

ReitsChain Whitepaper

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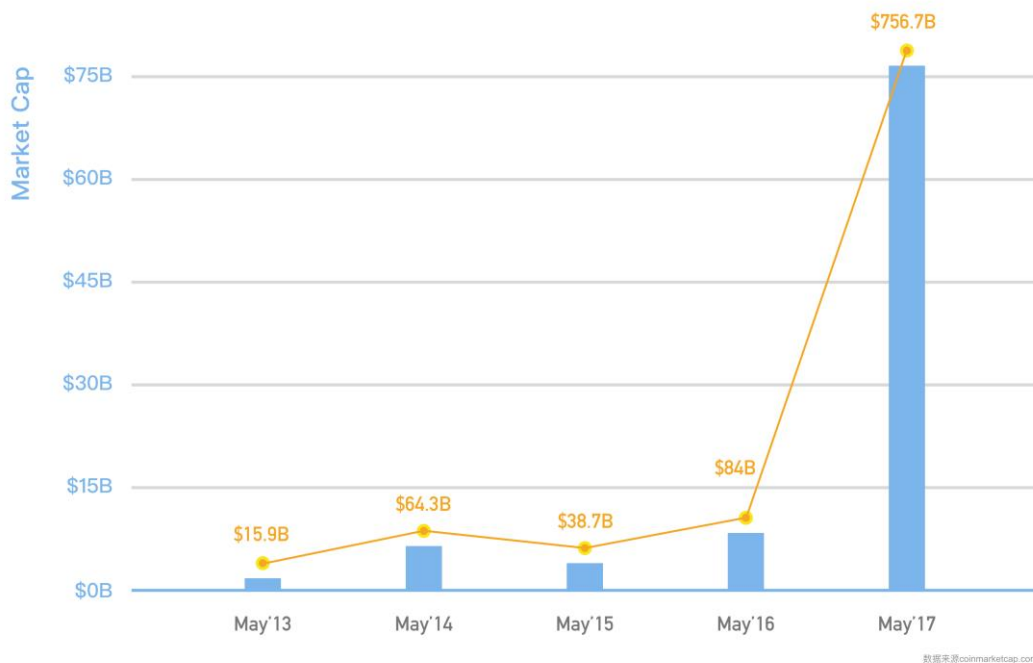
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1. The Digital Asset Market Has an Immeasurable Prospect

Blockchain technology created not only the concept of digital assets, but also the legend of global digital asset market. According to the latest data in Mar. 2017, the market value of global digital assets has reached USD 75 billion, and 24-hour trading volume exceeded USD 3.4 billion, while the market value increased by 50 times in 5 years (figure 1), current active investors are over billions.

Figure 1 The Market Value of Global Digital Assets in recent 5 years



However, it is just the beginning. When digital assets based on valuable real property or financial assets emerged, it will stimulate the whole global digital asset market as expected to exceed trillions (in USD) within 5 years. In terms of the features of blockchain technology, it enables financial assets attached to blockchain with a global credit consensus, high-liquidity, and more fair pricing mechanism. Therefore, digital asset market will become more popular for future financial industry.

1.1 Outlook for the Future Digital Asset Market

The real charm for digital asset market comes from the discrete global unified market characteristics brought by the blockchain technology.

The global linkage mechanism of blockchain technology gives digital asset market an immeasurable prospect. Due to the high-liquidity of assets given by blockchain technology, if any exchange has a price difference with others, other digital asset exchanges will transfer into or out instantly to balance out the price. This mechanism allows any digital assets to equip all the liquidity of exchanges covered by blockchain. With regards to this decentralized identity, it makes the digital asset market surpass the existing financial asset market and becoming an indispensable part in future global economy.

1.2 Challenges in the Development of Digital Asset Market

Although the prospect for digital asset market is positive, it is still in the initial phase. Thus, there are many challenges for large-scale development as well as creating a healthy and stable ecological environment, which requires long-term collaborative efforts from different social resources. According to the present phase of the digital market, we selectively analyzed those four possible challenges for large-scale development of digital asset market.

(1) Large-scale digital asset suppliers have not joined.

