

EduCoin Whitepaper

Blockchain-based Global Online Education
Platform

EduCoin Foundation

Summary

Accompanying the explosive growth of the Internet and mobile Internet, comes the digitization of education resources and ready availability of online education. In recent years, the market share of online education has been on the increase. Currently, online education institutions are providing education services in a centralized manner. Despite the optimistic outlook on the current state of online education, there are significant problems accompanying this centralized mode of operation. Some examples include the lack of openness and impartiality in teaching evaluations, an overly high commission rate of up to 50% charged by online educational platforms, and poorly motivated developers resulting in substandard educational content. The loss of value through these inefficiencies will be ultimately passed to users. The resulting state of affairs is not ideal for the future growth and development of the online education industry.

EduCoin Foundation Ltd. (“the Foundation”) intends to create the world’s first blockchain-based, decentralized online education platform, EduCoin (“the EduCoin Platform”). The digital cryptocurrency EDU (“EDU”) is intended to be tailor-made for this platform, to support of the vision to construct a global decentralized education platform focused on facilitating the utilization and provision of education services, the research and development of educational content, and the monitoring and assessment of teaching quality for users around the world. The EduCoin Platform, the economic system of this platform and basic services surrounding it, is intended to be designed for the sharing of online education services and contents globally. It has the potential to bring together students and teachers throughout the world in a single ecosystem matching them specifically according to their personal requirements and abilities. It is intended to bridge the gaps of cultures, countries and languages, creating a new and improved educational environment.

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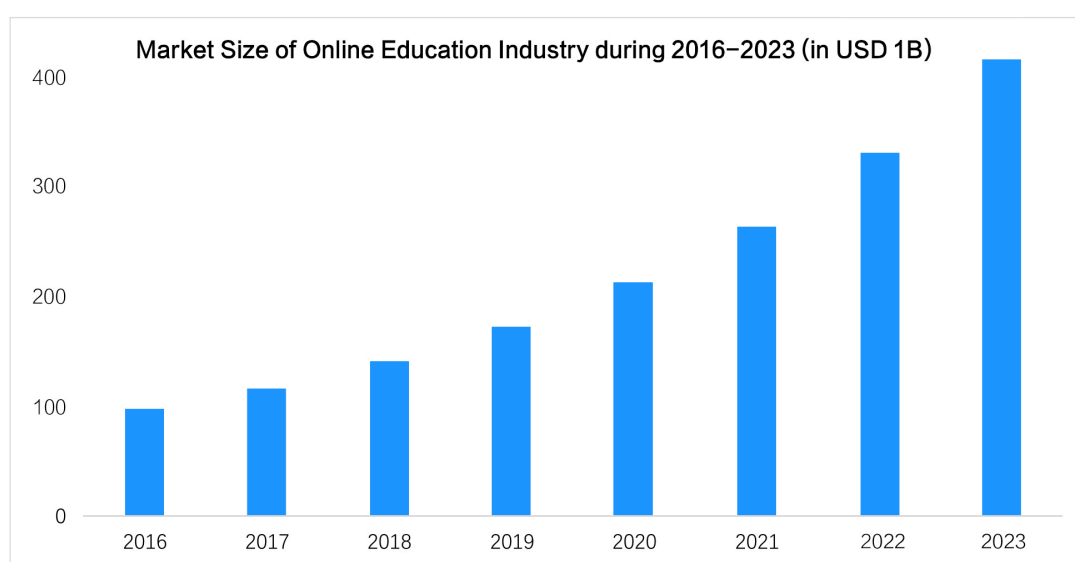
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1. Market Analysis and Background Introduction

1.1 Market Environment

Global education industry is at a stage of rapid expansion in terms of both the overall industry size and market dynamics. According to latest research report, the overall size of China's education industry in 2016 was 5 trillion USD, and this figure is estimated to increase to 8.1 trillion USD by 2020. Under the general backdrop of consumption upgrade, more niches are created within the education market, and this has defined the characteristics of the education market, namely, strong demand and high growth.

Compared with traditional education, online education breaks the time and space constraints on the traditional mode of education, and boasts several key characteristics, such as high efficiency, low barrier to entry, cost saving and abundant teaching resources. Moreover, as the "Internet+" model moves forward, numerous online education platforms emerge and market demand is steadily on the increase. The size of global online education market is 118 billion USD in 2017, and this figure is estimated to hit 143 billion USD in 2018, exceed 175 billion USD mark in 2019 and reach 423 billion USD in 2023.



At present, adolescent education, especially the teaching of languages, has gradually become an important part of the family education blueprint, and parents are investing more and more money in the language education for their children. According to a report entitled Market Analysis of China's Children English Training Industry for 2015-2020 released by the survey report website affiliated to National Bureau of Statistics, the present size of children English training market stands at about 10 billion USD and is growing at an annual rate of 20%. At the same time, with the advancement of the globalization process, there is increasing demand for language skills in daily work, business travels and other scenarios, and the adult language education market is growing year by year. According to the Whitepaper 2017 for China's Online Adult Foreign Language Education Industry published by iResearch together with Hujiang English, the market size and user base of the online adult foreign language education industry have undergone drastic growth. In the face of strong market demand, the language training institutions in China has assumed a skyrocketing growth trend. On the strengths of the Internet, online education has a great impact on the traditional market for adolescent language education with its strong competitive edge. Online live classes, as one form of online learning, outperforms recorded broadcasts in terms of interactivity and teaching efficiency, and have become the hottest form of language tutoring and learning for the time being.

1.2 Main Problems

Various online education platforms spring up constantly in response to the high levels of market demand. However, the excessively high advertising costs of online education institutions during their development process continuously push up product prices, so the price advantage over the traditional education model has been lost. Despite the optimistic outlook on the current state of online education, the market is still at the developmental stage and market entrants face many problems and development bottlenecks. On the whole, centralized online education models can be observed to provide education at an extremely low efficiency.

Bottleneck one: High Marketing Cost and High Commission Charged by Centralized Platforms

Education institutions have to pay high sales and marketing costs to recruit students, but the efficiency of recruitment per RMB spent is still very low. In addition, even though the commission levels charged by online educational institutions is generally set at 50%; given high cost of customer acquisition, the profit margin of education institutions generally stands around 20% or less, and many

of them are unable to make profits. All in all, due to the current state of the education market, education service providers and content research cannot receive enough income, but users have to bear higher expenses.

