Whitepaper

Version 1.1

March, 2021

Executive summary

E-commerce worldwide sales in 2014 were USD 1.33 trillion and are projected to increase to USD 4.058 trillion by 2020. E-commerce share of retail sales is expected to increase from 7.4% in 2015 to 14.6% in 2020. Furthermore, according to Statista, the number of people buying goods or services online will increase from 1.46 billion in 2015 to above 2 billion in 2020.

Despite the explosive growth, three major problems still exist:

1. **Value addition & Reputation**: Building trust is difficult, and it is centrally governed by big marketplaces. There is an inability to transfer value and trust from one centralized service to another, and thus a need to establish relationship with each merchant separately. Moreover, a merchant's history is not recorded, so there is no ability to punish fraudulent buyers or merchants. Huge efforts and advertising budgets are needed to create trust if a merchant is not a part of a centralized marketplace.

2. **Expensive and long payment process:** There are 16(!) different steps to settle the transaction and up to 15(!) different fees to pay for payment gateways. Transaction fees range from 2% + 0.1 to 6% + 0.7. Chargeback fees of USD 15. Moreover, existing payment gateways rarely offer a simple solution for a merchant to accept mobile payments on their website or point of sale terminals.

3. **An inability to reach the growing blockchain economy:** Today, merchants cannot accept payments in cryptocurrencies, which has reached a market cap of USD 2T. Moreover, a totally new digital asset class is being created: tokens of products that are built on the blockchain platforms. The rise of a new kind of digital assets enables the creation of a token-based digital asset economy. It is expected that 10% of global GDP will be generated on blockchains by 2025. Merchants will definitely want to participate in the blockchain created economy.

Lillion is creating a universal E-commerce platform with cashable value addition and reputation solutions working flawlessly together with different payments processing on the blockchain.

1. **Universal/Transferable value and reputation system:** Every time a transaction is made the blockchain will record the time of the transaction, both receiving and sending wallet addresses, warranty conditions, delivery time,

and all other information that is typically needed to ensure to add the value. All the sensitive information will be hashed and only available to authorized users in a beautifully designed user interface. Based on that information, clients and merchants will be able to file/solve a claim, rate each other, etc. **Every time a transaction is made, it will generate same amount of vLIL (cashable value token) for consumers they can claim, send, sell, that value anytime they want.**

2. **Payment solution:** With the help of the Tron blockchain, we are able to make payments with **only 1 step and 1 fee,** which results in accepting payments generally up to 1000X cheaper and up to x10000 faster for merchants. After simple integration with Lillion, merchants will be able to: use our E-commerce platform with value addition system, accept Lillion (LIL), Bitcoin, and easily convert cryptocurrency to their local fiat currency.

3. **Enabling merchants to reach $10 trillion digital asset economy:** By developing platform work with Lillion's payment gateway, we will not only allow merchants to participate in a trustful blockchain economy, but also reach the growing digital asset economy through our payment solution. The World Bank estimates that 10% of global GDP will be generated on blockchains by 2025. The GDP estimated for 2025 is $100T, thus the value generated through blockchain is expected to be $10T (10%).

Payments: According to Boston Consulting Group, the payment industry is about to experience a huge shift towards mobile payments: 1) in 2015 mobile payment volume was USD 8.6 billion in the US. It is expected to increase almost 32x by 2021 to reach $274bn in the US alone, 2) mobile share of total ecommerce is expected to increase to 48.5% of total e-commerce by 2020. It was 23.6% in 2015.

Business model: Lillion will only have one fee – a 1.0% transaction fee for merchants.

Token and token ecosystem: A ⅓ of Lillion's revenue will be put in the "Burning Contract".

Value addition program: In order to encourage a network effect and create an ecosystem for the Lillion token, we are going to introduce a value addition program for users.