The number of current digital asset suppliers is limited, which leads to a limited size of digital asset products. Most digital asset suppliers are blockchain technology companies rather than those real property owners or financial institutions. Because present blockchain technology has not cleared barriers in entrance yet, digital asset suppliers could not participate in the digital asset market successfully, which is the first obstruction for the large-scale development of digital asset market.

(2) Diversified digital asset investment products have not existed.

Current types and sizes of digital asset products limit the scale of digital asset investors. Specifically, most digital asset products are only virtual assets at present, because they are not linked to real assets or financial assets, which causes the volatile price instead of providing a selection basis for investors. As a result, those elements limit not only types and sizes of digital asset investors, but also the size and duration of investors' investment capital, which is the second obstruction for the large-scale development of digital asset market.

(3) High-speed digital asset distribution channels have not generated.

In the traditional financial asset trading market, stock brokers can choose any stock exchanges to issue asset secularization products, besides, user volume in any exchanges is enough to take those products. By contrast, the whole digital asset market is consisted of countless small digital asset exchanges, the enormous amount of digital assets based on real assets or financial assets cannot be issued by any single digital asset exchange, but issued by various exchanges at the same time. Nevertheless, there is no digital asset blockchain that can both cover various digital asset exchanges and issue digital assets based on real assets or financial assets, which is the third obstruction for the large-scale development of digital asset market.

(4) The popularity of digital asset blockchain technology is to be transformed.

Currently, blockchain technology that supports the production and distribution of digital assets is abstract, which is developed and maintained by some professional technical geeks with high technical threshold that is not conducive to the application and promotion in “distribution, deployment, management, preservation, loss” for digital assets. Therefore, current blockchain technology and its applications is the fourth obstruction for the large-scale development of digital asset market.

2. ReitsChain Was Born for The Prosperity of Global Digital Asset Market

With the expectation of the future digital market, we insisted on a prudent attitude to analyze and study the factors that affect the development of digital asset market. We believe that from the perspective of economic law, the investment with less risk can attract the greater amount of capital, it also can be found from the actual

business data as shown in figure 2 “China Asset Market Volume”.

Figure 2: China Asset Market Volume

Project	Volume (10 million)	Remarks
Lottery	3000	Annual Trading Volume
Futures	1900	National Futures Total Capital(2016-11-02)
Stock	500,000	Total Market Value of Tradable Share A
Deposit / Financial Management	800,000	National Deposit + Total Bank Finance
Real Estate	2,000,000	Non-market Boom

Therefore, the confirmed mission of Reits in the development of digital asset market from the perspective of the stability in digital asset investment environment is to create a quick access from real assets to global digital asset exchanges through transformation of block-chain technology, and seek the approach for the prosperity of global digital asset market.

As a result, ReitsChain came out. It will eliminate those four major obstacles for large-scale development of the digital asset market, moreover, it is an asset polymerized blockchain based on real property and financial assets in accordance with national laws and regulations. It will become an important channel for actual financial assets issuing in digital asset market. Furthermore, as the blockchain, it supports the manufacture of credible digital asset products, and attracts more moderate digital asset investors.

2.1 The Mission of ReitsChain

(1) ReitsChain will issue global high-quality digital assets.

It can help global institutions to digitize their high-quality real assets through ReitsChain in other to bring high-quality real assets into the digital asset market as

much as possible.

(2) ReitsChain will cover all digital asset exchanges globally.

Building the connection with global digital asset exchanges through ReitsChain for high-quality digital assets can provide a highway to global digital asset investors.

(3) ReitsChain will generate a global digital asset credit system.

ReitsChain is an asset polymerized blockchain that separates the value of digital assets and that of blockchain. With increasing digital assets issued by ReitsChain, the scope of covered exchanges will be expanded accordingly. In other words, the credit value of ReitsChain is immeasurable.

(4) ReitsChain devoted to becoming a bridge between investors and the assets responsible individuals.

ReitsChain wallet will be a communication medium between financial issuing entities and investors. All assets issuing, announcements, activities, dividends etc. will be published on the ReitsChain wallet. Then, all latest global investment news can be found in ReitsChain wallet.

2.2 The Value of ReitsChain

The value of ReitsChain will be reflected in the following four aspects.

ReitsChain wallet users are the cornerstone of ReitsChain. All the assets issuing process, major events publicity, and equity exercise of assets will be displayed and operated in wallet, which is different from the traditional digital asset wallet, ReitsChain wallet is the most direct interaction platform between asset issuers and investors. The number of wallet download can reflect the value of ReitsChain.