Bottleneck Two: Multi-level Management of Teachers Result in Great Friction and Waste due to Lack of Open and Transparent Evaluation Method of Teaching Quality

A famous listed education company is known to prioritize training its teachers on how to give a blow to the self-confidence of parents in the area of educating their children in order to get them to pay fees for more classes, rather than value users' feedback on teaching quality. Also, the pricing system is not linked to education quality. In addition, despite the heavy investments of some education institutions, they have a large number of redundant teachers, and many of their teachers are not assigned a sufficient amount of classes. Meanwhile, inadequate income results in continuous turnover of excellent teachers and worsens the teaching quality, giving rise to a vicious cycle.

Bottleneck Three: Lack of an Incentive Mechanism to Fully Motivate Content Researchers and System Developers in the Education Ecosystem Plus Enormous Duplicate Construction and Redundancy

Under great pressure to recruit more students, most education institutions are driven to give great importance to sales and marketing. However, in the area of value distribution, they tend to ignore the design of teaching products, research of teaching content and development of teaching systems, as well as the upgrading of education services. The above conditions ultimately causes students to leave, thus giving rise to a vicious cycle. At the same time, teacher training providers, teaching product developers and technical product developers in the industry have a limit to the number educational institutions they are able to reach, and are unable to reach the increasing number of small institutions. Moreover, due to the lack of a unified standard, the functions of products developed are virtually the same, resulting in a waste of resources, and quality products cannot get support from the market, restricting the development of the online education industry.

2. What is EduCoin

The EduCoin Platform, will be tailor made for the facilitation of online education content sharing and service. EDU is intended to be the world's first digital cryptocurrency designed for the consumption and provision of education services, sharing of teaching products and technologies, as well as monitoring and evaluation of teaching quality, on the basis of the point-to-point network technology based on blockchain and smart contracts.

2.1 Platform Description

The EduCoin Platform is designed to be a blockchain-based decentralized global education service platform. The EduCoin Platform facilitates the distribution of education contents and completion of education service transactions via its native digital cryptocurrency named EDU; the platform allows two or more parties to connect to it to perform education related services or share content. On the EduCoin Platform, service providers can fix the prices of the teaching content they share and the per-minute rates of the teaching services they provide, while consumers will make payments in EDU at such rates when using the services provided. The smart contract software of the EduCoin Platform can finish such exchange processes seamlessly via blockchain.

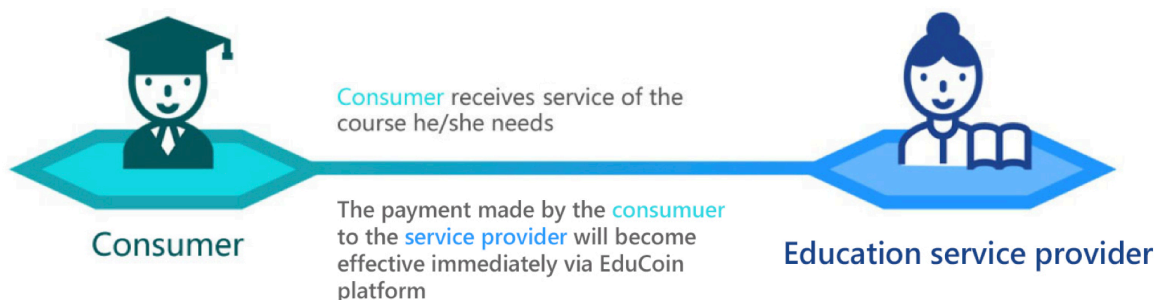
In the early stages of operations, the EduCoin Platform will target online education on the basis of large-traffic education websites existing on the market, with the education content covering various services (including without limitation various text, audio, video, real-person services). The EduCoin Platform will focus on education services such as live broadcast, question answering and homework correcting. Based on the value of usage, the EduCoin Platform aims to build a complete ecosystem incorporating four types of participants from the education industry, namely, providers, consumers, disseminators, and supporters (such as suppliers of teaching contents and products, technology suppliers and credit raters).

By fostering a pleasant community atmosphere and a running a scientifically based value distribution system, the EduCoin Platform aims to incentivize teaching service providers, disseminators and supporters to optimize their services continuously, with the eventual goal of developing the entire community into a high quality globalised education community. Within the platform, a brand-new and complete incentive-based value system will be created through the efforts of various participants like content providers, consumers, disseminators and supporters. Of course, the application scenarios

of the EduCoin Platform are not only limited to the education sector – it can cater for virtual transactions in any field of content sharing.