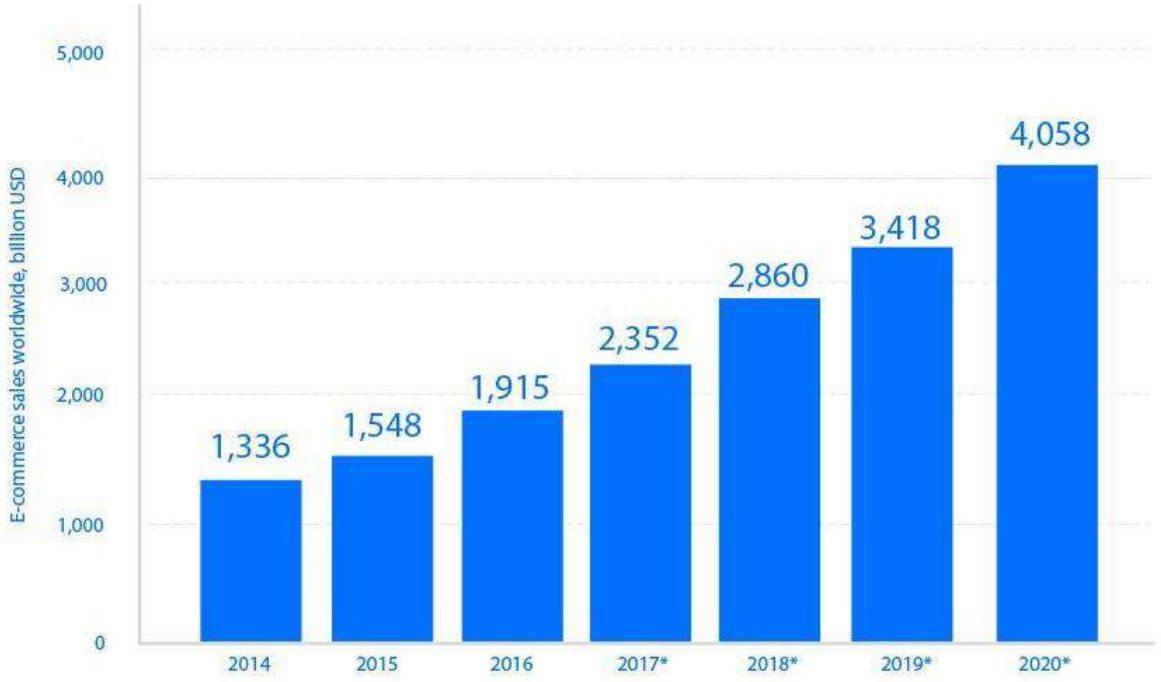
Every purchase made via the Lillion payment system will reward the client of the merchant with vLIL tokens (the exact percentage might change over time).

vLIL tokens will be used by merchants for featured listing promotions and advertisements across the platforms, it will drive a huge traffic on Lillion platforms and to the merchants selling on the Lillion platforms or using Lillion as payment method.

Users will able to sell vLIL tokens in the exchanges and merchants can buy it from exchange for featured expenses on the Lillion's platform.

1. Three significant problems that merchants face: sales, payments, and an inability to reach the growing blockchain economy

E-commerce has grown at an unprecedented rate and is projected to grow at an even higher rate over the coming years. According to "Statista", retail e-commerce sales worldwide in 2014 were USD 1.33 trillion and are projected to increase to USD 4.058 trillion by 2020.



The growth is perfectly illustrated by the number of shops created on the Shopify platform. They had 84,000 shops in 2013, 144,000 in 2014, 243,000 in 2015 and ended 2016 with almost 378,000 merchants on the platform - a growth of 450% over

3 years.

E-commerce is also gaining greater weight in total retail sales globally. It is expected to increase from 7.4% in 2015 to 14.6% in 2020. Furthermore, according to Statista, the number of people buying goods or services online will increase from 1.46 billion in 2015 to above 2 billion in 2020.

Despite the super high growth of e-commerce, merchants face three major problems: **1) Sales, 2) Expensive and long payment process, and 3) An inability to reach the growing blockchain ecosystem, with a market cap of ~2 T and its corresponding token economy.**

1.1 Sales problem in global e-commerce

Building a big store is difficult. It takes time and costs a lot of money. It's even more difficult for new or small merchants.

Sales is extremely important for participants of today's global commerce. People are more likely to buy from a merchant who offer them most of the discounts; therefore, merchants are striving to maximise their profits and build a loyal customer base.

According to global research, 90% of customers look for discounts all over the internet before making a purchase decision.

We are, however, not only solving the sales problem we are also working on other issues that merchants face in today's global e-commerce.

1. The Reputation system to facilitate commerce **is only possible in closed marketplaces,** which are controlled by a central authority. In order to build trust, you have to join one or a few of the closed marketplaces, such as: Amazon, Ebay, Alibaba, etc. By joining them, merchant must accept all their rules; for example, 20% commission from sales.

2. Merchants have **no ability to transfer their trust rate from** one centralized service to another. For example, once you become trusted on Amazon, you still must build your trust on Ebay or another marketplace.

3. Merchants have to **invest considerable effort and finance into their brand and advertising** if they do not want to join the centralized marketplace that facilitates trust and reputation.

4. Buyers need to **establish a relationship with each merchant separately.**

Moreover, a buyer's history is not available for merchants to make decisions. Being trusted with one merchant doesn't mean you are trusted with another.