The energy of ReitsChain comes from the scale of issued digital assets. After public beta period, ReitsChain will issue real assets or financial assets based on the digital assets to attract more digital asset investors. And the total value of assets issued by the

ReitsChain is a key indicator to measure the value of ReitsChain.

The core interests of ReitsChain are bound to digital asset exchanges. We provide valuable and stable digital assets for exchanges to bring in user who prefer to less risk and all high-quality investors in traditional financial market with huge amount capital. ReitsChain depends on the establishment of institution, which is the main goal to complete this establishment throughout the development of ReitsChain, and all related results will be published on ReitsChain to ensure that ECC owns the absolute sovereignty to realize the goal of DAC and to provide a more stable development environment for value creation.

2.3 The Orientation of Reits

Reits is not just a digital asset provider but can provide asset digitization service for entities and financial companies based on blockchain technology combining with their familiar methods to generate digital assets. Moreover, it aims to issue digital assets in global digital asset exchanges rapidly, to expand the scale of trading, and to achieve value creation.

Reits is not the digital asset exchange, it selects less-risk and high-quality digital assets for digital asset exchanges based on real assets or financial assets to improve the scales of asset investors and their capitals for value creation.

ReitsChain wallet is not just a simple asset send-receive tool, but a communication medium between capital operators and investors. All new announcements of assets issuing, disclosure of assets dividend, announcements of critical issues, votes and results of equity-type assets will be published in the wallet.

2.4 Introduction of Reits Team

Reits team consists of several talented and professional people in blockchain industry, its core team members are listed as below:

Yan Zhi, originator, he is in charge of Reits framework as the team leader with over 10-year financial IT industrial background and having 3-year digital coin and management experience in blockchain technology and product, long-term operating in internet

financial products as a successful entrepreneur.

Zhu Yaozong, originator, he is in charge of Reits technology development with 15-year IT industrial background and having over 10 software products mass producing experience, who was the technical director for TI and MOTO high tech companies. He is proficient in software system theory and framework.

Liu Jian, originator, he is the financial advisor and CPA, in charge of law and institutional improvement with over 10-year financial experience in global real estate. He was the COO of global real estate industry of Greater China Region in UBS operating and managing domestic and overseas investments with over 2-billion funds.

Lin Xiaoxiao, she is in charge of Reits financial business, who was the assistant to the president and the manager of strategic investment department in Anbound Group involving several large-scale cross-border M&A, such as CMBC, Century Securities Inc, Japan INC Life Insurance, etc.

2.5 Efforts of Reits

2.5.1 The Implement Road Map of Reits

The implement road map of Reits can be divided into three phases:

(1) Phase I: Technological Transformation

Improve ReitChain by providing the asset digitization service for real world based on blockchain technology

(2) Phase II: Pilot Operation

Cooperate with two or three institutions who own excellent real property or financial assets to issue their assets on ReitsChain, and then list on two to three digital asset exchanges to realize asset digitization, and build the foundation for further development.

(3) Phase III: Extensive Promotion

Issue high-quality assets on ReitsChain for institutions who own real assets and financial assets, and open the door for global exchanges reaching out the world.

2.5.2 Paces of Reits

(1) The first phase of technical transformation has been completed.

With one-year meticulous preparation, ReitsChain can issue over 4 billion types of assets independently on a single blockchain, which can solve various obstacles in larger-scale digital asset.

Eliminate legal obstacles: As a real-name and complete legal chain, it is in conformity with the publicity of legal documents formulated by natural languages and *Law of Electronic Signature*. Replacing the contracts of code languages, it will become the basis for issuing assets.

Eliminate technical obstacles: It has provided an auto means of issuing digital assets, which offers complete mobile end operations for all clients.

Eliminate security obstacles: It is the first blockchain for reporting the loss of assets, which makes clients hold assets more securely.

(2) The second phase of pilot operation will be continued.

According to the working plan, the ReitsChain will be launched through public beta. By distributing interests on a large scale, it will set up a basic client foundation fast.

Working details are described in the “6 Overall Plan of Phase II in Reits”.

(3) The third phase of extensive promotion is in great expectation.

