

SHELLPAY

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THE BLACK PAPER

Unfulfilled Promises

A Perfect Fundraising Tool That Never Came to Be

The ICO was an idea born at a time of great optimism for blockchain and cryptocurrencies. 2013 was year that saw Bitcoin's value rise more sharply than it had or has ever done. The first ICO was issued by Mastercoin in July of that year. The following year Ethereum accumulated 3700 BTC via ICO within 12 hours. For those involved and those observing, this had the look and feel of a financial and technological earthquake.

Here was a new way of connecting an investor, any investor, to a project via cryptocurrency, one which promised to "disintermediate" third parties that had always dominated that space and steered the flow of such transactions: banks, fiat stock exchanges, venture capitalists, etc. The rise of ICOs became the fourth big narrative strand after Bitcoin's creation Bitcoin's rise in value and the launch of Ethereum.

The new model promised:

Increased Access

Anonymity and cryptography helped bolster a system permitting anyone with an Internet connection to invest in a new project. A class of investment that had previously been unavailable to so few people was now accessible to many more.

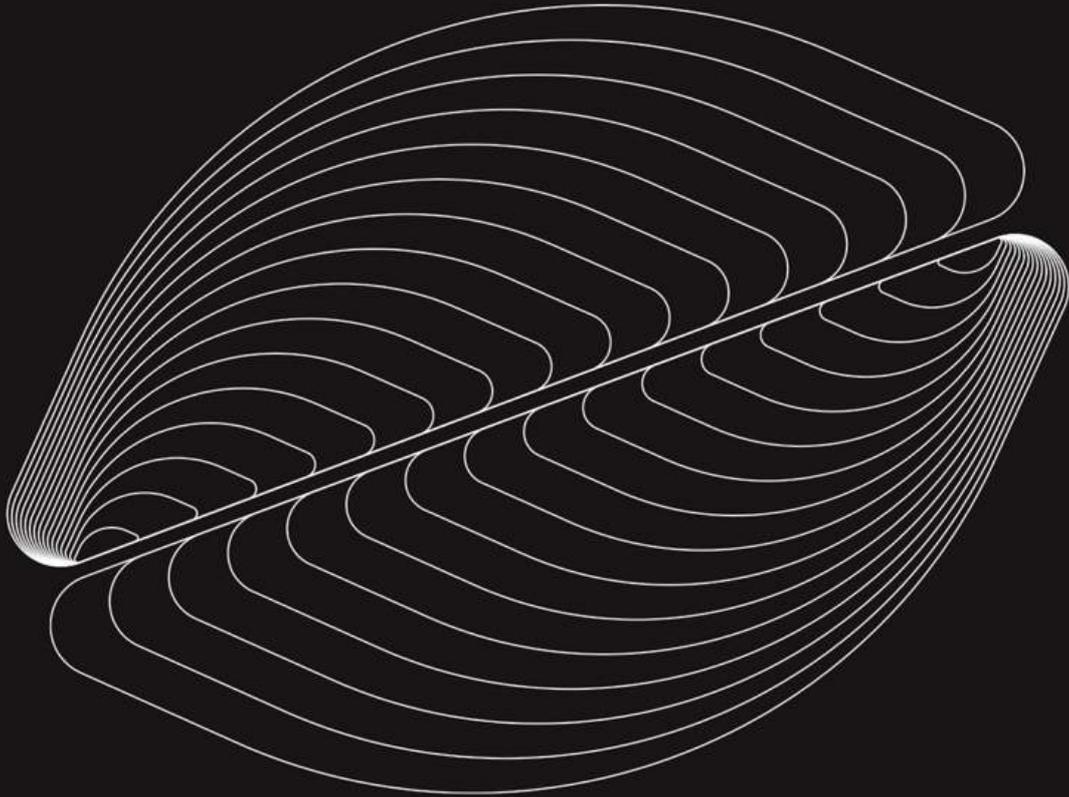
Community Driven Process

Communities formed around new projects within the wider community of those engaged in blockchain development. As well as purchasing coins, communities were encouraged to feel part of each stage of building and launching.

Fair Pricing

The public blockchain of Bitcoin was one core inspiration that helped the cryptoeconomy to become fixated on the notion of transparency. Suddenly ICOs opened the door to many more coins and projects with public records of their funding and their finances.

Yet a few years on, after the climactic rise and fall of Bitcoin in 2017-2018, the current state of play in the decentralised economy (October 2018) is depressed.



Many jurisdictions have simply banned ICOs and the exchanges that supported them. Attempts to regulate how they should be conducted have largely not led to recovered confidence among the global population of investors.

The system that grew so rapidly around them appears to be broken. So, it is time for those in the ecosystem to think of a model to fix it instead of relying on the governments to create regulations. ; governments who do not see the rise of cryptocurrency to be in their best interests; governments who don't understand the crypto economy.

Opacity in the Market

Governments Unsure About How to Regulate

Legislative bodies are famously slow to take note of new technologies.

The recent ratification of the GDPR (General Data Protection Regulation) within the E.U. is a pertinent example; the law itself is a well-thought out and robust measure, yet it is framed entirely as a response to the cloud computing monopolies enjoyed by companies like Facebook and Google.

The excitement around blockchain is related to its disruptive power vis-a-vis the data hoarding and data exploitation. Yet the law cannot be applied to blockchain, since it assumes an opposition between individuals and centralised digital entities. In decentralised networks these roles are confused, and who is directly responsible for data flow becomes less clear. In short, everyone is; that is the point.