2.2 Business Processes

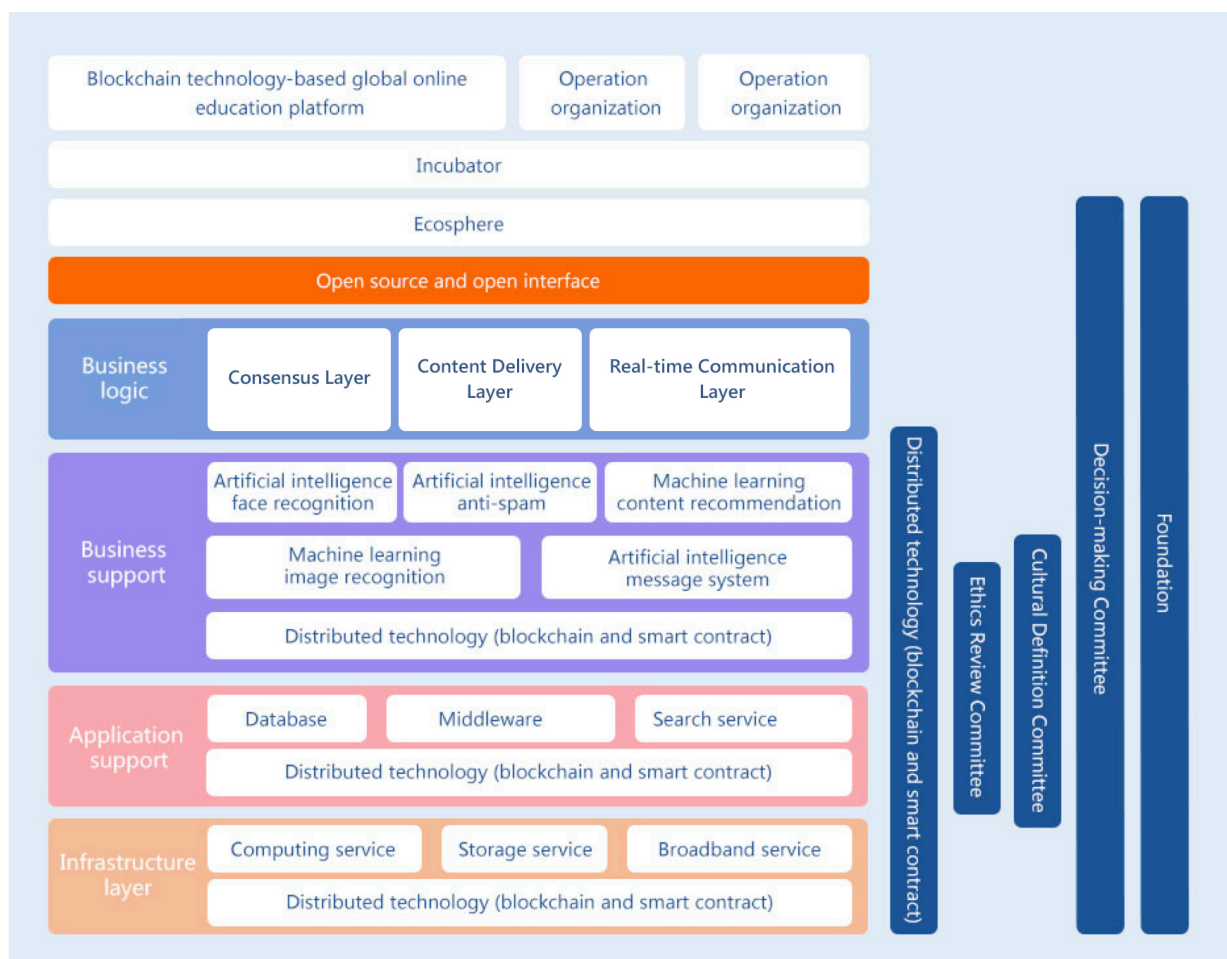
- ▶ Education service providers fix the prices of their education services denominated in EDU and publish relevant information, so that service consumers can know about their services
- ▶ Consumers will set service prices according to their expectations, and the system will match the prices with high-quality and appropriate teachers or content;
- ▶ After teaching services are performed, fees will be settled via smart contracts (as the EduCoin Platform develops, a smart pricing system will be used, and the prices of services and contents will be continuously adjusted based on the evaluation of teaching quality and ongoing user feedback)



- Fixes the price of the course on the platform
- Shares his/her personal qualification and other required information on the platform for consumers to know about him/herself and make choice

3. Infrastructure and Architecture

The infrastructure for the EduCoin Platform is shown in the chart below, and it requires collaboration with partners to promote the business process and boost the development of the entire ecosystem. The protocol of the EduCoin Platform is divided into three layers, namely, consensus layer, teaching content layer and real-time communication layer. Wherein, on the consensus layer, it is possible to track the ownership and content attribute of the goods and services on the online education platform; on the teaching content layer, consumers can use EDU to view or replay the teaching contents and relevant lecture notes on the online education platform; on the real-time communication layer, a function is intended to be available for the interactions between consumers and service providers.



3.1 Consensus Layer

The EduCoin Platform intends to maintain a distributed ledger via Ethereum smart contract, while consumers can connect to Ethereum network to obtain the timely status updates of teaching contents and smart contract. Each teaching content and service are unique in the network. If a consumer needs to use a certain course resource, he/she has to make purchase with a specified amount of EDU. EDU serves as the substitute for the necessary cost of the teaching resource.

3.2 Content Delivery Layer

The EduCoin Platform utilizes a decentralized storage system to present the contents required by the virtual world in a distributed way. Each block of space to be presented will have a reference to the description of the corresponding teaching content, and this reference can be retrieved via smart contract. Whereas, the description of the corresponding teaching content will include a file list used to present the content, a service list provided by the content provider, and an entry point used to coordinate the object and its behavior location. This document must state:

- (1) Content file: referring to the content file and other relevant contents. This is provided to enable users to know the spatial location of the required teaching resource without specially giving instructions.
- (2) Script entry point: the script system controls the spatial location and behavior of the content. This enables application and video frame to appear in the space. The script system is also required to coordinate various behaviors, such as the playing speed and resolution of video resources.
- (3) P2P interactions: intended to automatically realize the connection between consumers and content providers and enable various interactions.

In addition, the decentralized and distributed system enables the EduCoin Platform to operate without the help of any centralized server infrastructure. As long as users distribute contents and pass the cost of operating this system to other participants benefiting from this system, this decentralized network will go on. Moreover, this distributed system can also provide the EduCoin Platform with a strong resistance to external review and eliminate the power of centralized authorities to forcibly change the rules or prevent user participation. It would be costly to manage the files and bandwidth used to serve the contents. Therefore, the entire EduCoin Platform is designed to be self-evolving, the server

resources required to manage the contents would be provided by participants. It will develop into a global education platform which is iterating and growing by itself.

3.3 Real-time Communication Layer

Consumers and service providers are intended to communicate with each other via P2P connection, without the help of a centralized server. In order to coordinate the boot program for P2P connection, content providers must release teaching contents via the online education platform, otherwise consumers cannot acquire the teaching resources they need. There will be corresponding incentives in place for the maintenance of the platform. Thus, the entire ecosystem on the EduCoin Platform can be self-sufficient and iterate by itself, and the maintenance cost will be very low.

In EduCoin Platform, experiences available to consumers will include receiving one-to-one online live education, and making appointment for and taking classes at any time. All these things require different protocols for coordination, while these protocols will operate on existing P2P solutions (such as Federated VoIP or WebRTC).