In Phase III, the strategic priority will be adjusted from three aspects to comprehensively realize the objective of “create a quick access from real assets to global digital asset exchanges”, and make contributions to the prosperous global digital asset market. The specific contents of Phase III can be divided as follows:

The transition of the single digital asset blockchain towards convergent digital asset blockchain is undergoing the second phase. After the pilot launch of 1~3 types of assets,

the operating direction of ReitsChain will be focused on gathering more digital assets from professional institutions. Through ReitsChain, these assets will be collectively expanding overseas.

The listing of pilot digital asset at the exchange through pilot digital assets will be changing towards the listing of larger-scale digital assets at the global digital asset exchange. Through the legal and compliant solution of “digital assets based on real assets or financial assets” provided in the second phase, the ReitsChain will push large-scale digital assets towards the global digital market in a comprehensive and all-rounded manner.

In this way, ReitsChain will constantly improve the approval of assets to achieve a reliable, stable and high-quality reputation. In theory, ReitsChain can issue, distribute dividends or sold out 4 billion types of digital assets. Based on the pre-condition of following the principle of justice and neutrality, insisting on the principle of protecting investors and holding the unshakable supervision mechanism featured with division of power and transparency, ReitsChain has immeasurable credit value. At present, the credit mechanism of ReitsChain will endow the assets on the chain with natural qualities. Any digital asset that is issued on ReitsChain will be directly facing the most widespread client group in the world.

3. ReitsChain is a Blockchain for Implementing Industrial Landing and Transformation

Reits has made prioritized transformation of the obstacles hindering the prosperity of the digital market targeting at the blockchain technology.

3.1 Technical Transformation Plan

The main technique characteristics of ReitsChain include: multi-assets on non-interfering single chain, strict real-name access, asset issuing and legal document publicity that have clear legal persons in charge, assets retrieved through lost private keys, variable time-length packing mechanism and exceeding the restraints of trading times. We have a simple discussion of the design thought of technique characteristics as follows:

(1) The multi-asset end on non-interference single chains. ReitsChain issues digital assets based on the UTXO mode. The asset issuing mode of UTXO is aimed to make

no possibility for creating interference between all digital assets. Regarding its security and stability, UTXO is the same as BTC. There are no undetermined factors, such as roll-back, forking and erroneous codes, etc.

(2) The strict real-name access is explained by taking the financial industry as an example: financial compliance, KYC and AML are the most basic demands. If the real-name system cannot be realized, no financial institution can use the blockchain technology to produce digital assets. The sovereignty government cannot compromise regarding the asset trading whose identity is undetermined, which is the absolute red line. The supervision of the Central Bank on BTC also proves this problem.

In the meantime, anonymity is the factor inducing most crimes of humans. Since its occurrence, BTC has been faced with the problems of loss and attacks from hackers. Its fundamental reason is the anonymity mechanism. For this reason, the real-name system of ReitsChain will greatly lower various criminal behaviors on ReitsChain.

(3) In accordance with legal document published by legal persons to issue assets

<pre> 1 > contract = eth.compile.solidity(source).test 2 { 3 code: "0x806060405260388060106000396000f360606", 4 info: { 5 abiDefinition: [{ 6 constant: false, 7 inputs: [...], 8 name: "multiply", 9 outputs: [...], 10 payable: false, 11 type: "function" 12 }], 13 compilerOptions: "--bin --abi --userdoc --de 14 compilerVersion: "0.4.3", 15 developerDoc: { 16 methods: {} 17 }, 18 language: "Solidity", 19 languageVersion: "0.4.3", 20 source: "contract test { function multiply(u 21 userDoc: { 22 methods: {} 23 } 24 } 25 }</pre>	<p>根据《中华人民共和国合同法》及其他相关法律、法</p> <p>一致的基础上,就下列房屋的租赁达成如下协议:</p> <p>第一条: 房屋基本情况</p> <p>甲方将自有的坐落在____市____街道____小区</p> <p>用。</p> <p>第二条: 租赁期限</p> <p>租赁期共____个月,甲方从____年____月____</p> <p>____年____月____日收回。</p> <p>第三条: 租金</p> <p>本房屋月租金为人民币____元,按月/季度/年结算</p> <p>乙方向甲方支付全月/季/年租金。</p> <p>第四条: 交付房租期限</p> <p>乙方应于本合同生效之日起____日内,将该房屋交付</p> <p>第五条: 房屋租赁期间相关费用说明</p>
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Figure 3 : Contract

In accordance with the Contract Law of the People’s Republic of China and other relevant laws and regulations, Party A and Party B agree as follows:

Article 1 Basic Situation of House

Party A shall rent the house located in _____Community _____Street _____City to Party B.