5. There is no ability to punish fraudulent buyers or merchants and reflect that in their history. Most fraud happens due to stolen cards or stolen credit card information. In 2015, card fraud reached $21.84 billion – a figure that is expected to rise to $31.67 billion by 2020. According to Advanced Payment Report 2016 conducted with the help of Wirecard.de, 92% of merchants say fraud will remain a prime concern for online payments. **Large e-commerce and m-commerce merchants lose 1.4% and 1.7% of revenues** respectively to fraud according to the 2015 True Cost of Fraud Study.

There are millions of e-commerce merchants outside closed marketplaces that need a universal trust and reputation system in order to be trusted by their clients.

In order to build global trust in e-commerce, **we need a universal E-commerce platform with cashable value addition and reputation system**. Payments and commerce using Lillion will be done directly between two unknown parties using a much-needed **smart contract based system**.

1.2 Expensive and long payment process

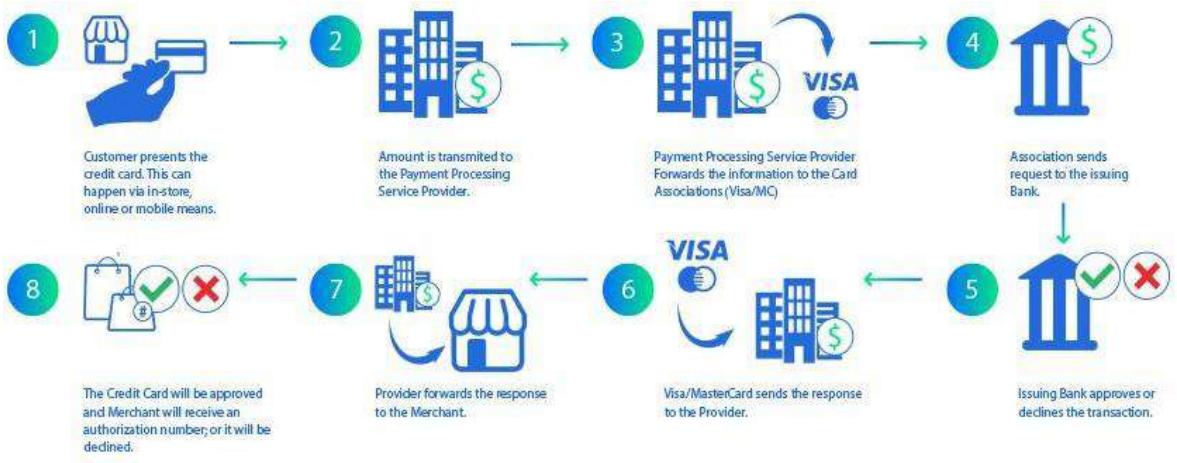
Despite having a wide variety of different payment gateways and processing companies, the following major problems still exist for merchants:

- Costly and complex transaction settlements with **up to 16(!) steps to accept and settle transactions.**
- **Up to 15(!) different type of fees** including a transaction fee of between 2% to 6%, and a chargeback fee of **USD 20.**
- Extremely high cross-border transaction fees.
- Long transaction times ranging from **2 days to several weeks** to receive their money. E-commerce payment processors often hold merchants' money for a week due to higher probability of chargebacks during first week after purchase.
- Mobile payments. Mobile payment solutions are fragmented and not available universally or simply not easy to use despite a strong consumer appetite to leverage them. Payment processors **rarely offer a simple solution for a merchant to accept mobile payments**.

1.2.1 Current payment process

The picture below describes the payment confirmation or rejection in 8 steps at the time of payment regardless of it being in a physical store, e-commerce or

m-commerce. The process is complex and includes 8 additional steps to settle the transaction. In total, you have **16 steps** for money to be transferred from the client's bank account to the merchant's bank account.



1.2.2 Merchant fees

Merchants have to pay **up to 15(!) different types of fees** in order to accept payments from their customers.

- **Transactional fees** stand somewhere between 2% and 6% per transaction plus a fixed fee which is between USD 0.1 and USD 0.7. For example: every time someone makes a transaction for USD 10, the merchant on average pays => 10*((0.02+0.06)/2) + ((0.1+0.7)/2)) = USD 0.8 for banks, credit card associations, payment gateways and processors.

- ***Retrieval Request Fee*** **and** ***Chargeback Fee*** are paid when someone claims for a chargeback. The best-known payment gateways such as PayPal and Stripe charge merchants a USD 15 chargeback fee. In addition to the chargeback fee, there is work to be done by the retailer to prove the

transaction was done respecting the rules. This costs time and money. When the info is missing, the charge is reversed even if it was legit.