Likewise, regulatory confusion around cryptocurrencies may in part be ascribed to flawed attempts to apply legal/financial distinctions to technology that bypasses these. "What is a security?" becomes a freshly difficult question, which certain state bodies have tried to answer case-by-case, with others creating blanket bans or predefined labels for the entire space. In the meantime, the alternative digital economy continues to grow, albeit in an often unhealthy way.

In the present context (4th quarter 2018), regulation directed at the cryptoeconomy may be interpreted as happening on two fronts:

- Larger, powerful economies are increasingly taking a hesitant or prohibitive stance. This includes China, the U.S., India, and most of Europe. A majority of these also maintain a somewhat contradictory double-play that involves encouraging blockchain whilst discouraging its application in stores of value.
- A number of smaller economies are encouraging the relocation or launching of crypto-, blockchain and exchange projects to within their borders, creating legislation and incentives to bring this about. This tendency has increased as larger countries issue bans or drag their feet; this proactive list now includes Malta.

This is, in short, a legally confused area involving out-of-depth governments and shifting barriers and boundaries. In considering a measured response to this

state of affairs, it is worth considering why major nations moved to stifle the exchanges: first, to protect citizens/ investors from an unpredictable new market that became overrun by scam artists (especially in China, but examples abound globally); second, to prevent money laundering and other crimes that were facilitated by them. Following from this, we may refer to the basic principles of social benefit that tend to inform lawmaking. To establish greater trust among users, crypto projects and regulators, an exchange should address the core problems of the exchanges, namely their revenue models and their transparency policies.

Exchange Listing Fee System Opaque and Corrupt

It would be hard to dispute the importance of the exchanges in the crypto economy. They were developed only with difficulty, at first, to satisfy a pressing need. As with the earliest futures in early modern Europe, and the earliest money systems in history, circulation of crypto began as direct transactions between individuals, based on trust. The early days of decentralised currencies, as with personal computing, owed much to the actions of interested hobbyists acting alongside committed geniuses. That system could only permit so much evolution. The advent of trusted and organised platforms to broker between actors allowed Bitcoin and the others to come out into the open, laying the foundation for the period of 2013-2015 and its many ups and downs.

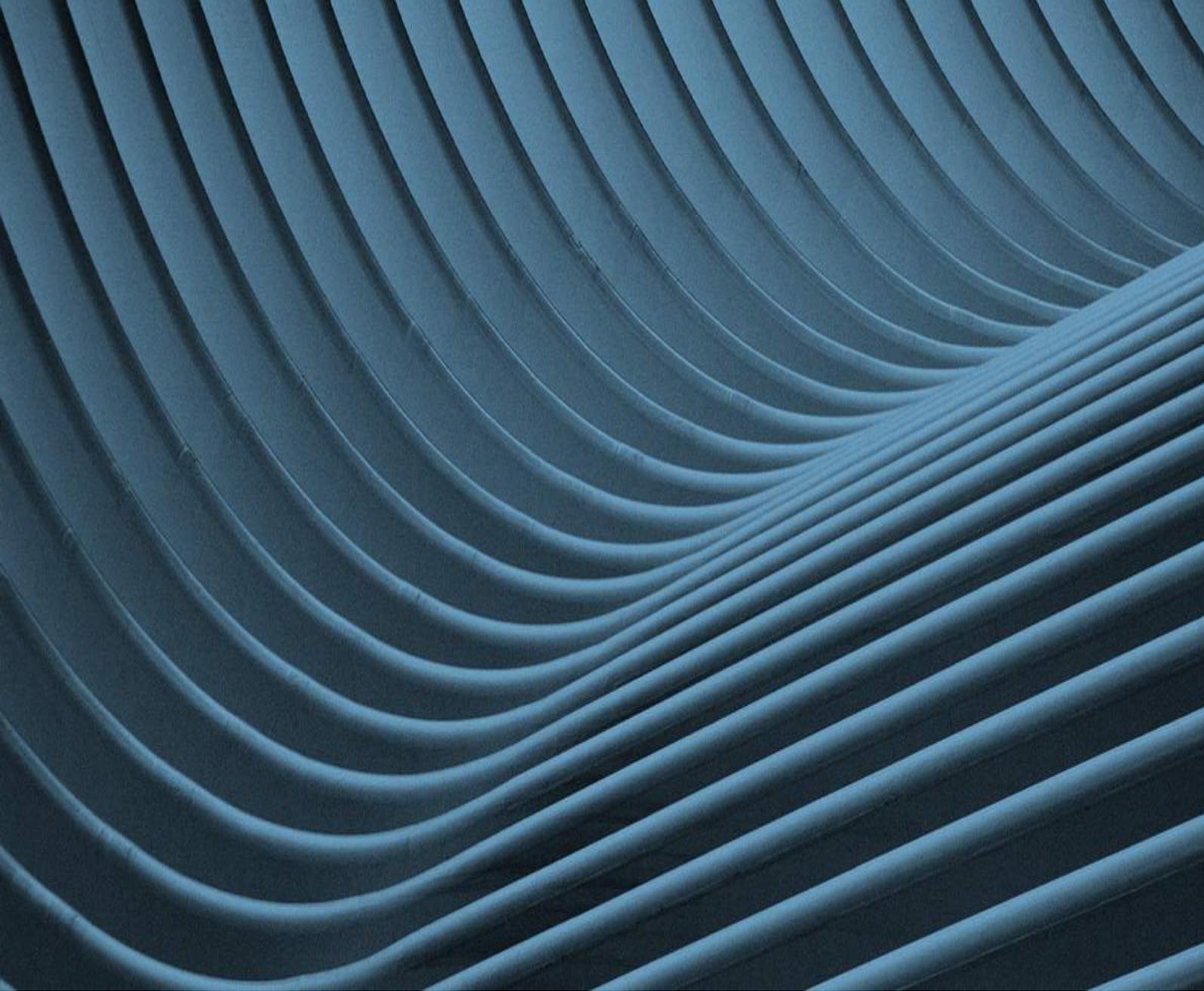
After 5 years of volatile growth and correction what is the current situation? The complex environment may be broken down as follows: a number of categories of exchange exist to cater to different needs, and a range of interest in what may be called the “idealism” behind cryptocurrencies also exists – decentralisation, transparency, etc. The exponential growth and valuation of Coinbase and Binance et al points to the reliable experience they have been able to give to users: resisting hacks, communicating with a customer base while growing rapidly, avoiding destructive conflict with regulators, etc. Despite this, the exchange landscape is destined for further change, owing to a number of factors that adversely affect users and project teams. The principal pain points are:

- Listing and transaction fees form the strongest revenue streams for exchanges, and they are often opaque and arbitrary (especially in the case of listing fees). The leaders of this unprecedented and unregulated space were able to gain market share very fast and so have been able to continue to command very high fees. The precise amounts paid and the negotiations that occur beforehand are for the main part a secret. The high cost barrier is a

disincentive to skilled developers and the secrecy is an obstacle for the community of investors.

- The decision making around deciding which projects and currencies are viable and deserving of being listed (or indeed de-listed) are likewise largely private and internal affairs. While one might argue that exchanges would not have had such success were these processes wholly corrupt, accusations continue to mount that harmful levels of bargaining and horse-trading are taking place continue to mount. Add to this darker accusations of direct manipulation of valuations and the harsh responses of regulators begin to make more sense.
- In the current situation, exchanges have vested interests that cause them to be localised geographically or by practical focus. There exists no true “one-stop” exchange that can provide use-value to experienced as well as to beginning investors. Related issues include the length of transaction times and the limited selection of fiat pairings within the space. The end result is an information and liquidity barrier that causes headaches for projects and investors alike.

Overall, we may summarise the pain points of the exchange space as a binary problem: a combination of high cost barriers and lack of transparency/reliable information.



ShellPay Has a New System

CVOs

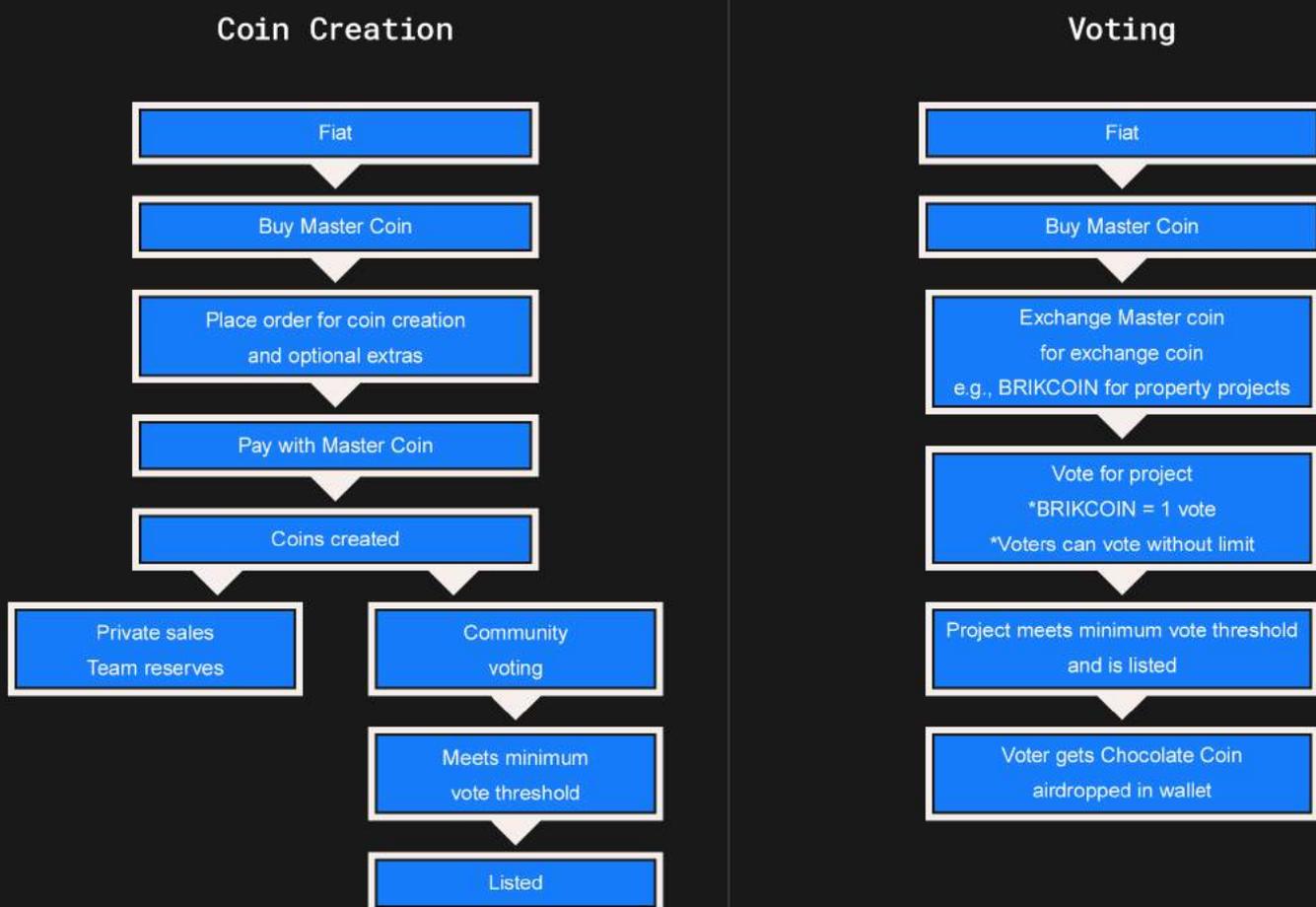
Community Vote Offerings

Community Vote Offerings

ShellPay's Transparent System for Funding and Listing

Community Vote Offerings are projects that will only be listed for trading once they are approved for distribution on the exchange by the community. This is done through an unique listing mechanism on the ShellPay exchange. All project coins that aim to be listed on the exchange will have to go through a process whereby they have to garner the minimum amount of votes required (set at 500,000 at the moment) within a set time frame to begin selling their coin on the exchange and for trading to start.

This voting will be done by members of the community spending the exchange coin which is the coin linked to all projects in the same industry vertical. For example, all property projects will be voted on with the property vertical exchange coin, BRIKCOIN. Each BRIKCOIN will be equivalent to one vote for the project with no limits on the amount of votes each member of the community can cast.

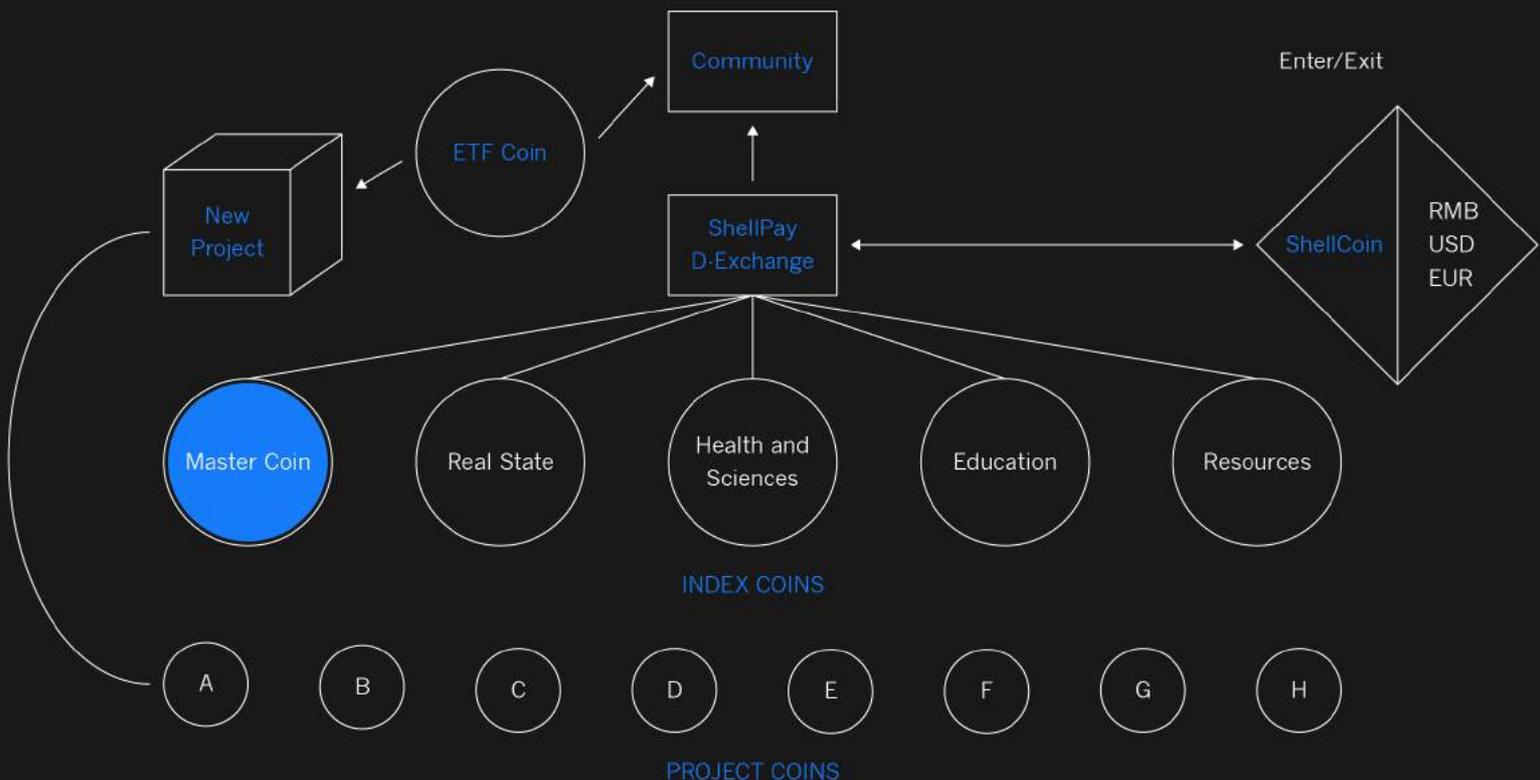


Essentially, the community will be voting for the coins out of their pocket, making it very important that they vet the project properly.