3.4 Payment Channels

Payment channels are very important for EduCoin Platform for three major reasons:

- (1) EDU is the unit of exchange for purchases in the virtual world, and its authenticity can be verified.
- (2) By means of the incoming and outgoing of EDU, participants can get a transparent and open distributed ledger for public inquiry.
- (3) Participants on the EduCoin Platform receive incentives by way of EDU to create a good atmosphere to raise the standards and quality of education services.

When a payment channel is required to be created between a consumer and a service provider, as long as a party creates the channel and rules, the other party may “join” subsequently. Later, information containing the latest status of the channel will be created and signed, and will be directly transmitted between them. If a party needs to close the channel, he/she will invoke the function of smart contract of encryptable status information, and this will initiate the settlement period; at this point, the other party may either confirm the status and send updated signature status information or just wait for the settlement period to end. Finally, the channel will be closed and the funds will move

or stay put according to what has been agreed. In addition, in order to eliminate the access barrier for subsequent service providers, the EduCoin Platform will provide income from the exchange of EDU as the incentives to the providers of these services.

3.5 Identity Authentication System

In EduCoin Platform, all participants are intended to be included in a single identity authentication system. In this system, authentication information is the location of the space occupied by the content. It is necessary to provide economic incentives, as they can ensure that service providers will continue to provide high-quality teaching contents in this system. Since contents can be freely reproduced, the EduCoin Platform must rely on some social consensus or laws and regulations to implement punitive measures.

Social consensus brings forth possibilities for digital scarcity. In a centralized system, the company creating the platform can resist scarcity. But as for blockchain, the economic costs required to compute puzzles and mine blocks will inevitably result in scarcity.

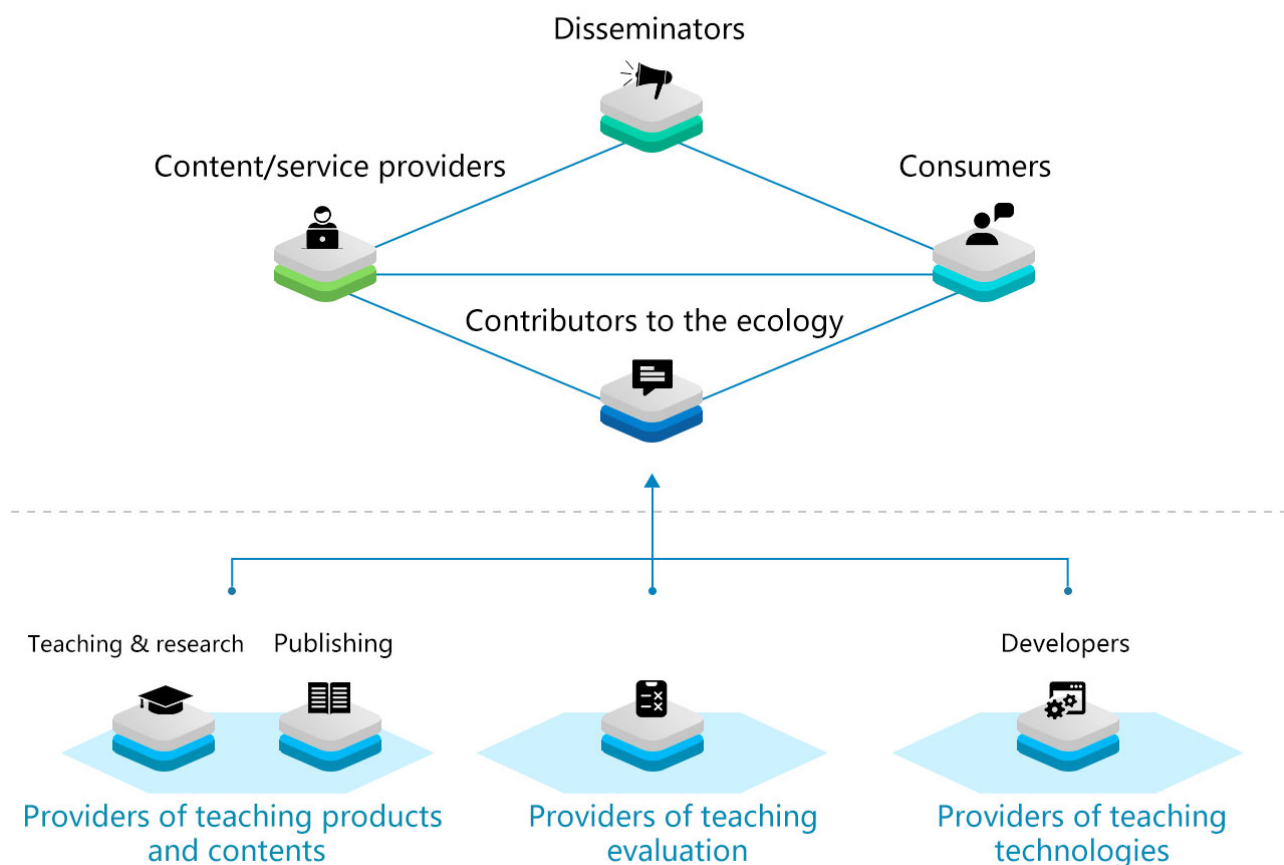
The EduCoin Platform can use a decentralized identity system to create an ownership layer on the objects in the virtual world. Such a system must be user-friendly, and be able to authenticate identity by connecting public key and signature with human-readable name.

In a decentralized economic system, the ability to encourage content creation will evolve very quickly. Potential solutions include MedianChain¹⁶, Basic Attention Token¹⁷, Curation Markets¹⁸ and Rare Pepes¹⁹, and so on.

