

Eremit

A Revolutionary Distributed Payment System

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1. General

Blockchain is essentially a decentralized database based on cryptography technology which uses distributed node consensus algorithm to generate and update stored data and applies cryptography to ensure the security of data transmission and access.

The features of blockchain, such as peer to peer transmission and consensus mechanism, encryption algorithm and distributed data storage, are particularly suitable for electronic cash and super asset ledger. It is very promising for the internet financial service industry by technological leaps resorting to open source, high reliability, immediate delivery, decentralization and many other advantages of blockchain, so we believe that blockchain technology will become a major technical support for the financial service industry in the future.

2. Concept of Eremit

Our main concept is to create a revolutionary distributed payment system.

With the birth of blockchain and the booming of cryptocurrencies, companies around the world are developing “digital” economy.

In view of the existing traditional payment methods, low efficiency and high cost, as well as foreign exchange rate and other issues, we have developed a payment system, the Eremit virtual terminal, which can accept various cryptocurrencies. It allows the conversion of cryptocurrencies into fiat currencies (instant mechanism) and ensures the advantages of cross-border use of cryptocurrencies.

The Eremit virtual terminal will be available to all people for free, enabling them to quickly and easily participate in the cryptocurrency economy. People will have the opportunity to pay for goods and service applications in cryptocurrencies in any country.

In order to implement Eremit virtual terminal, we will create an Eremit platform and issue Eremit Cash (“ERCH” for short). Our tokens will be the basis for operation of the platform and for the interaction tools between system participants, who use cryptocurrencies to pay for products or services at a minimal cost.

3. Payment Problems

Today, the market capitalization of cryptocurrencies is equivalent to US\$140 billion. It is expected that by the end of 2022, the market capitalization of cryptocurrency may increase by 20 times due to the increase in the value of existing cryptocurrencies and the issuance of new tokens.

A common problem for global cryptocurrency holders is that they cannot use cryptocurrencies as a quick and universal payment method because there are still too few companies and merchants that accept cryptocurrencies.

Traditional payment methods, such as bank transfers and bank card payments, also have many drawbacks. In case of international remittances or payments in other countries, problems can come from low efficiency, high cost and foreign exchange rates.

Nowadays, companies around the globe are slowly involving in the fast-growing cryptocurrency economy, which is changing the world financial services system.

Today there are several causes of problems with cryptocurrency payment:

- Difficulties of receiving payments in cryptocurrencies without special knowledge.
- Confusion of new customers by the large number of cryptocurrency exchanges with different exchange rates.
- Enormous risks associated with cryptocurrency fluctuations.
- Complexity of showing cryptocurrency payments in a traditional accounting system.

Problems with traditional payment systems:

- Fees up to 7% of the transaction amount.
- Long time required to credit money into a bank account.

4. Eremit Decision

We are developing Eremit, a global independent distributed multi-cryptocurrency payment system based on blockchain technology.

Eremit blocks require to improve payment in cryptocurrencies, exchange rate services and the bonus incentive system.

Eremit Platform:

- Users can accept any cryptocurrency listed on the exchange.
- Users accept the cryptocurrencies and want to minimize risks related to fluctuations in the cryptocurrencies. Such cryptocurrencies can be instantly converted into fiat currencies when payments are received.

4.1 Eremit Virtual Terminal

The basis for Eremit platform is a multi-encryptocurrency virtual terminal. Major advantages of Eremit virtual terminal are:

- **Easy to install**

A virtual terminal is a piece of software that can be installed on any device (a computer, tablet, cell phone or cash register device) without the requirement for special knowledge.

- **Accepting a variety of cryptocurrencies**

With the help of Eremit virtual terminal, users can accept payment for products and services in any cryptocurrency, and then convert the cryptocurrency into a fiat currency.