- **Flat fees** include: ***Terminal fees*** to buy the needed terminal for retail merchants, ***PCI fees*** paid to Payment Card industry for compliance OR noncompliance, and others, such as: ***Annual fees***, ***Monthly fees***, ***Monthly minimum fees***, ***IRS reporting fees***, ***network fees***, etc.

- **Incidental fees that** consist of: ***Address Verification Service (AVS)***, ***Voice Authorization Fee (VAF), Batch Fee, and NFS fee.***

- **Cross-border fees.** PayPal, for example, charges the merchant a transaction fee of 4.4% + fixed fee (depends on the currency), instead of 2.9% + fixed fee (depends on the currency) if the funds the merchant is receiving comes from outside of the U.S.

Finally, some payment gateways and/or processing companies like to keep their fee structure hidden or totally incomprehensible to the average merchant.

1.2.3 Long fund transfer time

As there are a lot of different parties involved in moving the money from one bank account to another (or from one country to another), it often takes up **3 days to settle the transaction**. For international payments, it can take **up to a week or even more**. Moreover, payment gateways more often than not hold your money for a week.

That often causes **cash flow problems for small merchants.**

1.2.4 Mobile payments

According to StatCounter, October 2016 was the first ever month in the history when more users around the world accessed the internet from mobile devices than from desktop computers. Of all users, 51.3% used mobile devices while 48.7% used computers. Moreover, according to Statista, **approximately 80% of internet usage will be mobile by 2018**. At the same time, mobile payments are projected to increase from USD 8.6bn in 2015 to USD 274bn in 2021.

The problem is that most e-commerce and retail payment gateways and/or terminals were developed to accept and process payments using physical credit cards, and at their core, cards are not mobile-friendly. Payment gateways rarely offer a simple

solution for a merchant to accept mobile payments in their website or point of sale terminals.

1.3 An inability to participate in token-enabled digital asset economy potentially worth $10T in 2025.

The market cap of all the tokens are growing extraordinarily fast. Bitcoin & Ethereum reached a market cap of USD 2T. But most importantly, a totally new market of **digital assets is being created:** tokens of projects that are built on blockchain platforms. The rise of new kind of digital assets enables **the creation of a token-based digital asset economy**.

The World Bank estimates that 10% of global GDP will be generated on blockchains by 2025. The GDP estimated for 2025 is $100T, thus the value generated through blockchain is expected to be $10T (10%).

Today, merchants don't have an opportunity to access that money. They will have a considerable incentive to participate in the token economy within the next few years.

2. Lillion's solution: a cashable value addition and reputation system working flawlessly together through a blockchain based payment gateway

We are creating an E-commerce **payment with cashable value addition and trust solution on the Tron blockchain leveraging smart contract technology.** The payment solution and value addition work flawlessly together with our E-commerce platform with reputation system. Merchants will be able to accept Lillion (LIL) and exchange it with traditional (fiat) currencies and customers will benefited with vLIL cashable value tokens by participate in global E-commerce platform with total trust.

Lillion is on a mission to:

- Develop a global E-commerce **platform with cashable value addition and reputation system** for tomorrow's global commerce.

- Make the payment process simple and efficient: **only one step**.
- Make accepting payments for merchants generally up to **1000x cheaper and up to 10,000 times faster.**
- Provide an opportunity for merchants to accept **crypto payments.**
- **Bring the** Tron-based **token economy** to the **mainstream.**
- Expand Tron real-world application infrastructure.
- Value addition on every parches for consumers.

In simple words: our mission is to develop and deploy the best transaction system that would be based on enforceable contracts without third party between consumer and merchants and a strong reputation management, and value addition system. Transaction and fund transfer will be done in one step together with the enforceable sale contract. Transaction fees would be simplified from many to a simple transaction fee wherever the consumer and merchants are located on the planet.

2.1 A Universal value addition and Reputation System on the Tron blockchain. Ensuring trust in global commerce.

Building trust is difficult because:

- Merchants need to become part of a centrally governed marketplace, like Amazon, Ebay, Alibaba, Etsy, etc, where they must pay a sales commission.
- Merchants cannot transfer their trust from one centralized service to another.
- Merchants need to invest huge efforts and budgets into brand and advertising if not being part of centralized marketplace.
- Complicated conflict management using existing system.
- Buyers need to establish a relationship with each merchant separately and their history is not transparent.
- There is no ability to punish fraudulent buyers or merchants and reflect that in their history.

Lillion's value addition and reputation system will be universal, transparent, transferable, self-executing, not controlled by a central authority, and working flawlessly together with a payment solution.