ShellPay believes that this collection of minds will collate information and collaborate on deciding if each project is worth their vote and ShellPay will provide online and offline tools for the community to interact, discuss and make a decision on the veracity of the technology and business claims made by each project.

The mechanism incentivises community members to vote by rewarding the voters of each successful project. In exchange for their votes, the voters to a successful project will receive an airdrop of a coin, Chocolate, which will be backed by a portfolio comprising of all the ShellPay coins. So, each vote will not only act as a way to support promising project but will also be an investment into the entire ShellPay ecosystem.

Projects can fund themselves by creating a coin on the exchange by ordering it through a payment of the Master Coin and then having a wallet created for use with their coins and their coins issued. At this ordering stage, they can also choose from optional extras that they can pay for using the Master Coin. This



includes wallet maintenance for 10 years, logo design for project and coin, wallet UI design etc.

The community vetted coin structure makes funding completely transparent as the only decision the project can make is how many tokens to mint. The price that each token is initially sold at will be decided by the demand in the market. Projects can also decide to release their tokens in the market in batches to raise only the amount of money they need at each stage of development. All the holdings and transactions will be public as the exchange will be decentralised and the community will always know how many tokens the project is holding and how many have been distributed. The price for each token will also fluctuate throughout the initial offering, meaning that there will be real time adjustments based on the market interest in the project.

Additionally, this structure also makes the shady underworld of listing fees completely transparent. Right now, big exchanges are involved in backroom deals for hundreds of thousands of dollars to list a coin on their exchange. Traders can never know if a project made it onto an exchange as a result of the merit of the technology, the interest from the community or more questionable influences like vested interest of the exchange operators or huge bribes. The CVO system brings this out in the open, the number of votes required will be set and the contributors will be public. This system will also generate ShellPay revenue, some of which will be fed back to the community in the form of Chocolate.

SkyLedger Technology

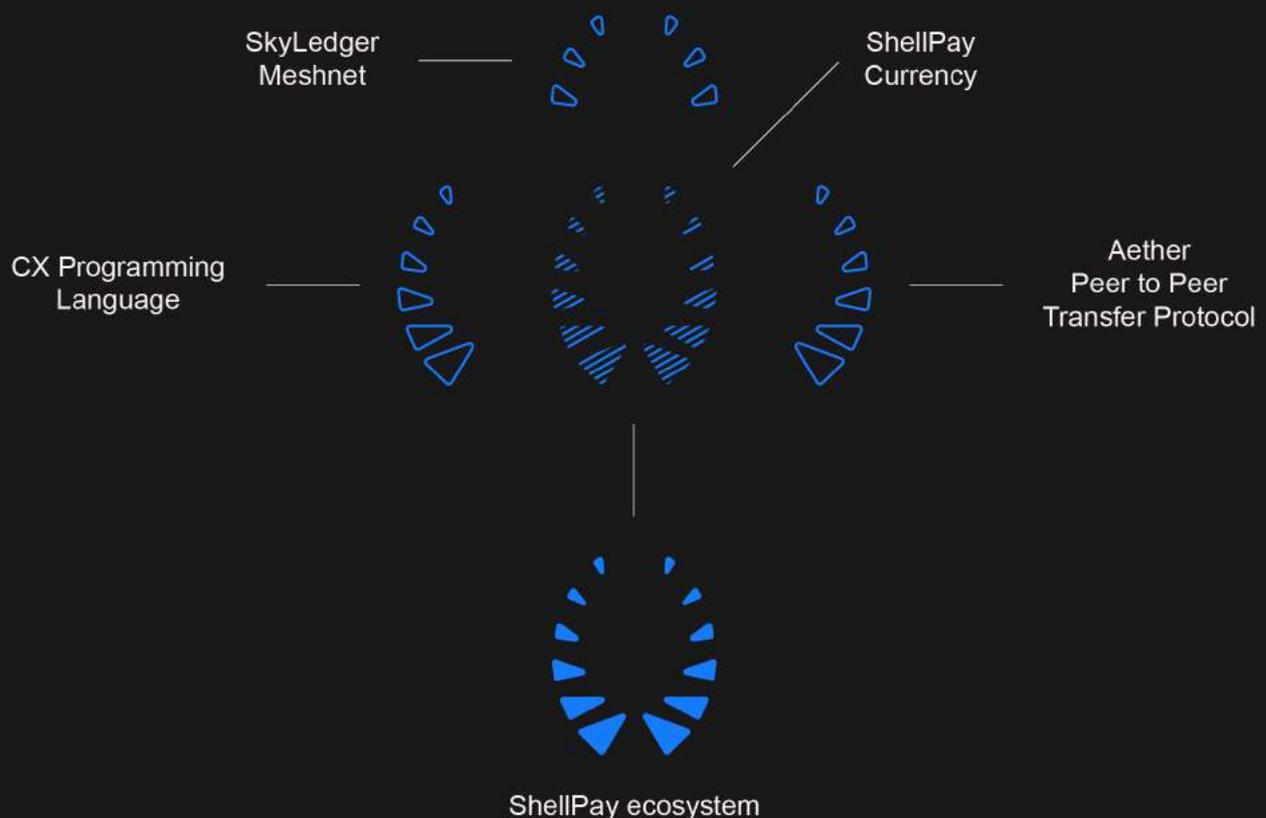
The Building Blocks for All Applications in the Ecosystem

ShellPay is a structure based on an underlying layer of technology constructed by a brilliant team with whom ShellPay maintains a close collaborative relationship: the SkyCoin/SkyLedger team. This relationship, the SkyCoin and SkyLedger technology and the Skywire mesh-Internet concept have roots that date back to 2012.