- **Decentralized**

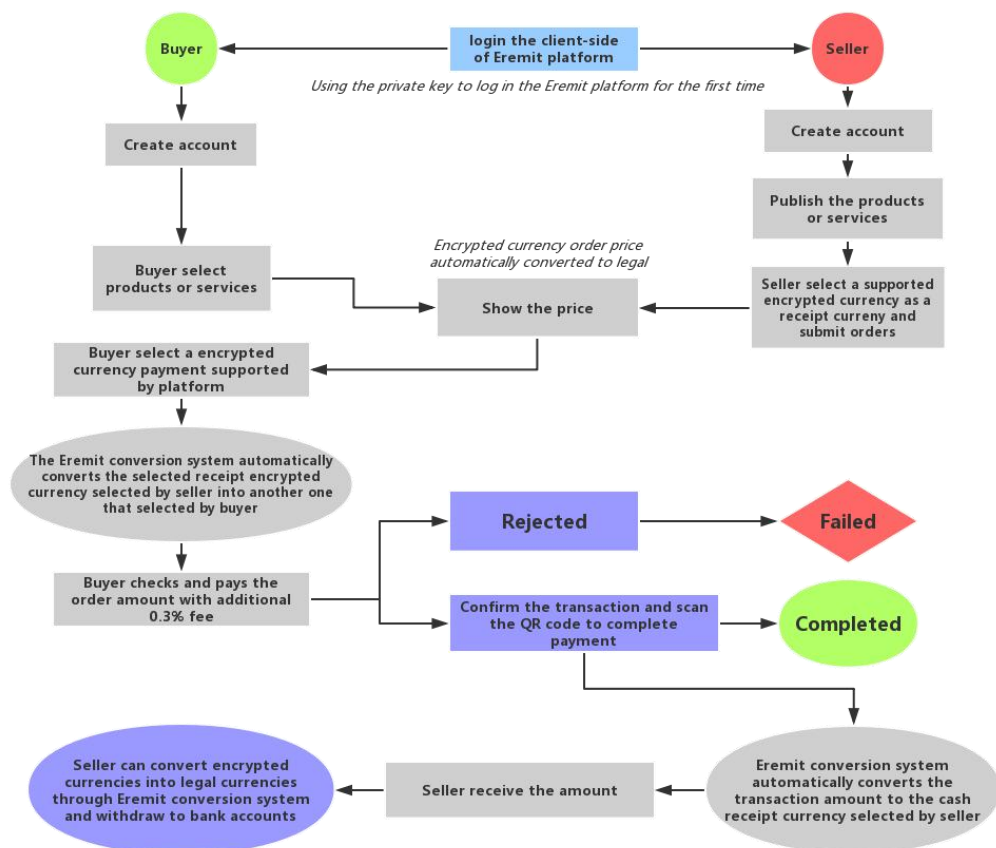
Payment is made from the buyer to the seller to realize instant peer to peer payment, and the cryptocurrency is sent directly to the user's Eremit multi-currency wallet.

- **Fast posting**

The transfer of cryptocurrency to e-wallet is fast and takes seconds or minutes, depending on the cryptocurrency type and the block network.

Eremit virtual terminal includes two parts and interacts with the cryptocurrency conversion system:

- Used to accept payment on the interface. This part of the terminal is installed on any device to accept payment from customers. In order to accept catch-all payments, multiple accounts can be created and users can operate simultaneously on multiple devices.
- E-wallet. Designed for users to manage funds received.



4.2 Exchange Service of Eremit Exchange System

It allows real-time connection between the user and the cryptocurrency exchange so that the user can accept a cryptocurrency and convert it into a fiat currency into a bank account. Fiat currencies are required for the operation of businesses, so Eremit terminal is provided with the function of converting cryptocurrencies into fiat currencies.

Example 1: the function for a seller to receive cryptocurrencies from a buyer

- Wawer went to the barber's for a haircut.
- A person from the barber's opened Eremit virtual terminal and added an order. He indicated the order description and the amount of US\$15.
- There were an order, information of payment and various cryptocurrencies in the terminal. To calculate the payment amount, Eremit terminal used the average market conversion rates to convert the cryptocurrencies into amounts in traditional currencies.
- Wawer decided to pay with ERCH.
- The employee selected to receive payment in ERCH tokens and showed the QR code to Wawer for scanning.
- Wawer opened his e-wallet, scanned the QR code and made the payment.