2.1.1 How it works

Every time a transaction is made, no matter if it's retail or E-commerce, the blockchain will save the time of the transaction, both the receiving and sending addresses, warranty conditions, delivery time, and all other information that is typically needed to ensure the trust. All the sensitive information will be hashed and only available to authorized users in a beautifully designed user interface. Based on

that information, clients and merchants will be able to file/solve a claim, rate each other, etc.

Default value addition tokens will be created as the client using the Lillion ecosystem. A Trust rating will be assigned to a specific wallet address. **Every time a transaction is made, claim registered, solved or unsolved (according to the purchase details saved during the purchase), review written, vLIL allotment etc., the smart contract will automatically change the trust level for each of the parties involved.**

The merchant trust rating

Once the merchant starts accepting Lillion (LIL) payment, a default trust rating will be created. Smart contract will automatically change the trust rating according to the behavior of the merchant. For example:

- Does the merchant react to claims from clients?
- Does the merchant react **quickly** to claims from clients?
- Do clients rate the merchant for delivering products as promised: on time, as advertised and in good quality?
- Does the merchant have good reviews from clients?

Different weights will be assigned to different actions.

The trust rating will be visible to everyone in the most common and typical places, such as the footer of the merchant's website or mobile app. The only way the merchant can increase the trust rating is by providing products or services as advertised and in good condition.

Trust client's trust rating

The main reason to create a trust rating for the client is to decrease the likelihood of fraudulent buyers and offer loyalty features for trustful buyers.

Once a client buys something from a merchant using Lillion for the first time, the default trust rating for that client will be automatically created and linked to the wallet address of that client.

The client trust rating will be updated automatically by the smart contract based on his or her behavior. Different weights will be assigned to different actions. For example:

- What is the client's claim history?
- How many claims has the user made? Are those claims being resolved?
- Have all the previous claims been solved with merchants?
- Purchase history: behavior, frequency, etc.

The trust rate of the client will be available to see on the blockchain and visible in a user-friendly interface to merchants once the purchase is made.

The client's trust rating will be visible on the blockchain or in Lillion's platform.

In totally e-commerce, it is important that merchants have information about the client. The most important thing for a merchant is to avoid someone who does hazardous things on purpose. If that happens, the merchant will be able to decrease the client's trust rating significantly. Based on that information, other merchants will be able to decide whether they want to sell products to a client with a low trust rating.

Claims, reviews and conflict management.

Every purchase will be saved on the blockchain together with the time of the transaction, both receiving and sending addresses, warranty conditions, estimated delivery date, the product that was bought and all other information that is typically needed to ensure trust.

The following information will be available to both parties:

- The merchant will have all the information about every transaction with the above-mentioned details in his profile in the Lillion system.
- The client will be able to see all his purchases together with the above-mentioned details only in his profile within the Lillion mobile app.

Based on that information, parties will have an opportunity to file/resolve claims, review, and rate each other in a transparent way. Smart contract will automatically decrease or increase the trust rating. That kind of management of conflict resolution through smart contracts will help each party to deal with the situation faster, easier and cheaper (no chargeback fees for the merchant).

Examples*:*

1. **Claim.** Once the client makes a purchase, all the needed information is saved to the blockchain. In order to see that information, the client must download the Lillion app. Once he logs in, he sees all the purchases he made with a

particular wallet address **anywhere using Lillion as a payment gateway**. The client selects the particular purchase he is not happy about, and initiates a claim by providing the details of the claim, e.g., the product is broken. The merchant's trust rating is immediately decreased, so the merchant is incentivized to solve the problem as quickly as possible. The merchant receives the notification about the claim, looks at the details and contacts the client off-chain. Client and merchant agree on the solution and one of the parties initiates a resolution by pressing the "Claim resolved" button in the mobile app or the merchant system. Details of how the situation was resolved (product changed, money returned, etc.) must be provided as well. The details are saved to the blockchain. The other party gets the notification, reads the details and agrees by pressing "Claim resolved". Once the claim is resolved, trust rating is increased for both parties instantly.

2. **Reviews**. Clients and merchants will be able to write reviews about each other. Written reviews will have more weight on each other's trust rating than just "silent" transactions without a review. For example, a client's review about a good product and customer service will increase the merchant's trust rating more than just a simple "silent" transaction without writing a review. Reviews about the merchant will be visible in the mobile app for a client. Merchants will see the reviews clients have written about them in their system. **All reviews, good and bad, will be automatically reflected in the trust rating of the client and the merchant**.