Skycoin is maintained by the distributed consensus algorithm called Obelisk.

Termed 'web-of-trust', Obelisk arranges nodes and audits and moderates node behaviour through a system of checks and balances designed to reward good nodes and quarantine malicious ones. How does this web-of-trust work?

What is SkyLedger?



First, the Obelisk consensus mechanism is free of the pressures of mining incentives, which avoids the PoW/PoS vulnerabilities that have dogged Bitcoin and Ethereum.

This means that SkyLedger offers

Energy Savings

Obelisk eliminates the need for mining like proof of work currencies like Bitcoin and Litecoin.

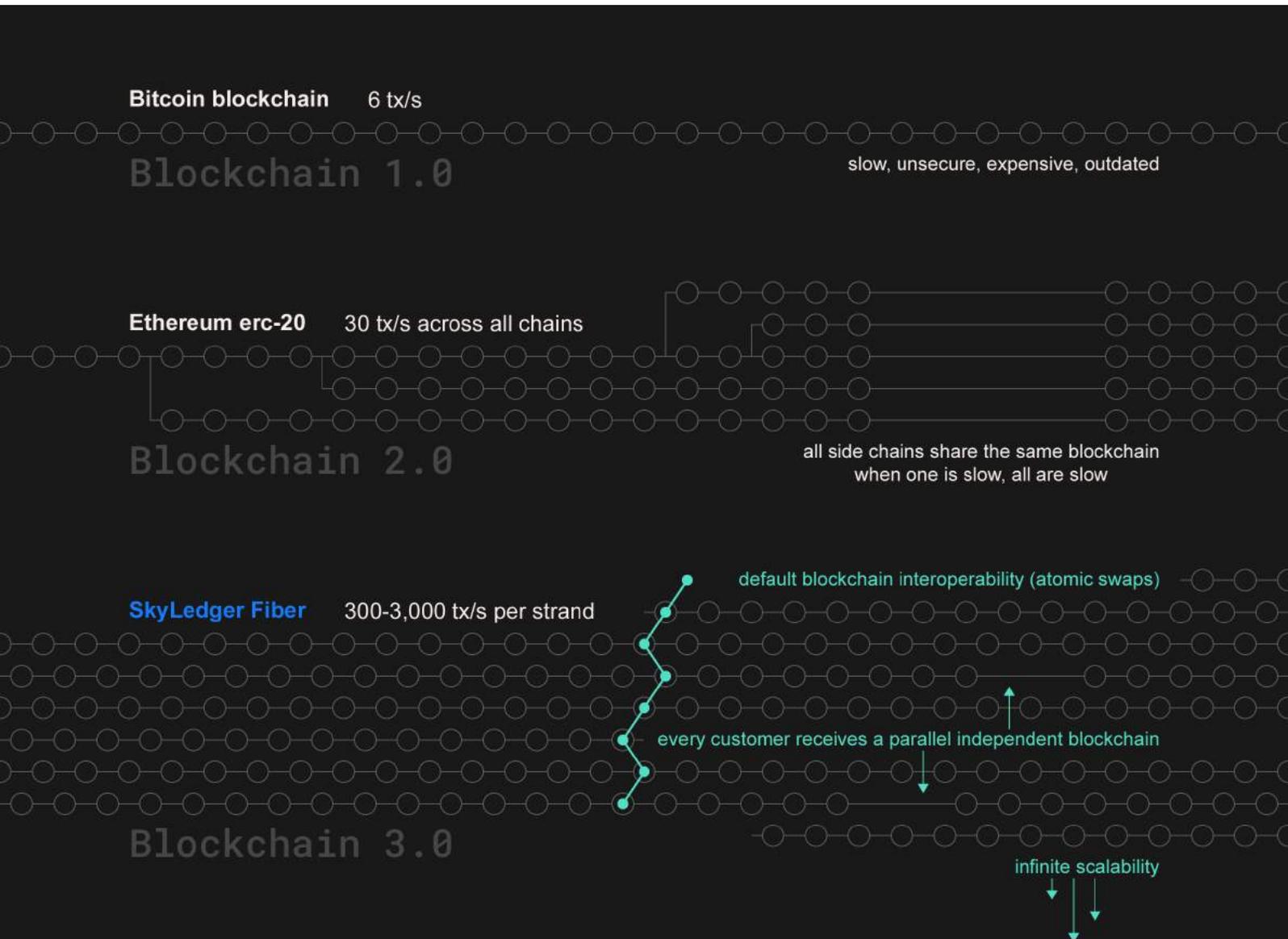
Faster Transactions

Obelisk allows faster transactions because there is no need for blocks to be mined and the mechanism is designed to be scalable.

Increased Security

Obelisk eliminates the incentives to hoard cryptocurrencies that proof of stake coins like Neo provide.

