that the issuance and circulation of HKDB complies with local regulations.

At the same time, Cixin also plans to participate in the pilot digital currency regulatory sandbox in Hong Kong and the Asia-Pacific region to promote the development of debt tokenization and stablecoin business in a compliant environment.

Build a global model of compliance

Baoxin hopes that HKDB will not only be a Hong Kong dollar stablecoin, but also a model of global debt tokenization and stablecoin compliance.

Through cooperation with national regulators and financial institutions, HKDB will become an important tool for cross-border transfer of debt assets and digital payments.

A wide-angle photograph of the Hong Kong skyline at sunset. The sky is a mix of orange, pink, and blue. The city's lights are beginning to glow, and the water in the foreground reflects the colors of the sky. A yellow decorative line runs across the bottom of the image.

Chapter VII Compliance and regulation

➤ 7.1 Overview of Hong Kongs Financial Regulatory Framework

Hong Kong has long been a hub in the international financial system. With the development of virtual assets, the Hong Kong SAR Government and relevant regulatory authorities have introduced a number of policies to gradually improve the regulatory system.

The main functions of regulatory agencies

- Hong Kong Monetary Authority (HKMA): Responsible for monetary policy and supervision of the banking system. It is also studying the framework for the central banks digital currency (e-HKD) and stablecoin.
- Securities and Futures Commission (SFC): Supervises securities, futures, funds, trading platforms, etc., and will bring virtual asset trading platforms under supervision from 2023.
- Corporate Registry (CR) and Inland Revenue Department (IRD): Responsible for corporate registration, financial disclosure and tax compliance, applicable to corporate entities including digital asset companies.

Progress on Hong Kongs virtual asset policy

- Since 2022, the Hong Kong government has clearly proposed to develop Hong Kong into a virtual asset hub and introduced a virtual asset service provider (VASP) licensing system.
- In June 2023, the new Anti-Money Laundering and Counter-Terrorist Financing Regulations (AMLO) came into force, requiring virtual asset trading platforms to apply for a license and meet AML/KYC requirements.
- The HKMA also released a "Stablecoin Regulatory Discussion Paper", which states that stablecoins must be issued by institutions with financial licences and ensure 1:1 asset support.

Hong Kong regulatory advantage

- Hong Kong adopts a dual-track model of "financial innovation + strict compliance", which not only provides an experimental soil for the development of digital assets, but also ensures investor protection and risk prevention and control.
- The compliance path of stablecoin and digital assets in Hong Kong has gradually become clear, laying the institutional foundation for the implementation of credit information business.

➤ 7.2 Joint positioning of stablecoin and digital assets

As a stable asset anchored to the Hong Kong dollar, the proper positioning of HKDB needs to be in line with Hong Kongs current policies and international regulatory trends.

Nature of stablecoins

Stablecoins are regarded by Hong Kong regulators as "store value instruments" or "tokenised assets", and their issuers must prove that the assets are 100 per cent authentic and redeemable.

In some cases, stablecoins may also be classified as regulated financial products, such as securitized tokens or fund products.

The special significance of the Hong Kong dollar anchor

The Hong Kong dollar is pegged to the US dollar and is supervised by the Hong Kong Monetary Authority, which makes the HKDB subject to monetary policy related to the Hong Kong dollar.



When issuing HKDB, the Bank of China will strictly follow the dual support mode of "Hong Kong dollar reserve + debt collateral assets" to avoid the risk of "shadow money".

Core requirements of compliance framework

Asset guarantee: Each HKDB issue must be backed by a pool of Hong Kong dollar cash or debt assets.

Transparency: Audit results, including the balance of Hong Kong dollar reserves, valuation of creditor assets and solvency, must be published regularly.

Anti-money Laundering and Compliance Review: All users must undergo KYC (Know Your Customer) and AML (Anti-Money Laundering) procedures.

International regulatory references

Hong Kongs regulatory framework for stablecoins is gradually in line with the EUs MiCA Act and US financial regulatory standards.

The positioning of the insurance company is not only to meet local Hong Kong regulations, but also to adapt to global regulatory standards in advance, paving the way for the international circulation of HKDB.

➤ 7.3 Compliance measures for credit asset management

In order to ensure that the issuance and circulation of HKDB are fully compliant, Baoxin will take a series of strict compliance measures:

License application and compliance registration

Prudential will apply for relevant financial services licences in Hong Kong, including asset management and virtual asset service provider (VASP) licences.

At the same time, in accordance with the requirements of the Hong Kong Company Law, the annual audit and financial declaration are completed to ensure the transparency of the companys operations.

Audit of reserves and creditors rights assets

The bank will set up an independent reserve account to hold Hong Kong dollar reserves and ensure a 1:1 anchor.

The debt asset pool will be audited quarterly by an international accounting firm, and all results will be published on the chain to ensure that users and regulators can access them in real time.

AML/KYC and compliance operations

The platform will introduce an advanced authentication system to ensure that users complete the KYC review.