4. Economic Mechanism and Incentives

4.1 Economic System

The ecosystem on the entire blockchain-based EduCoin Platform is intended to be complete value system consisting of consumers, providers, disseminators and supporters (such as suppliers of teaching contents and products, technology suppliers and credit raters). By means of interconnection among various types of participants, the system aims to introduce in the education industry a cycle mechanism integrating teaching, learning, exercise and testing; following is a schematic diagram of the major roles and functions:

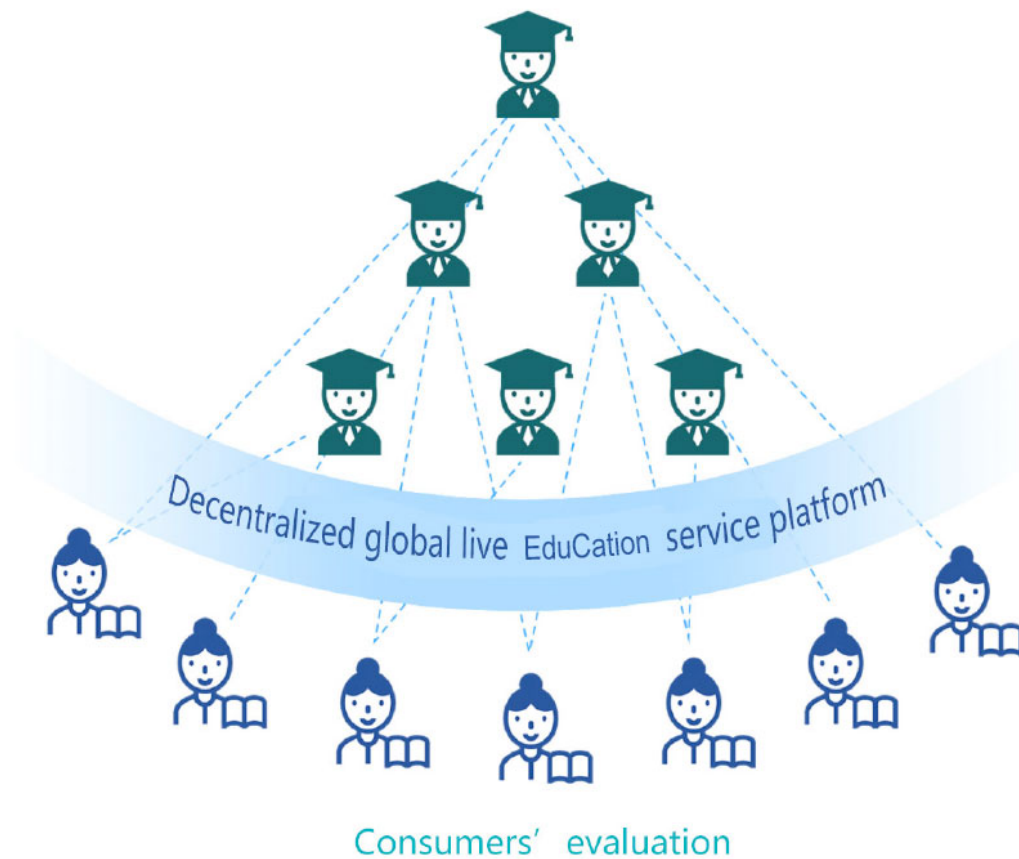


Content/service providers – consumers: providers of teaching contents and services will price the contents and services they provide; consumers will obtain education contents or services according

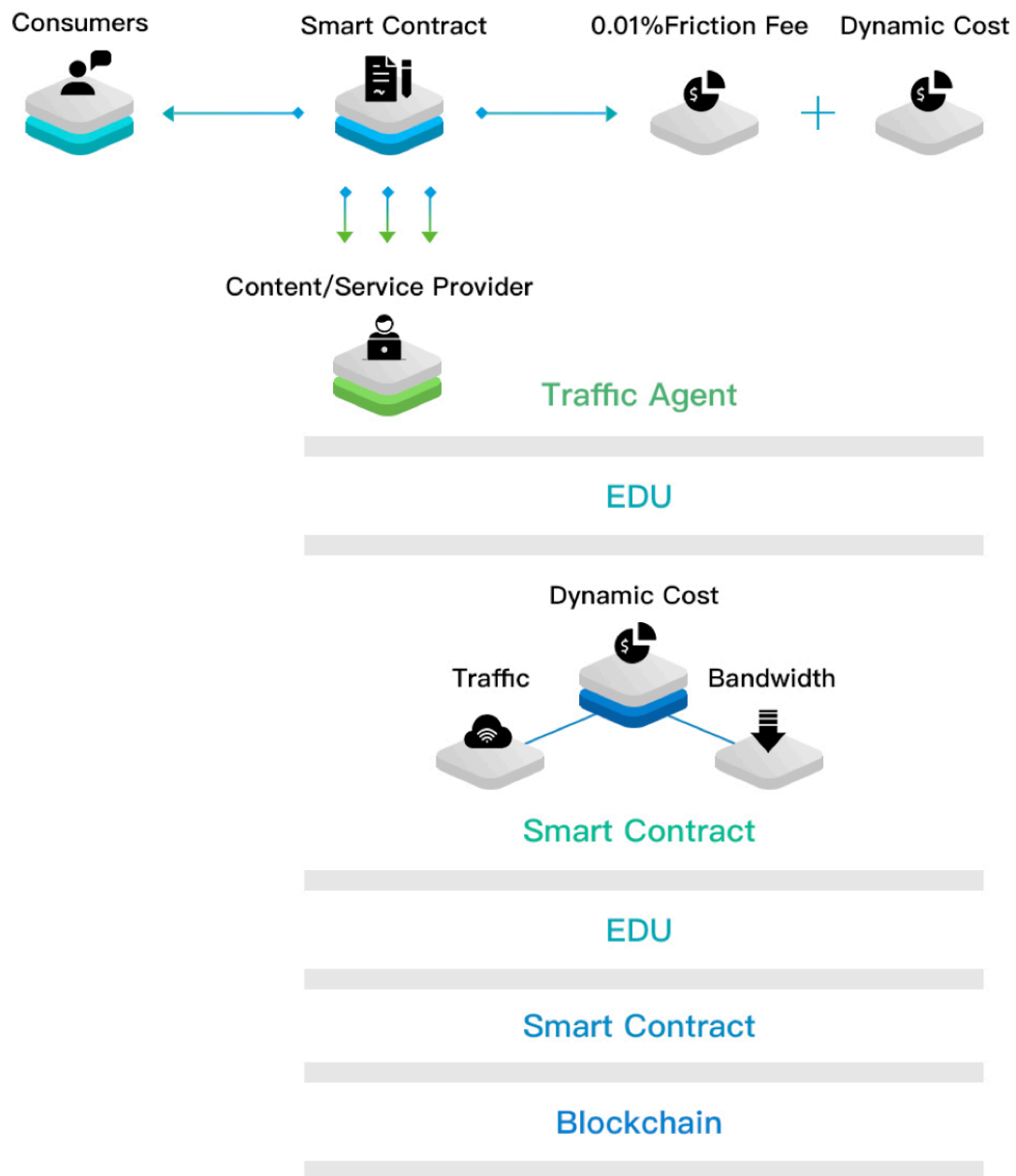
to the basic consumption amount defined by the content providers. EDU consumed can be viewed as dynamic “votes” for the quality of such contents and services. Of course, content and service providers can also get rewards by defining contents of consumption and services; this is similar to promotion of open class and does not conflict with the aforementioned processes.