The network relies on nearest-neighbour connectivity, which means that a large-scale coordinated attack by a well-organised network of malicious nodes will not

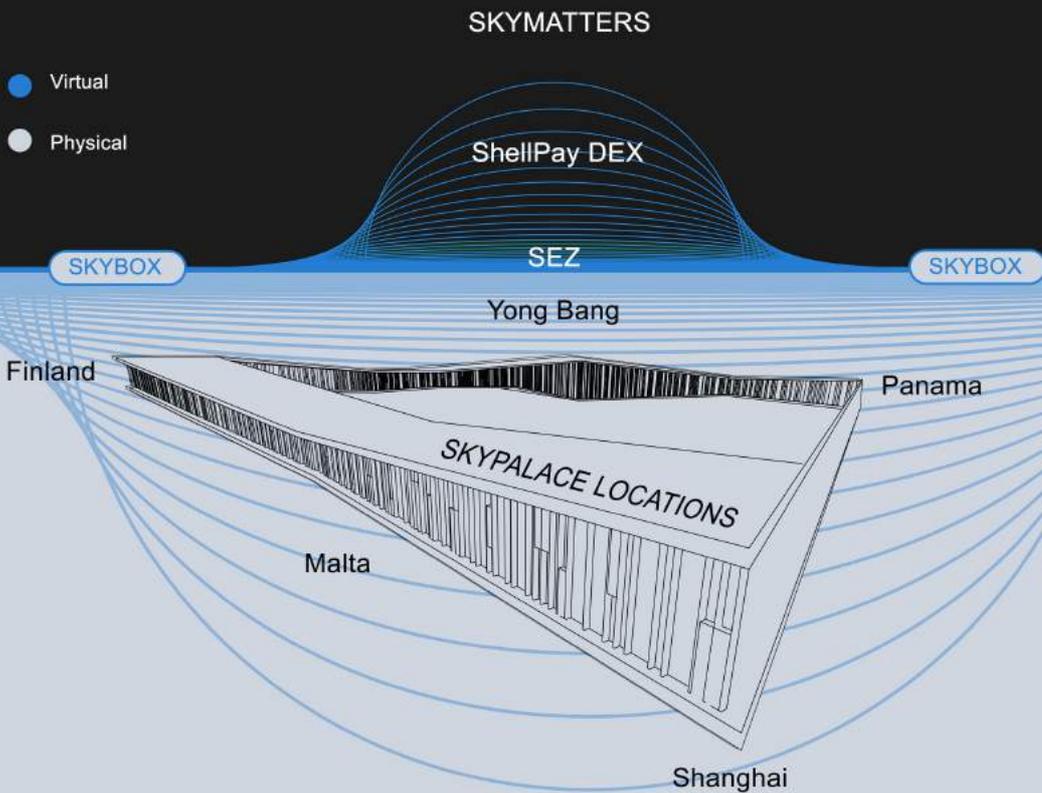


destabilise it. The non-iterative algorithm converges fast and can run on a reduced number of nodes.

Finally, the interaction pattern for blockmaking is between two nodes: a Consensus Node receives its input from one or more Block-Making nodes. The algorithms are separate for the two nodes types, yet they both operate on the same data structures. The two types of node always perform verification and fraud detection on any incoming data. Fraudulent or invalid messages are detected and dropped. Any peer nodes engaged in suspicious activities will be separated and their public keys banned.



ECOSYSTEM



SkyPalaces

Incubators and Community Hubs



SKYPALACE

A global network of blockchain technology incubators educating, nurturing and supporting a global community of leading edge innovators. With the name inspired by the Chinese 'Tiangong' space station, SkyPalace will accelerate technology into a future that leading innovators envision.

By allowing ambitious and free thought and an inclusive environment at SkyPalaces that will soon be launched around the world, ShellPay aims to be at the forefront of the blockchain technology revolution and help build moonshot concepts to revolutionise society.

SkyPalaces are being built on a new standard in blockchain industry marketing, financing and incubating. The ecosystem supports innovations in blockchain technology through fiat and crypto exchanges, governmental partnerships and is a complete funding, trading and operational solutions.

ShellPay aims to create a world where capital will move freely and innovators around the world will have every opportunity to bring their ideas to life without the stifling bureaucracy and politics that they face now. ShellPay's business philosophy is centred around the confluence of technology and its application for solutions to real industry and consumer applications.

SkyPalaces will provide innovators with complete marketing, funding and organisational structures with knowledge and services from experienced professionals. With marketing and organisational help from the ShellPay team, innovators can focus on bringing their grander vision to reality while the details are taken care of by marketing partners. Innovators also gain access to investors they can pitch their ideas to through the network.

Innovators operating out of SkyPalaces will have access to advice and guidance from both experienced blockchain and industry specialists. Innovators will automatically be a part of the ShellPay ecosystem and the companies, experts and combined knowledge and access that the network provides. Additionally, SkyPalaces will serve as hubs in the local blockchain enthusiast community with

areas dedicated to informational, educational and networking events that anyone is free to attend.

SkyPalaces will be built around the world to serve as more than just traditional incubators. Currently development is already underway on the SkyPalace spaces in Shanghai, Malta, Finland and Panama. Innovators and blockchain enthusiasts can use their local SkyPalace to connect to the entire global community and the ShellPay ecosystem. The community is expected to reach over 10,000 online and offline creators by the end of 2019.

SkyPalace Shanghai was launched in September 2018.

SkyBox01

The Hardware That Makes the Network Work

SkyBox01 is a revolutionary piece of hardware that lets the SkyLedger network function.

These hardware nodes for the network will earn coin hours when they forward traffic or provide network resources. Apart from earning Skycoins, users may also choose to earn any of the coins on the ShellPay ecosystem built with SkyLedger technology and supporting applications in a variety of industries. This is Blockchain 3.0 with none of the energy wastage of PoW consensus and the destabilising distribution of PoS currencies.

- Comes loaded with 1 BTC of ShellPay coins.
- Ships worldwide absolutely free.
- Plugs in and starts earning coins right out of the box.
- Uses <30W, or less power than a standard light bulb.
- 4 nodes allow you to earn multiple coins simultaneously.