Article 2 Lease Term

The lease period is _____ months and lasts from _____ (month) _____ (year) to _____ (day) _____ (month) _____ (year). Party A shall take back the house on _____ (day) _____ (month) _____ (year).

Article 3 Rental

The monthly rental of the house is _____ RMB and shall be paid by Party B to Party A on a monthly/quarterly/yearly basis.

Article 4 Rental Payment Term

Party B shall pay the rental to Party A on _____ after the Contract enters into effect.

Article 5 Explanations to Fees within the Tenancy

Through the comparison of two fragments of contracts in Figure 1, it is thought replacing the contract formulated by natural language with the draft or smart contract to issue assets means a bigger cognition gap for vast investors. Although the smart contract seems to be impartial, it causes a bigger informational asymmetry.

Meanwhile, writing codes is not the duty for a financial institution, but offers strict restraints over asset ownership, the possibility of benefits and the relations between duties and responsibilities, and formulating clear legal documents through legal contracts. Moreover, it is unrealistic and impossible to request financial companies to formulate stable smart contracts or codes.

Therefore, the asset issuing of ReitsChain is based on publicity of legal documents with specific responsible persons.

(The trading signature of the real-name address and the value of HASH ensure the responsible person's ownership of legal documents and the completeness of documents). It is aimed to set up a strict legal proof chain for digital assets. Then, all disputes can be restricted by legal means.

(4) After the private key is lost, assets can be retrieved. As we all knew, if the private key of the blockchain is lost, all assets are lost. This characteristic makes it extremely difficult to implement blockchain. In the process of communicating with financial institutions, this problem becomes the biggest threshold for blockchain to enter the financial field. Therefore, the ReitsChain that is oriented on financial investing field must support the function of retrieving assets even the private key is lost. Otherwise, the implementation of blockchain makes no sense. It is also an important reason why all blockchain technologies are maintained between institutions for transmitting

credible data and cannot be revealed to the public.

(5) The variable time-length package mechanism has broken the limits on the trading times. The ReitsChain places no requirement on mining. For this reason, the packaging mechanism is implemented to achieve the goal of improving the trading volume. According to the characteristics of packaging, there is no packaging work when there is no trade. Once trade is carried out, the packaging starts immediately. This design has eliminated the theoretical cap of the frequency in blockchain trading. In the phase of Alpha test, the interval for the fastest packaging within the WAN is 5s.

Note: ReitsChain will be tested in the whole network, and all codes will be public. Thus, the details of this technology are not described here.

3.2 Operating System and Plan

The operating system of ReitsChain includes two components: node management and authority management, which will be described in detail as follows.

3.2.1 Node Management

The node management of ReitsChain adopts the POS mode. The right to earnings (shares) of the ReitsChain issues Code 0 assets on ReitsChain with the code of RTS. Reits Company will provide the ReitsChain with basic node services, technical development and research, promotion and operation services. Reits has reserved a certain number of RTS especially for maintaining, expanding and operating the system.

In the situation that ReitsChain has no digital assets that are based on real assets or financial assets, Reits will take the reserved RTS as awards for POS. The clients who have joined POS are settled on a daily basis with the annualized return of 5%. This process lasts for five years.

After ReitsChain is connected with the digital assets that are based on real assets or financial assets, ReitsChain will take 0.5% of dividends as the benefits for packaging and reward the packaging node. This will further improve clients' initiative of packing POS, and improve the stability of maintaining nodes. After the POS dividend ends five years later, it is estimated the capital on ReitsChain for dividends has been reserved and

sufficient for supporting the Reits POS system. The specific implementation strategies will be decided by ECC.

3.2.2 Authority Management

ReitsChain is a blockchain with authority management capacity. The authority management of daily operations is conducted through this specially-designed authority management mechanism.