Disseminators- This group may be formed by users with the ability to disseminate content and is an important part of the virtual ecosystem; the function of this role is to attract and retain consumers and will receive extra rewards. Disseminators will receive EDU incentives by forwarding and sharing relevant addresses and/or information related to educational content and service providers on the platform. Following this process, interested consumers will use EDU to purchase corresponding teaching contents and services, and the “sharing” behavior is equal to voting for the contents. A user disseminating content will receive consumption reward within Grade III as the number of effective consumers clicking the user’s shared link increases. At the same time, a service disseminator can also receive incentives in EDU from the service provider by sharing the content of the service provider. However, the dissemination process must be subject to disciplinary and incentive mechanisms. The aim of these mechanisms is to prevent disseminators from casting a wide net and causing dissemination turmoil, thus overwhelming really good information. The punitive measures operate as follows: when a disseminator is disseminating any content, the content should be locked for a given period of time and for a specified amount of people, and will be unlocked in advance only when others read the content effectively; the punitive measures are aimed at urging the disseminator to choose limited best content for dissemination and actively conduct big data analysis (blockchain ledger data) to put together relevant content likely to attract consumers and build a good recommendation system.

Supporters: This group may potentially include third party providers of contents, technologies, services and credit ratings, which can use EDU to fix prices for their products and services for the use of education service providers and consumers, and can receive corresponding commissions. Their primary motivation comes from the fact that consumers will evaluate education contents and services based on third party services and technologies selected by direct providers of education contents and services, and this evaluation will have a vital influence on their income and performance.



EDU transaction rules: on one hand, EDU is intended to bring value into a distributed network and will be circulated in the network. On the other hand, EDU has an intended usage of purchase online education services and content on the EduCoin Platform. For each transaction which takes place between users of the EduCoin Platform, the EduCoin Platform will charge a service fee of 0.01% in order to create a “friction cost” to prevent scalping. In order to completely eliminate the possibility of traditional online scalping, fraudulent comments and other black-box operations (i.e. refunding the fee to participants to reduce their friction cost to zero), the service fee will be distributed accordingly to incentivize users who contribute to the ecosystem based on given rules.



The consumers and teaching content/service providers in the network are intended to be conferred user grades based on the number of EDU publicly held by them, in addition, historical transaction records them will also be displayed to other users as another system of rating. The aforementioned records will be stored in the distributed ledger and can be publicly viewed.

All transaction records will be sent to all participants through the distributed ledger of blockchain, so as to ensure openness and justness and prevent alteration. The system will provide a user-friendly interface to facilitate inquiries by public.

4.2 Incentive Mechanism

The native digital token EDU is another major component of the ecosystem on the EduCoin Platform.

EDU is a non-refundable functional utility token which will be used as the unit of exchange between participants on the EduCoin Platform, as well as providing the economic incentives which will be consumed to encourage participants to contribute and maintain the ecosystem on the EduCoin Platform. EDU does not in any way represent any shareholding, participation, right, title, or interest in the Foundation, its affiliates, or any other company, enterprise or undertaking, nor will EDU entitle token holders to any promise of fees, revenue, profits or investment returns, and are not intended to constitute securities in Singapore or any relevant jurisdiction. EDU may only be utilised on the EduCoin Platform, and ownership of EDU carries no rights, express or implied, other than the right to use EDU as a means to enable usage of and interaction with the EduCoin Platform. EDU is an integral and indispensable part of the EduCoin Platform, because in the absence of EDU, there would be no common unit of exchange to pay for services on the EduCoin Platform, thus rendering the ecosystem on the EduCoin Platform unsustainable.

In the entire EduCoin Platform, the intended usage of EDU goes beyond the purchase of education contents, products and services, it is also used to incentivize good behaviors and the punishment of malicious behaviors. This action will help attract continuous feedback from users and promote the sound development of the entire ecosystem. In addition, holders of EDU can also manage the protocols in a distributed way, thus enabling the developers to continuously deploy backward-compatible improvements to the entire platform.

In particular, you understand and accept that EDU:

- (a) is non-refundable and cannot be exchanged for cash (or its equivalent value in any other virtual currency) or any payment obligation by the Foundation or any affiliate;
- (b) does not represent or confer on the token holder any right of any form with respect to the Foundation (or any of its affiliates) or its revenues or assets, including without limitation any right to receive future revenue, shares, ownership right or stake, share or security, any voting, distribution, redemption, liquidation, proprietary (including all forms of intellectual property), or other financial or legal rights or equivalent rights, or intellectual property rights or any other form of participation in or relating to the EduCoin Platform, the Foundation and/or its service providers;

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- (c) is not intended to be a representation of money (including electronic money), security, commodity, bond, debt instrument or any other kind of financial instrument or investment;
 - (d) is not a loan to the Foundation or any of its affiliates, is not intended to represent a debt owed by the Foundation or any of its affiliates, and there is no expectation of profit; and
 - (e) does not provide the token holder with any ownership or other interest in the Foundation or any of its affiliates.

The contributions in the token sale will be held by the Foundation (or its affiliate) after the token sale, and contributors will have no economic or legal right over or beneficial interest in these contributions or the assets of that entity after the token sale. To the extent a secondary market or exchange for trading EDU does develop, it would be run and operated wholly independently of the Foundation, the sale of EDU and the EduCoin Platform. The Foundation will not create such secondary markets nor will it act as an exchange for EDU.