Since the OBELISK consensus mechanism does not require traditional “mining”, the SkyBox01 will contain the hardware nodes making a decentralised mesh



internet a reality. They will provide the network capabilities, computing power and storage needed for the network to function. Essentially, the SkyBox01 will act as specialised VPNs and nodes on the networks, taking power away from ISPs and granting access to the Skywire network to those connected to the node.

The 8 100Mbps routers give it a maximum bandwidth of 800 Mbps to accelerate the mesh network of Skycoin. The all aluminium body is equipped with an integrated heat sink and magnetically clasped power supply to make it compact and portable. The SkyBox01 also has the capability to wirelessly charge your devices. 5 4in1 custom PCBs, 32GB Class 10 A1 Micro SD Storage, AEM Cortex A53 CPU and 6 Core Mali450 GPU makes it the fastest rig for SKYLEDGER coins yet. 2 of its 4 nodes are configured to earn Skycoin but the other 2 can be configured to earn any of the coins in the ShellPay ecosystem.

Team

Visionaries Behind the Development

Jane Zhang

Founder & CEO



Jane Zhang is an investor and entrepreneur with a background in information technology, gaming, education and blockchain. A founder, executive and partner at multiple companies, Jane's reputation stretches far beyond her native China, in particular thanks to her recent role in founding ShellPay and directing its evolution and expansion.

Educated at Fudan (BA English) and Georgetown Universities (MA Public Policy), Jane entered the entertainment and gaming sectors in the 2000s as founder and executive of companies and funds, among them China First Music and Shanghai Wall Street Strategies Advisors. As an investor she was an early supporter of companies like Alibaba and VIPs. Further engagement in hi-tech innovation led to a fascination with blockchain and the founding of ShellPay in 2015.

The enhancement of learning skills and the motivation of customers and employees are key to Jane's success. With ShellPay, Jane seeks to stimulate wider adoption for blockchain and cryptocurrencies, and to effect global social change.

Angela Li

Co-founder



Prior to co-founding ShellPay in 2015, Angela acquired 20 years of working experience in the ICT, K12 education and Internet industries, in Fortune 500 MNCs as well as start-ups. This led to rich insights in how companies function and grow, from the ground up as well as in more established settings.

Angela attended Jilin University, the Australian

National University and the University of British Columbia, receiving degrees in Telecoms Engineering (BA), International Management (ANU, MIM) and Accounting (UBC). Her subsequent journey saw her enter the ICT sector via companies such as Alcatel-Lucent and Ericsson, both in Shanghai. In the latter company she progressed from Senior level PR to Senior Marketing Manager over more than a decade of commitment.

After moving into investments and entrepreneurship, Angela co-founded the Shanghai Miaozhua Internet Technology Company, a startup specialising in developing K12 curriculum educational technology, including online learning and smart learning devices. Building on her background to found and direct ShellPay in 2015, Angela looks forward to seeing the community-building principles within ShellPay open opportunities for other entrepreneurs and organisations around the world.

Laurence Wolf

Chief Marketing Officer



A media company founder as well as seasoned marketer, Laurence boasts career achievements that cover every aspect of contemporary advertising and branding, including content development, consumer engagement, audience growth strategies and campaign management. Originally from Texas, opportunities brought him to Australia, where he attended the Macquarie Graduate School of Management in 2008 (MBA).

In Sydney, Laurence led digital strategy for Novartis Pharmaceuticals across its brand portfolio. He subsequently founded Brand Honee, Australia's first video crowdsourcing platform for ad content. Brand Honee was acclaimed for pioneering a "competition model" whereby writers, producers and directors created original videos for open creative briefs. He remains a partner at Sydney's Marquee Studios, an entertainment company, and is Director of Honee Media, a marketing and brand services agency.

Laurence first began to invest energy in the blockchain space in mid 2017, becoming attracted by its potential to alter much of industry and society, including marketing. As CMO of ShellPay he expects to develop a global community of technology pioneers and businesspeople, changing the face of finance, technology, resource management, education, logistics, energy and beyond.

Anita Kalergis

COO Europe



Anita is a seasoned business development professional. She has had 20 years of engagement with European and Middle Eastern markets and is an expert in building professional networks. She is multilingual and has an excellent track record in opening emerging markets for businesses. Anita began working in blockchain in 2016. She has since earned a prominent position in the European Blockchain Community.

David Yue

Partner & Investor



David Yue is an angel investor with a wide portfolio whose investments have helped many start-up initiatives grow from obscurity to successful market share and capital listings. His areas of interest include fintech, blockchain, new energy vehicles, clean-tech and mobile Internet, advanced materials, cross-border e-commerce logistics, healthcare, on-line education and the blockchain.

Educated at the National University of Singapore, the China Europe International Business school and the University of Chicago in Illinois (MBA), David worked for almost two decades in the hi-tech and MNC industries before dedicating himself full-time to Venture Capital.

From 2015 David has been a noted blockchain investor in Asia. He was invited to be the judge of the first China Blockchain Technology Innovation and Application in Singapore, and is the visiting professor of Blockchain Institute of Jiangxi Pioneer Software College and guest lecturer of the blockchain EMBA program at Beijing University of Posts and Telecommunications. He also board director of the Asia-Israel Blockchain Association.

A well-known blockchain investor and educator in Asia, David Yue has deep experience in hi-tech development and consulting, covering national and international companies. A leading investor in blockchain since 2015, he lectures on the topic at Chinese universities. David is versed in strategy, marketing, sales and operations. He has contributed to the success of international fortune 500 companies, including Alcatel-Lucent, Cisco, Marconi, etc.