The transaction process will be monitored in real time to prevent illegal activities such as money laundering and terrorist financing, in line with the international standards of the Financial Action Task Force (FATF).

Information disclosure and investor protection

Regularly release asset audit report, risk warning and project progress.

In extreme cases, Baoxin will launch a payment guarantee mechanism, with the risk reserve fund assuming the responsibility of investor protection.



➤ 7.4 Risk control system and legal protection

In order to prevent market, policy and technical risks, Baoxin has established a comprehensive risk control and legal guarantee system.

Market risk management

By over-collateralising (e.g. 150 per cent debt-to-equity ratio), the value of the HKDB will not be severely affected by a single bad debt.

Introduce diversified debt acquisition strategies to diversify industry and regional risks and avoid excessive asset concentration.

Technical risk prevention and control

All smart contracts will undergo third-party security audits to prevent code vulnerabilities and hacking attacks.

Multiple signatures, cold and hot wallets, hardware security module (HSM) and other means are adopted to ensure the security of assets.

Legal safeguards and compliance contracts

In the process of debt acquisition and asset pool construction, ICBC will strictly comply with the laws of Hong Kong and relevant jurisdictions.

Cooperate with international law firms to develop standardized contract templates to ensure the legal enforceability of debt certificates.

Contingency and preparedness fund mechanism

The bank will set up a risk reserve fund, which will be funded by some platform income, transaction fees and strategic investments.

In extreme markets or liquidity crises, funds will be used to maintain payments and user confidence.

Real-time interaction with regulators

Prudential will actively participate in the digital asset compliance sandbox program in Hong Kong and the Asia-Pacific region to ensure that product innovation keeps pace with regulation.

At the same time, we actively submit regular compliance reports and accept continuous supervision from regulatory authorities.



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Chapter VIII Team and Strategic Cooperation

➤ 8.1 Core management team and consultants

The core management team of Baoxin Credit Asset Management Co., Ltd. is composed of former senior professionals from international and local large financial institutions such as HSBC, StandardChartered Bank and Bank of China Hong Kong.

Chief Executive Officer (CEO):

He has more than 20 years of experience in non-performing asset disposal and cross-border investment and financing. He was formerly employed by Bank of China International Holdings, where he was responsible for debt acquisition and asset securitization business in Asia Pacific region.

Chief Operating Officer (COO):

He has served HSBC Global Asset Management and led a number of overseas debt restructuring and asset management projects, with rich experience in risk management and compliance.

Chief Technology Officer (CTO):

He used to work at Alibaba Ant Blockchain Laboratory, focusing on the research and development of blockchain underlying technology and the implementation of financial applications.

Chief Legal Counsel:

From King & Wood Mallesons, he has long been involved in cross-border financial transaction legal services between Hong Kong and the Mainland, specializing in debt transfer, asset securitization and digital financial compliance.

In addition, the company has established an advisory committee, which includes:

Former senior official of the Hong Kong Monetary Authority (HKMA), providing forward guidance on policy and regulation;

Professor, School of Economics and Business Administration, The University of Hong Kong, providing financial innovation and macroeconomic analysis support;

PwCHongKong (PwChongKong) partner, responsible for accounting, audit and compliance architecture design.

This multidimensional team and advisory portfolio ensures balanced development of the company in the areas of finance, law and blockchain.

The establishment and operation of Baoxin Creditors Rights Asset Management Co., Ltd. has received strategic endorsement and resource support from Hong Kong Taiping Asset Management Co., LTD.:

Capital Strength: As a key subsidiary of China Taiping Insurance Group (listed in Hong Kong, stock code 0966.HK), Hong Kong Taiping Asset Management Co., Ltd. possesses substantial financial resources to support the capital requirements of Baoxin in debt acquisition and asset pool expansion.

Credit endorsement: Relying on the century-old brand of China Taiping in the insurance and financial services sector, the credit of HKDBs stablecoin is enhanced, which helps attract institutional investors.

Resource sharing: The two parties will share financial institution resources, including cooperation in debt acquisition, insurance protection, risk hedging and asset securitization, so as to improve the overall efficiency of asset operation.



➤ 8.2 Technical partners

In terms of technology research and development and security assurance, Baoxin Creditors Rights Asset Management Co., Ltd. has cooperated with a number of leading institutions:

Hong Kong Applied Science and Technology Research Institute (ASTRI):

As a top research institution funded by the Hong Kong government, ASTRI will provide research and development support for HKDBs blockchain architecture and cross-border payment applications.

Ernst & Young (EYHongKong):

Responsible for conducting regular audits of smart contracts, asset pool operations and financial transparency to enhance investor and market confidence.

SlowMist and TrailofBits:

Two internationally renowned blockchain security companies provide contract audit and system security protection for HKDB to prevent potential attacks and vulnerabilities.

Fintech Lab, Hong Kong University of Science and Technology (HKUST)

Establish joint research and development projects with companies to explore cutting-edge topics such as debt tokenization, cross-chain payment and digital identity verification.