- Information about payment confirmation was shown in the terminal.
- The employee thanked Wawer and said goodbye to him.
- The owner of the barber's opened the Eremit e-wallet and saw the amount in the specified ERCH which was converted into a fiat currency to be withdrawn to a bank account.

When the exchange rate is enabled, users can benefit from the advantages of Eremit terminal:

- Low cost for converting a cryptocurrency into a fiat currency. The seller receives the payment amount in traditional currency based on the information specified in the order.
- Minimized risk associated with cryptocurrency fluctuations. If the seller does not want to keep the cryptocurrency received from the buyer, he will choose the exchange function in the Eremit terminal. When the Eremit terminal is in exchange mode, the seller will receive the money in a bank account without the need to worry about exchange rate fluctuations. The exchange function can only be used if the registration and verification procedures are adopted, as it is necessary to comply with the anti-money laundering law. With the help of Eremit virtual terminal, the seller can accept a variety of cryptocurrencies. The Eremit system connects to a large number of medium to large cryptocurrency exchanges. When applying for exchange of a cryptocurrency, Eremit terminal will transfer funds to an exchange, converts the cryptocurrency into a fiat money and transfers it to the seller's bank account. If the system cannot find an exchange to convert the cryptocurrency, the transaction will not be established. The above processes are instant.

The price paid by the buyer using cryptocurrency is at the average market conversion rate + 0.3% as the commission for exchange. The exchange rate received corresponds to a lower or the same interest rate if the buyer independently converts a cryptocurrency into fiat currency. At the same time, the seller will receive the full amount in the fiat currency specified in the order.

Example 2: The function for a buyer to make payments in cryptocurrencies to a seller and exchange for fiat currencies.

- Wawer went to the barber's for a haircut.
- A person from the barber's opened Eremit virtual terminal and added an order. He indicated the order description and the amount of US\$15.
- There were an order line with information of payment and various cryptocurrencies in the terminal. To calculate the payment amount, Eremit terminal used the average market conversion rate to convert a cryptocurrency into an amount in a traditional currency + 0.3%.
- The employee selected to receive payment in ERCH tokens and showed the QR code to Wawer for scanning.

- Wawer opened his e-wallet, scanned the QR code and made the payment.
- Information about payment confirmation was shown in the terminal.
- The employee thanked Wawer and said goodbye to him.
- The owner of the barber's received US\$15 in the bank account of the barber's.

4.3 Additional Features of the Eremit Platform

The Eremit platform aims to create an ecosystem for the purpose of implementing and applying various financial and non-financial services, and it is also the main platform for the use of ERCH tokens.

Enterprises and their customers are enabled to use the additional payment functions of the terminal. The additional functions include Eremit e-wallet, bonus program, reputation system, warranty, integration with accounting system, and other functions based on the use of smart contracts. The additional services will be provided for a fee.

Eremit E-wallet

The Eremit team will develop a multi-cryptocurrency wallet that will be combined with all the services of the Eremit platform. The Eremit wallet will serve as the interface for the Eremit platform. The Eremit wallet can be used to store, accept, send and exchange various cryptocurrencies, including ERCH tokens. Eremit Wallet will provide a reputation system, bonus program, warranty, refund and other services.

Bonus Program

Each buyer can create bonus programs and discount schemes for his customers when using the Eremit platform. Buyers can find out and try out these programs and schemes through the interface of the Eremit wallet. Customers not only have access to these bonuses and discounts by themselves but only can exchange them with other customers.

Reputation System

Each exchange requires certain trust between the participants established before the exchange. Trust is based on the reputation gained through honest participation of both parties of transactions. Customers prefer to choose a highly reputable seller. As a result, trusted sellers will benefit from a higher reputation and attract more buyers.

Sellers and buyers identify themselves in the Eremit system and post information on all successfully concluded transactions. The posting involves two steps:

- The seller posts payment details;
- Upon successful conclusion of the transaction, both parties are rewarded in the form of reputation.