The various stakeholders in the EduCoin Platform (providers, consumers, disseminators and supporters) will be rewarded or punished with EDU for the following reasons:

Service/Content Providers

1. Value enhancement: due to the dissemination, evaluation and other mechanisms embedded in the platform, high-quality content will attract more traffic on the platform and hence more income, thus continuously encouraging content providers to improve the quality of teaching contents;
2. Cost reduction: due the lack of third party centralized organisations charging commissions, content providers will reduce the cost of content distribution and thus receive higher income.

Consumers

1. Value enhancement: as more and more users start to use this platform, the increased traffic will create network effect and naturally enhance the ecosystem on the EduCoin Platform. This way, a greater variety of teaching contents or services will be available to consumers.
2. Cost Reduction:
 - Since there is no third party centralized organisation to charge commission, the rate at which consumers use teaching services will be reduced remarkably; at the same time, if a similar profit margin is realised, consumers will also benefit from reduced cost in using the services.

- If consumers have better credit scores, they might receive discount coupons and point coupons offered by content providers, thus enjoying the same services with less EDU.

3. Protection of Interests:

- Consumers do not have to wait for a long time to unsubscribe services. According to our arbitration protocol, the platform will ensure the timely processing of refunds.

Disseminators

1. Value Enhancement:

- Disseminators can earn extra incentives by sharing and disseminating teaching contents; the more EDU they own, the greater their expected return.

- Disseminators will get EDU as rewards if the teaching contents they share causes consumers to complete transactions and purchase teaching contents.

Third Party Developers:

1. Value Enhancement:

- Service providers can use EDU to use the tools available on the EduCoin Platform to quickly build smart contract programs around sharing economy and obtain bigger market shares than their competitors, who have to spend more time in developing products from scratch.

2. Cost Reduction:

- Teams do not have to employ entities which have to write smart contracts (the average salary of developers of decentralized platforms is 1.5 times of conventional full-stack developers)

3. Security Safeguarding:

- Teams do not have to create and review smart contracts from scratch or worry about the security of smart contracts.

4.3 Protocol Design

The EduCoin Platform has three major protocols:

- Payment arbitration protocol – used to send and receive EDU till the completion of services; to resolve disputes by vote of non-confidence

- Evaluation and quality protocol – users can obtain a certain amount of EDU as an incentive for evaluating service quality

- Dissemination protocol – to share teaching services and contents released by content providers.

These three protocols are mutually beneficial, and therefore follow Metcalfe's Law. Metcalfe's Law points out that, as the number of shared nodes in a network increases, the value and utility of the network will also increase. Assume that protocols above are bound, the values of all protocols will increase twice with the number of smart contracts built on them.

1. Payment and Arbitration Protocol

Payment protocol is the core protocol on the teaching content layer, and it allows consumers of teaching contents to make payment after using the services provide by teaching content providers. Before starting learning, a consumer of teaching content will transfer a given amount of token: N (Consumer-EDU) and N (Provider-EDU) into a specified smart contract address. If the teaching content provider completes the teaching content according to a predetermined plan and both parties have no dispute, a number of EDU equal to N (Consumer-EDU) + N (Provider-EDU) will be automatically transferred to the teaching content provider; If the teaching content provider fails to complete the teaching content according to predetermined plan, then as a penalty, N (Provider-EDU) will be automatically deducted and transferred into the address of the teaching content consumer; if both parties have any dispute, then a number of EDU equal to N (Consumer-EDU) + N (Provider-EDU) will be transferred into the address of evaluation contract for the evaluators to make a decision.

2. Evaluation and Quality Protocol

Evaluation is an important process of maintaining the quality scores of providers of teaching contents and services. Each teaching content provider will have a score visible to the entire network to measure the quality of the services provided by him/her. A content provider who provides high-quality courses and receives continuous favorable comments will have a higher score and will be in a better position to attract more potential users; conversely, a provider of poor course services will find it more difficult to win audience due to lower score. Consumers will score the services of a teaching content provider in a hundred-mark system, and the dynamic quality score of the teaching content provider will be the average of the quality scores given by the users served by the provider. Consumers of teaching contents will finally choose better service providers according to major parameters, namely, the number of times that the teaching content provider performs services, and the average quality score. In order to prevent fraudulent scoring, the smart contract provides that only consumers who pay for the teaching content are qualified to give scores, and will get some EDU as incentives after completing the scoring process.

3. Dissemination Protocol

Dissemination is a “word of mouth” dissemination process in the blockchain network. Consumers of teaching contents receive rewards by disseminating quality courses, and this will promote the sharing of these quality teaching contents in the platform. In order to prevent fraudulent dissemination, the EDU given for dissemination will be retained at the contract address for a period T1 (for example, T1=2 months); if during such period T1, the average quality scores given by subsequent consumers is not lower than a specific proportion T2 of the quality score prevailing at the time of dissemination (for example, T2 = 30%), then the rewarded EDU will be automatically transferred into the address of the disseminator, otherwise they will be distributed to the incentive pool for users who contribute to the ecosystem on the EduCoin Platform instead.

5. EDU Token Exchange

The token exchange for EDU will strictly comply with laws and regulations in the world and appropriately target suitable groups. The issuance of EDU, as a digital cryptocurrency, will be capped at 15 billion, and this cap cannot be changed or increased; wherein, 40% of the total number, i.e. 6 billion will be available for the token exchange. EDU will be distributed as set out below for various purposes, such as bottom-layer construction of blockchain, research and development of product modules, deployment of application ecosystem, overall operation and maintenance of public chain, and so on.