(1) Decentralization and Tiered Restrictions

The authority management of vertical decentralization: Reits divides power into different tiers. The power of one tier is only effective to the power of the next tier, which cannot be passed. Power is restricted, which avoids a super authority.

(2) Parallel Decentralization Management

The parallel power is restricted by decentralization management. The power of any level is not the only controller. The authorization and deprivation of the next level of power are jointly completed by multi-signature.

(3) Supervision and Transparency

The granting of any power of ReitsChain is published on the blockchain clearly and accepts the supervision by everyone. The implementation of any right is not only restricted by the owners of parallel rights, but also receives the supervision of all clients on the whole network.

With such a designing, ReitsChain wishes to introduce a strictly restricted and supervised power system into the decentralized blockchain system. Through it, a powerful and professional force of the real world can be introduced. In the meantime, it prevents power centralization and informational asymmetry systematically.

4. ReitsChain, Comprehensive Application of DAC

The core values of the blockchain are equality, mutual benefits, publicity and transparency. We uphold this concept and willing to operate ReitsChain in the mode of DAC – “mutual ownership, mutual sharing and co-management”. We will put it into application, so that investors can have the sovereignty, and everyone can contribute their own effort to get benefits accordingly based on their own responsibilities and rights. To realize the goal of DAC, we have designed a "two track" management

mechanism for separating professional authority from sovereignty. In accordance with this mechanism, management body is mainly consisted of AUTHY and ECClesia, which will be described in detail as follows.

4.1 ReitsChain DAC Operating Management Model

(1) Introduction of AUTHY

One of the core values of ReitsChain is to protect the interests of investors by providing investors with high-quality digital assets. AUTHY is an evaluation organization to evaluate digital assets on ReitsChain, which contains digital asset suppliers and cooperative agencies to ensure the quality of digital assets on ReitsChain.

All digital assets generated on ReitsChain should be engaged in due diligence by AUTHY, which are voted, reviewed, and legality monitored the full cycle by all members. Specifically, there are three steps in total:

- AUTHY due diligence members are responsible for due diligence, review and evaluation for real assets or financial assets, and to provide *Professional Submissions* with real names, and then publicize on ReitsChain to escrow assets.
- Voting reviews are responsible for reviewing whether other AUTHY members' procedure of assets issuing meet the requirements or not, and vote whether the assets can be issued. AUTHY voting model is adopting the seat system, which means one seat, one vote. It is unrelated to the number of RTS. After assets come through voting procedure, AUTHY committee will provide the issuing approval certificate, then Reits company will issue the corresponding share described in the certificate. All processes will be publicized on the blockchain, and Reits operating department has no right to issue assets without permission.
- Legal supervision is responsible for the formulation of the legal framework in digital assets issuing; it is responsible for the formulation of rules and procedures for the disclosure of essential information in the process of asset operation, which can be publicized on the ReitsChain in the form of legal documents.

Instructions of AUTHY:

-
- For election and deprivation of AUTHY membership, they are determined by Ecclesia voting, the voting process is public and transparent, which cannot be tampered with.
 - AUTHY members are valid for 4 years from the date of authorization and reauthorized upon expiration.
 - AUTHY members have the right to nominate other AUTHY members and the right to impeach.

(2) Ecclesia

- ReitsChain Daily Management decisions will be made in the Ecclesia.
- Ecclesia implements a voting model based on RTS share.
- Ecclesia members are coming from all Reits Wallet users and RTS holders.
- Ecclesia and its agenda are initiated by more than 20% of AUTHY members and executed unconditionally by Reits.
- Ecclesia topics include but not limited to: AUTHY election and deprivation, ReitsChain annual income report, dividends, and the assessment of Reits team operating management including rewards and punishments.

Those are the design thought of operating management, more detailed and operational rules and corresponding legal documents will be improved and publicized on ReitsChain.

4.2 Principle and Persistence

4.2.1 Decentralization and Transparency

The pre-condition of maintaining healthy development is self-discipline. With the principle of "decentralization and transparency", ReitsChain avoids concretized problems, while introduces appropriate professional power to the decentralized system.