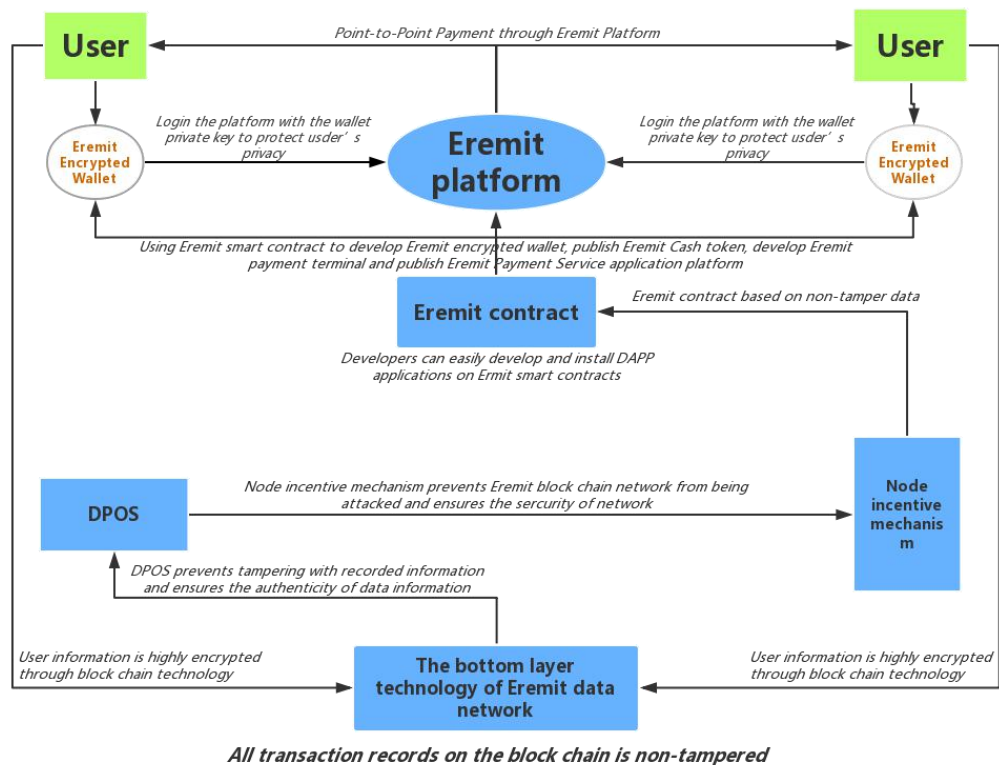
Warranty

After payment, the buyer will receive a warranty. It is a QR code along with an address, a hash sign and the order amount used to confirm the fact of purchase. Sometimes the

purchased goods are unqualified. In this case, the seller and the buyer can make a return transaction and both parties will be under guidance of the local consumer protection legislation.

The function of integration with accounting system

In the initial phase, transaction information will be uploaded in the usual Microsoft Excel and Word format. In the future, the feature to integrate with accounting software will be configured.



4.4 Eremit Blockchain-Based Consensus Algorithm

The Eremit blockchain platform is implemented to independently store the reputation for the participants and provide additional features.

For the platform of the Eremit blockchain, DPoS (Delegated Proof-of-Stake) is chosen as the algorithm. Due to the little demand for hardware infrastructure, there is an opportunity to encourage the most productive members – in the role of witness. Witnesses – those participants can add and receive new block rewards. This is an optional role and any network member can become one of the witnesses, depending on the reputation on the Eremit blockchain platform.

The fee for system transactions is set to null so that everyone has the opportunity to use this platform.

Payment in the Eremit platform is made in the form of ERCH tokens. Online paid services are attainable by paying ERCH tokens.

Each participant in the Eremit blockchain network holds a key pair that is used by every participant in the use of this system. All key pairs are integrated when the Eremit terminal or wallet is turned on for the first time, with their public part placed in the blockchain, while the private part remained on the user.

Type of key:

- key-only used to change other keys
- key-used to sign any transaction on the network
- key-used by the seller to sign the warranty.

5. Eremit Business Model and Marketing Plan

5.1 Eremit Business Model

Since the capitalization of cryptocurrencies represents a small fraction of the world economy's capitalization, we expect that 90% of all Eremit end users will operate in the exchange mode.