EDU Distribution Plan

Proportion	Quantity	Estimated amount in ETH	Plan	Description
40%	6 billion	30,000ETH	Directional exchange among invited groups	Distributed for the operation of the foundation, including development, marketing, operation and third-party services; 50% will be made transferrable after the public token exchange, with the remaining 50% non-transferrable and made transferrable over the next 5 months thereafter (i.e. 10% will be unlocked in each month)
20%	3 billion	15,000ETH	Founding team	Used to reward the EduCoin team which had made much efforts and contribution in the progress of the project. Not transferrable within the 1 year period after the token exchange, to be released linearly within the next two years thereafter.
10%	1.5 billion	7,500ETH	Promotion, channel and advisory teams	To be used for commercial distribution in the process of attracting partners and resources, equity exchange and community support, and used for technological exchanges required to support project promotion and platform improvement.
30%	4.5 billion	22,500ETH	Building of quality teaching ecosystem	Used to incentivize teaching content providers, technology providers, teaching evaluation providers and outstanding students.

6. Working Roadmap

The overall development process of the EduCoin Platform will be one combining short-term construction and long-term development; with the maturing and popularization of blockchain and smart contract technologies, we will gradually improve the following strategic steps.

Phase	Period	Content
Product development	January – December 2018	During this phase, the product will be developing until the product goes live
User Acquisition	January – December 2019	Start to acquire the users for different education content or scenarios in EduCoin platform and optimize the product experience
Takeoff	January – December 2020	Extend the EduCoin Platform to the various age levels and scenarios of online education and promote EduCoin platform globally
Self-flourishing	After 2021	Attract the partners to accelerate the development and scope of EduCoin platform

7. Legal Affairs and Risk Statement

7.1 Legal Structure

The Foundation is set up in Singapore as an independent legal entity to oversee the development, promotion and operation of the EduCoin Platform.

The Foundation will conduct the exchange of EDU in a manner in accordance with all local laws and regulations. Due legal restrictions, EDU may not be offered for sale in some countries/regions. As a virtual commodity with practical use, EDU is neither a security nor a speculative investment vehicle.

The proceeds for the exchange of EDU will be mainly used for technology development, marketing, community building, financial audit, business cooperation and other appropriate purposes in relation to the development of the EduCoin Platform.

The EduCoin Platform may be subject to inquiries and supervision by competent authorities in different countries in the world. In order to meet and comply with local laws and regulations, the EduCoin Platform might be unable to provide normal services in some regions.

7.2 Risks

You acknowledge and agree that there are numerous risks associated with exchanging EDU, holding EDU, and using EDU for participation in the EduCoin Platform.

1. Uncertain Regulations and Enforcement Actions

The regulatory status of the EduCoin Platform and distributed ledger technology is unclear or unsettled in many jurisdictions. It is impossible to predict how, when or whether regulatory agencies may apply existing regulations or create new regulations with respect to such technology and its applications, including EDU and/or the EduCoin Platform. Regulatory actions could negatively impact EDU and/or the EduCoin Platform in various ways. The Foundation (or its affiliates) may cease operations in a jurisdiction in the event that regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction.

After consulting with a wide range of legal advisors and continuous analysis of the development and legal structure of virtual currencies, the Foundation will apply a cautious approach towards the exchange of EDU. Therefore, for the crowd exchange, the Foundation may constantly adjust the exchange strategy in order to avoid relevant legal risks as much as possible.

2. Competitors

It is possible that alternative networks could be established that utilise the same or similar code and protocol underlying EDU and/or the EduCoin Platform and attempt to re-create similar facilities. The EduCoin Platform may be required to compete with these alternative networks, which could negatively impact EDU and/or the EduCoin Platform.

3. Loss of Talent

The development of the EduCoin Platform depends on the continued co-operation of the existing technical team and expert consultants, who are highly knowledgeable and experienced in their respective sectors. The loss of any member may adversely affect the EduCoin Platform or its future development.

4. Failure to develop

There is the risk that the development of the EduCoin Platform will not be executed or implemented as planned, for a variety of reasons, including without limitation the event of a decline in the prices of any digital asset, virtual currency or EDU, unforeseen technical difficulties, and shortage of development funds for activities.

5. Security weaknesses

Hackers or other malicious groups or organizations may attempt to interfere with EDU and/or the EduCoin Platform in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. Furthermore, there is a risk that a third party or a member of the Foundation or its affiliates may intentionally or unintentionally introduce weaknesses into the core infrastructure of EDU and/or the EduCoin Platform, which could negatively affect EDU and/or the EduCoin Platform.

6. Other risks

In addition to the aforementioned risks, there are other risks (as more particularly set out in the Terms and Conditions) associated with your exchange, holding and use of EDU, including those that the Foundation cannot anticipate. Such risks may further materialize as unanticipated variations or combinations of the aforementioned risks. You should conduct full due diligence on the Foundation, its affiliates and the EduCoin team, as well as understand the overall framework and vision for the EduCoin Platform prior to exchanging EDU.

7.3 Disclaimer

This document is a conceptual white paper descriptive of the project, but does not constitute an offer to sell or a solicitation of bids for EduCoin Platform and the shares, securities or other controlled products of its affiliates. This document cannot serve as a prospectus or any other form of standardized contract document, nor is it an investment advice constituting a recommendation or solicitation of securities or any other controlled product in any jurisdiction. This document cannot constitute any sale of or subscription for or invitation to purchase and subscribe any security, and any contact, contract or undertaking arising on this basis. This white paper has not been reviewed by any juridical or regulatory authority in any country or region.

Any information or analysis presented in this document will not constitute any advice on taken investment nor provide any specific tendentious recommendation. You must seek all necessary professional suggestions, such as tax and accounting, in figuring out relevant affairs. 1) We make no representation and warranty with respect to the accuracy or integrity of any content described herein or any other content released in any other form in connection with the project; 2) without preconditions, we cannot make any representation and warranty regarding the fulfillment or reasonableness of any forward-looking or conceptual statements; 3) nothing herein will constitute any basis of future undertakings or representations; 4) we will not bear any loss arising out of relevant personnel or other respects of the white paper; 5) to the extent that legal liability is non-exemptible, such liability is limited to the maximum extent permitted by applicable law.

EDU is not suitable for anyone, and participants might have to complete a series of steps, including providing information and documents proving their identity. No one can guarantee or have any reason to believe that, EDU held by you will increase in value, but instead they are likely to suffer the risk

of depreciation. Holding of EDU will not grant the holders any ownership and equity in the EduCoin Platform, nor grant them the right to directly control or make any decision on behalf of the EduCoin Platform.