Through AUTHY, it can decentralize digital asset issuing rights of Reits;

Through Ecclesia, it can decentralize the control right of Reits;

Management right of Reits will be transparent, and it will take effect after the authorization of AUTHY, which is under the supervision of Ecclesia and in charge of operating promotion, technical maintenance, etc. Reits insists on "Decentralization and Transparency", which is the only approach to maintain the purity of authority.

4.2.2 Justice and Independence

Reits is a neutral party without any subjective approach. Various professional work related to digital assets issuing will be completed by AUTHY, whereas the constraints of AUTHY will be completed by the ECC. Reits mainly focuses on the improvement of blockchain technical services and the promotion of operations. However, it is inevitable to act beyond its authority during the initial phase. Thus, to ensure the justice of Reits, as long as the AUTHY and ECC are completed, the authority should be handed over instantly.

5. ReitsChain, Digital Assets Operation and Profit Model Discussion

5.1 Digital Asset Type

The types and operating models of financial assets to be issued by ReitsChain are discussed as follows.

(1) Digital Coin-ETF

This is the main digital asset type for ReitsChain development in the initial stage.

The production process of this digital product is based on providing the digital coin index according to the specific strategy. And then, the professional organization issues an index fund.

Investors issue an index fund; investors can use a certain amount of ETF funds to exchange these assets in financial institutions at any time. Within the entire process, there is no participant of legal currency that is only for custody and automatic redemption. At the same time, ETF issuing and digital assets storage are completely publicized on the blockchain for building public trust.

The digital asset products help those investors who do not understand scientific allocation to allocate their digital assets instead of purchasing investment products from various markets.

Meanwhile, based on the characteristics of Reits wallet, digital assets stored in Reits wallet independently is more secure and convenient than collecting and arranging various blockchain assets.

(2) Digital assets based on real assets

This is the primary digital assets type for ReitsChain development and operation in the initial stage.

For real assets institutions, those assets will be issued through Reitschain and sold to global investors in order to improve the liquidity and transparency of real assets. Besides, digital assets investors can materialize their shares at any time.

There are various categories of real assets, such as stamp, gold, commemorative coin, etc. Due to the restrictions in existing trading system, those mentioned real assets are seeking for the trading breakthroughs. Take stamps as an example, the cultural property exchange has issued a stamp-based digital asset through ReitsChain, which is listed on the Digital Asset Exchange for high-liquidity. Users can transfer corresponding digital assets into exchange for real stamps. By this technology, it provides a wider trading market for stamps, moreover, it improves the transparency of pricing compared with traditional real assets pricing mode.

(3) Digital assets based on financial assets are the largest volume.

This is the main digital asset type to explore for Reits development in the initial stage.

We will focus on models such as SV, VIE, stock split, credit split, etc. to find a feasible and legal manner. Once the frame of law is generated, the business model will be come out, which opens the door from traditional financial assets to digital assets.

5.2 Potential Legal Risk

(1) Money laundering: All usernames on ReitsChain are being verified, and all trading processes are recorded on the blockchain, thus, there is no possibility of money laundering.

(2) Tax issue: Because dividend income of financial assets, all taxes are paid in respective countries where assets belong to, thus, the tax payment is traceable and transparent.

5.3 Future Profit Model

In accordance with the responsibility and target of ReitsChain, its profit model can be divided into three parts as follows.

(1) Asset digitization service fee is including basic service fees and derivative service fees for issuing digital assets.

- Basic service fees for issuing digital assets consist of two components, which are 1-1.5% of service fee according to the scale of digital assets and 1% of channel fee according to the amount of investment.
- Derivative service fees are determined by the further promotion of ReitsChain.

(2) Service fees for bring investors to digital assets exchange include basic service fees and derivative service fees.

- With regards to crowd funding platform, Reits wallet can attract more investors by charging a certain fee.

(3) Credit value added of ReitsChain

Based on the real-time supervision of global liquidities and fluctuations in prices, digital assets credit rating and risk evaluation, those will be charged accordingly as service fees for digital assets risk management tool.

6. Phase II Plan of ReitsChain

6.1 Beta Test of ReitsChain

Based on the principle of discretion, Reits has conducted its Alpha test for 6 months after the completion of development. Meanwhile, hundreds of participants had been involved in this test. Finally, the result is impressive, the feedback from the test participants provided great support for improving the product. We are sincerely appreciating for all the participants in the test.