3. **Sales contracts**. A merchant can propose a 15 day return policy - no questions asked. This merchant will be in a better position to sell than the one who does not offer a return policy. These rules will be published by the merchant. Smart contract will ensure merchants and consumers are respecting their commitments to each other and the rating system will reflect that.

2.1.2 How the likelihood of fraud is reduced with a global E-commerce platform with value addition and trust system

The trust rate will be available and visible to everyone in the ecosystem so that parties are incentivized to increase their trust rating, which will enable better decision-making and a safer e-commerce environment. Moreover, we will offer incentives such as a reduced transaction fee, faster transaction times, etc., for those who hold higher ratings and proven history. This level of transparency could decrease fraud significantly or at least make it more difficult.

To illustrate this point, Kevin Kelly, the author of a book titled “Out of Control”, wrote:

> *A pretty good society needs more than just anonymity. An online civilization requires online anonymity, online identification, online authentication,* ***online reputations, online trust holders,*** *online signatures, online privacy, and online access. All are essential ingredients of any open society.*

We bring this to the next level. We want to create a transferable trust & value system so that **every merchant, big and small, retail or e-commerce, will be able to join a global E-commerce platform with trust rating system** by accepting payments with Lillion (LIL), at the same time every consumer will get vLIL on every purchase.

2.2 A payments solution to accept cryptocurrency payments generally up to 1000X cheaper and up to x10000 faster.

After simple integration with Lillion (LIL) merchants will be able to:

- Use our E-commerce platform with trust and reputation system.
- Accept cryptocurrencies.
- Offer up to 100% discounts
- Easily convert cryptocurrency to fiat currency.

2.2.1 How it works: e-commerce example

Clients will pick their items, add them to the cart and select that they will pay through the Lillion gateway instead of other available options such as credit card or PayPal.

The amount needed to pay will create vLIL tokens of same amount in real-time. A QR code is generated which the client scans **with any crypto wallet** on his mobile app and presses “send”. Money arrives in merchant’s smart contract wallet in approximately 2 minutes. The amount received is **exchanged to a merchant’s preferred fiat currency** according to the merchant’s preference via Kraken or another crypto exchange API. Merchants will be able to choose the frequency at which crypto tokens are converted to fiat, the local currency to exchange to, time of sending money to their bank account, and many other options.

Lillion is easy, fast, cheap, and guaranteed by smart contracts.

How merchant payment fees and transaction time are resolved

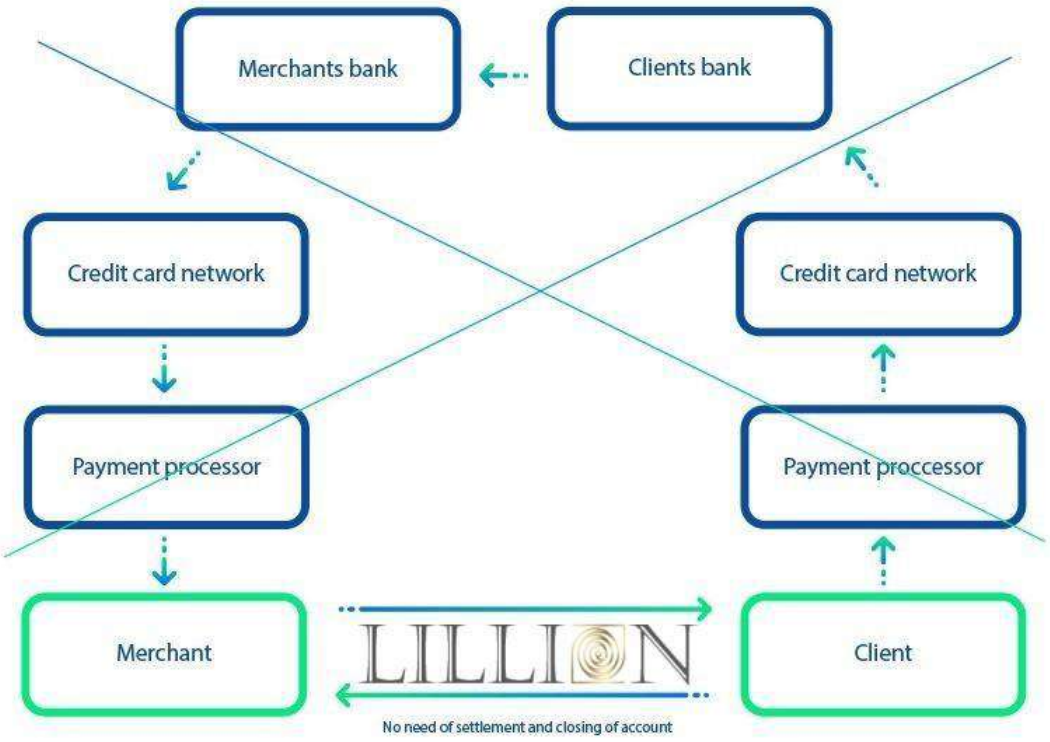
The picture below shows how blockchain changes the method of payment. The transaction goes from customer to merchant directly; ditching all the intermediaries in the process and saving merchants a huge amount of time and money. There is no need to close or settle anything for merchant anymore. The settlement and closing happens at the same time as the transaction. There is only **1 step instead of 16!**