Eremit receives a commission of 0.3% per transaction which is added to the average exchange rate and paid by the buyer and considered as the company's revenue. Another source of revenue is the premium services offered by the Eremit platform and payable in ERCH tokens. Many of the additional services on the Eremit platform will operate in the form of subscription. For example, a company wants to participate in the reputation system to promote their services in the market and attract attention of buyers who value the reputation of a store. Therefore, the company can subscribe the Eremit reputation program and pay a small commission per month with ERCH tokens.

In addition, after the ICO, an Eremit fund, which will receive 10% of the total tokens, will be created mainly to encourage community contributors, developers and marketing personnel.

ERCH token holders will be entitled to ERCH interests, which can be used for discounted purchase of products and services in the Eremit system. Eremit will allocate a portion of the profit to the ERCH token holders under an incentive mechanism. If a buyer wants to benefit from the interests, he will provide the seller with ERCH and can receive a discount on the coupon no more than 50% of the cost on the goods or services. The seller accepting the interest will receive a full-amount check in the form of fiat currency or cryptocurrency, depending on the operation mode of the Eremit system terminal.

5.2 Eremit: A Diversified Platform

The most important purpose of the Eremit system is to create a global virtual terminal network for users by accepting cryptocurrency for payment and realizing instant peer to peer payment.

The Strategy of the Eremit system is to become a multifaceted platform, a value-creating organization primarily providing direct interaction among several separate types of associated customers. Major user groups are customers who want to pay with cryptocurrencies for the

benefit based on the principle of network effects. The Eremit system will actively develop network for one region that will engage a large number of participants in each group to achieve network effects and will continue to install terminals subsequently in other regions.

Southeast Asia and European countries are selected as priority areas to operate the terminal. The Eremit system will mainly focus on Japan, Singapore and France where the number of cryptocurrencies is the largest.

5.3 Loyalty Program

In order to quickly expand the market and introduce a great number of users (online and the mobile payment system), Eremit has developed a loyalty program. 0.3% of the commission for each transaction will be sent to the seller as a reward in the form of ERCHD tokens. The loyalty program will continue until the number of participating users in each region reaches a critical value.

5.4 Win-Win Strategy

We strive to create an ecosystem where all participants of the platform can benefit from the Eremit products.

Advantages for customers:

- A large number of points of sale that accept cryptocurrencies.
- Without the need to exchange for fiat currencies.

Advantages for sellers:

- Attracting new customers with cryptocurrencies.
- Minimal trading commissions.
- Receiving payments in which a cryptocurrency acts as a fiat currency to save the troublesome process of foreign exchange.

Advantages for exchanges:

- Applying for a large number of data.
- More liquidity.

Advantages for ERCH token holders:

- Entitled to ERCH interests.
- Paying with ERCH tokens for the additional features on the Eremit platform.

Introduction of the Eremit terminal will bring a global advantage to the entire encryption economy: use of cryptocurrency as a payment method will become more valuable. So capitalization of cryptocurrencies will increase exponentially.

6. Eremit Initial Coin Offering (ICO) and ERCH Token

6.1 ERCH Token Offering

To advance the progress of Eremit project and provide opportunities to all participants of the cryptocurrency ecosystem, ERC20 tokens will be launched on the Ethereum platform. In the future, following the launch of the Eremit blockchain platform, ERCH tokens can be transferred to the Eremit platform. ERCH is a Utility and will become the basis for operation of the platform and also a proof of the rights for system participants.

6.2 ERCH Token Distribution

Distribution of tokens under ERC2.0 smart contract is detailed as follows:

Total token offering: 1,000,000,000.

Retention for the team: 50,000,000 (locking for 5 years and deblocking 5 million every half year until entirely deblocked).

Development Fund: 100,000,000 (not allowed to flow to the market within half a year and every use will be published in the community).

Institutional private capital placement: 240,000,000 (private placement cost: 1ERCH=0.008USDT).

IEO Scheme: 100,000,000 (all available for circulation).

Online promotion plan:10,000,000 (used to reward the community contributors or for online promotion, all available for circulation)

Subsequent application plan: The remaining 500,000,000 will be used as incentives under the consensus mechanism after launch of the main network.

Total initial circulation: 350,000,000.