Within Alpha test period, it has generated 150 thousand blocks at the same time, while the shortest time interval to generate a block was 5 seconds. There is no accounts error during the multiple assets transactions, which has approved the success of the independent assets issuing of UTXO.

Reits will release its light wallet based on HD mechanism during Beta test period, which is supported Windows, MacOS, Android and Linux. However, the iOS version is still to be determined due to the limitation of its auditing mechanism, it will be launched as soon as the account is available.

During Beta period, we will demonstrate the following requirements, which are necessary for financial assets.

1. KYC
2. The admittance and publicity of escrow
3. The publicity and audit of digital assets issuing contract
4. The circulation of assets
5. The global trustable dividend
6. ETF fund- Digital coin issuing and transferring
7. Functions of report of loss, publicity and retrieve assets after private key is lost.
8. Vote function testing (Seat system and share system)

6.2 ICO of ReitsChain

6.2.1 Equity token of ReitsChain – RTS Parameter

We will issue 35% of the future income right of the ReitsChain as its token RTS that will own 35% of total income right in the future. (We expected that the remain 65% of the future income right would be the cost for Reits team in technology development, product promotion and legal construction, etc.)

The total amount of RTS is 35 million.

6.2.2 The Allocation Plan of RTS

RTS team would hold 7.57% of tokens, 63.86% of tokens are held by community members, and 28.57% of tokens belong to the entire community which is expected to be released to community members in 5 years, more details are listed in the following figure:

Figure 4: The Allocation Plan of RTS

Proportion	Quantity	Purpose	Description
29.57%	10,350,000	Bonus for early supporters	Including the reservation of early investors, compensation for the participant in last failed ICO. And the locked position will be executed for early investors after the listing of RTS.
34.29%	12,000,000	ICO of RTS	Using for the cost of technology, human resource, publicity, and legal construction, etc.
28.57%	10,000,000	Community Development Fund	Hold by the community to develop the ecosystem of ReitsChain, including but not limited to reward the contributions of the community or packing the POS, etc. The purpose of this fund will be publicized. Reits team has the right to submit the budget proposal to the community, and the final approval authority belongs to the ECC.
7.57%	2,650,000	Reserve by the team	For encouragement for team members with great contribution and emergency

6.2.3 RTS Investment Value-added Plan

RTS is the carrier of the value of ReitsChain, it will generate the following values:

- The price of RTS would increase with the coverage of ReitsChain
The foremost reason for the price rising is the coverage of ReitsChain, including the scale of the wallet holders, the scale of exchanges that can exchange assets on ReitsChain, the scale of issuing institutions, and the scale of RTS investors.
- The price of RTS would increase with the issuing amount of assets on ReitsChain.

Another cause of the price rising is the increasing scale of assets issuing on ReitsChain. In other words, more assets are issued on ReitsChain, the derivative profit of assets issuing would be increased correspondingly. This amount of profit would be used for the appreciation of RTS.

➤ The price of RTS would increase with the growth of the credit rating. The benefits generated by the credit of ReitsChain will increase the value of RTS.

➤ The positive assets investment ecosystem on ReitsChain would increase the value of RTS.

As the flourishing of ReitsChain ecosystem, RTS will be applied in real scenarios widely, which will push the price of RTS up.

According to this development plan, the market value of ReitsChain will increase with the scale of financial entities once they are involved in the digital asset market.

6.3 Milestone of ReitsChain

There are four aspects of main tasks for Reits team as below:

- Improvement and coverage of Reits wallet program
- Financial assets listing on ReitsChain
- The coverage of exchange
- The construction of institutions

Figure 5: Timetable of milestone

Time point	Milestone
5/2017	Beta test of ReitsChain
6/2017	ICO of ReitsChain
8/2017	The termination of Beta test, main net launch, RTS issuing
	Listing RTS on Chinese exchange
10/2017	ReitsChain Community v1.0 publicity, transfer the sovereignty to ECC.
	The pilot issuing for the first financial asset
12/2017	Complete technical solution and launch
	Complete the ICO for the first financial asset and listing on the exchange
	Begin to recruit the Authy alternative members
2018	Continuous brand promotion and business cooperation

	Launch ECC to select Authy members for the first session, update the Community v 2.0
	Overseas expansion of ReitsChain