As the payment now goes directly from the client to merchant**,** instead of waiting for up to **2 weeks** to see the funds, it arrives approximately **2 minutes** after the purchase no matter where in the world the purchase was made.

As far as payment fees are concerned, **instead of 15 types of fees** merchants may pay using a standard payment gateway; with Lillion, they will have **only 1 fee**: a transaction fee of 1.5%.

The **chargeback fee goes away as well**. Once the merchant agrees to send the money back, they just send the money back and pay the transaction fee. No ridiculously high chargeback fees anymore. In addition, the pain (time and money to prove the transaction is legit) is gone. Moreover, the E-commerce platform with trust and reputation system helps to decrease the rate of fraudulent payments as well.

Ultimately, it's **up to x1000 cheaper and up to x10000 faster** for merchants to accept payments with Lillion (LIL): with a transparent fee structure with no chargeback or hidden fees, and a beautiful user interface with smart contract enabled wallet security.



Smart contract based wallet for merchants

The merchant's account acts as the equivalent of a bank account that stores funds and enforces security. The crucial fact here is that it's only controlled by the user, the merchant. Today, banks hold higher authority because they run the database that points at the database entry which says you have that money and you have to trust that your money is safe. Banks own the control of that database and authority to grant or deny the access to the money they hold. Not anymore.

Lillion will not be able to suspend, hold or prevent any transaction. Instead, permissionless transactions will be guaranteed by the smart contract. Instantly, and as promised. No more headache of not knowing where the merchant’s money is and why it’s being withheld.

Merchants can customize their settings to fit their preferences, such as:

- How much funds to exchange with the local currency.
- How often to exchange.
- Others.

With Lillion, we are giving control of merchant funds back into their own hands and giving them easy-to-manage control of their funds received from selling goods or services which is safeguarded by the security of smart contracts. Now, merchants

can have better security and substantially improved usability.

It is literally a merchant becoming his own bank.

2.2.2 Case studies: merchant fees and transaction time

Merchant fees

John is the owner of a small e-commerce store selling T-shirts for USD 10. He was always frustrated by the transactions fees he paid to the banks and other intermediaries.

One day, he found out about Lillion through a financial news article and decided to try it out. It took him only a few minutes to get started. Now the transaction money goes directly from the client to his account. That means that from now on, John will not only be able to accept mobile payments, but also, more importantly, instead of paying every intermediary in the payment process from 2%+0.1 up to 6%+0.7 per transaction, John now pays only 1.5% per transaction. So instead of paying EUR 0,8 **on average** every time someone buys a T-shirt, John will now only pay EUR 0,15 per transaction using Lillion as his payment processor. **That's 1000x times cheaper on average!**

Moreover, Lillion exchanges cryptocurrencies with his local currency and sends the money to his bank according to predefined settings: upon his request or automatically.

Transaction time and cash flow problems. E-commerce merchant.

Ravi has a website where he sells various home appliances to customers all around the globe for almost 12 years now. He knows money is just a digit that must be exchanged once the transaction is made. That's why he cannot believe how long it takes for him to receive the funds after a client places an order.

If the client is local, the funds show up in his bank account in up to 2-3 days. But if the client is from the other side of the world, it may take up to 2 weeks for funds to show up his bank account. **He has to trust the client and the banks and ship the product before he receives the funds.** Moreover, the payment gateway often holds the money for a week. Because of the time it takes for him to receive the money, **he often experiences cash flow problems and, consequently, is not able to pay his suppliers.**

One day, a friend of Ravi told him about Lillion. The friend told him that it takes

up to 2 minutes to receive money with Lillion after a purchase was made. With Lillion, Ravi can accept payments and **receive funds instantly no matter where the client is** after the purchase is made. He no longer has to trust banks, payment gateways or PDF files generated as a proof of payment that clients send him. Furthermore, Lillion solved his cash flow problems instantly. He receives funds, can ship products instantly and order more shoes without a fear of not being able to pay and with almost 100% discount offering.