➤ **8.3 Strategic Alliance and Collaboration with External Agencies**

In order to promote the application of HKDB in the global financial and blockchain markets, the company will actively establish strategic partnerships with various institutions:

banking institution :

Collaborated with Hang Seng Bank, Bank of East Asia and Citibank Hong Kong to introduce HKDB in cross-border settlement, custody and payment.

Clearing and payment institutions:

Negotiate cooperation with UnionPay International, Visa Hong Kong, Mastercard Asia Pacific and other institutions to promote the popularization and application of HKDB in cross-border payment and commercial settlement.

Legal and Compliance Collaboration:

Established partnerships with Deloitte Hong Kong (Deloitte Hong Kong) and Allen & Overy to ensure that debt acquisition and tokenization comply with Hong Kong and international legal requirements.

Web3 Ecology:

It has carried out cross-chain cooperation with Polygon, Conflux, Cosmos and other public chains, and connected with international DeFi protocols such as AAVE and Uniswap, so that HKDB can be integrated into a broader blockchain financial ecosystem.

Chapter IX Roadmap

➤ 9.1 Project start-up phase (2025Q4-2026Q2)

In the initial stage, the company will focus on infrastructure building, compliance preparation and asset acquisition pilot:

Corporate structure and governance: Complete the formal registration of Credit Asset Management Co., Ltd. in Hong Kong, and establish a sound corporate governance structure and internal control system.

Compliance preparation: Maintain communication with the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC) to ensure that the debt acquisition and tokenization pilot are in line with the regulatory framework.

Technical construction: The first version of the blockchain underlying system was launched, and the development and internal audit of HKDB smart contract were completed.

First batch of debt acquisition: Complete the pilot project of acquiring bad debts worth about HK \$500 million and establish a debt asset pool.

Cooperation expansion: Established audit and legal compliance cooperation mechanism with PwC Hong Kong and King & Wood Mallesons (KWM).

Objective: To complete the transition from "concept" to "product prototype" and establish a preliminary debt asset support pool.

➤ 9.2 Expansion Plan of Debt Asset Pool (2026Q3-2027Q2)

On the basis of the successful pilot, the company will gradually expand the scale of acquisition of creditors rights assets and promote the transparency of asset pool:

Acquisition scale expansion: The plan is to expand the debt asset pool to HK \$5 billion, covering corporate debt, non-performing loans and lease-type debt.

Asset transparency: Through cooperation with Ernst & Young (EY Hong Kong) and Deloitte, audit reports of asset pools are regularly issued.

Digital creditors rights management: Realize the chain of creditors rights data to ensure the traceability of creditors rights source, value and circulation process.

Insurance and risk hedging: Cooperation with China Taiping Insurance (Hong Kong) to provide insurance or risk mitigation tools for some claims.

Objective: To form a stable, transparent and scalable pool of creditors rights assets to provide strong support for HKDB issuance.

➤ 9.3 HKDB Issuance and Marketing (Q32027-Q22028)

After the asset pool is stable, the company will officially issue the HKDB stablecoin and carry out marketing:



HKDB official Issuance: The first batch of HKDB will be issued at a 1:1 Hong Kong dollar peg mechanism for financial investment and cross-border settlement.

Application for a compliance license: Apply for a virtual asset trading platform license (VASP) in Hong Kong to ensure the compliance of HKDB.

Launch of exchanges: Promote the listing of HKDB on Hong Kong compliant exchanges such as HashKeyExchange and OSL, while seeking to be listed on international exchanges (such as Coinbase and Binance).

Cross-border payment applications: Cooperation with UnionPayInternational and Visa Hong Kong to explore the application of HKDB in cross-border e-commerce and offshore trade payments.

Marketing: Through cooperation with the Fintech Laboratory of Hong Kong University of Science and Technology and the Business School of The University of Hong Kong, seminars and roadshows will be held to enhance the market awareness of HKDB.

Objective: To establish HKDB as a local compliant stablecoin market position in Hong Kong and gradually enter the international financial circulation field.

➤ **9.4 Dividend and incentive mechanism online (2028Q3-2029Q2)**

As the HKDB market application expands, the company will gradually introduce dividends and incentives to enhance community vitality and user engagement:

Dividend mechanism: Quarterly dividends are paid to HKDB holders and platform participants based on the income of the debt asset pool.

Incentive mechanism: "holding reward + use reward" dual incentive is introduced to promote the circulation of HKDB in payment and DeFi applications.

Community governance exploration: Introduce the DAO governance model, allowing HKDB holders to participate in some platform decisions.

Secondary market liquidity: Partner with DeFi platforms (such as AAVE, Uniswap, Polygon ecosystem) to provide liquidity pool support for HKDB.

Objective: To build a sustainable token economy model to enhance user engagement and market activity.

➤ 9.5 Long-term Strategy and Globalization Layout (2029-2032)

As the HKDB market application expands, the company will gradually introduce dividends and incentives to enhance community vitality and user engagement:

Dividend mechanism: Quarterly dividends are paid to HKDB holders and platform participants based on the income from the debt asset pool.

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