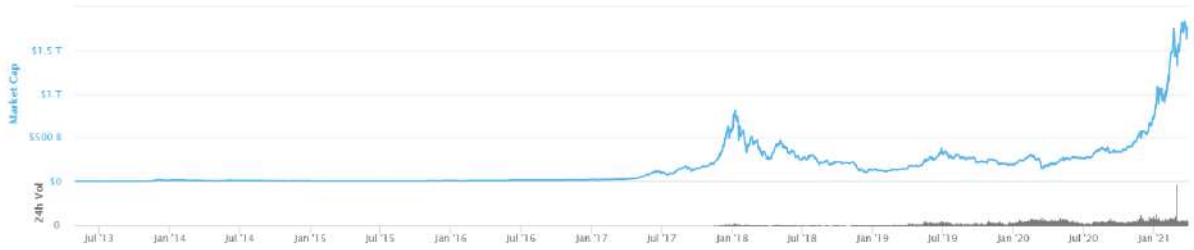
2.3 Enabling merchants to reach $10 trillion digital asset economy

By developing Lillion, we will not only allow merchants to participate in a trustful blockchain economy, but also reach the growing digital asset economy through our payment solution.

2.3.1 Growth of Lillion as a currency and the Tron ecosystem's digital token economy

Tron is a platform that enables the creation of applications. As a result, it has facilitated the emergence of a new and exclusively digital asset class: tokens. As discussed above, the **World Bank estimates that 10% of global GDP, which is approximately $2T, will go through blockchains in 2025.**

To illustrate the fact, let us look at the graph below showing the growth of altcoins.



The graph below shows the growth of total market. Market capitalization stands at approximately 2 T as of March 14th.

It is very likely that Lillion (LIL) will be one of the top cryptocurrency platform soon because it facilitates the creation of an ecosystem that other cryptocurrency dose not match.

At the same time, it gets harder and harder to make transactions on Bitcoin & Ethereum: according to www.blockchain.info, the “Average Confirmation Time” to confirm a transaction was 316 minutes and “Cost per Transaction” is approximately USD 30.

Merchants cannot use services such as BitPay, Coinbase etc. to accept bitcoin & ethereum payments when transaction time is that long and the cost per transaction is that high.

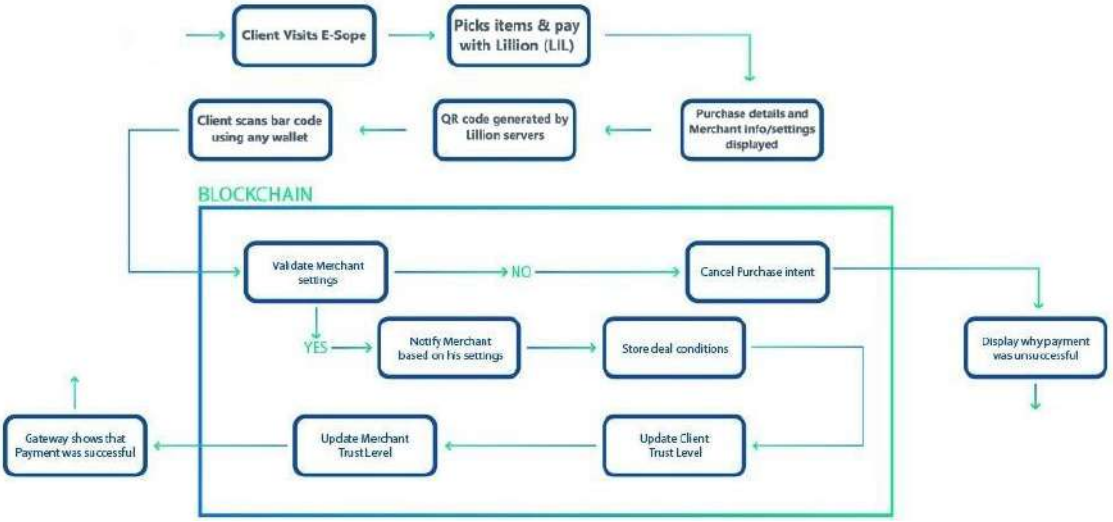
3. Product architecture and product development timeline

3.1 Smart Contracts & Workflows

Smart contracts will enable us to facilitate a payment solution working flawlessly together with an E-commerce platform with value addition on every transaction and reputation system between parties via the blockchain. Number of smart contracts, detailed structure, and functionality will be defined and finalized during development.

To illustrate the intended functionality, we provide **sample workflows** illustrating the purchase and claim process and how they affect the trust rate for both parties.

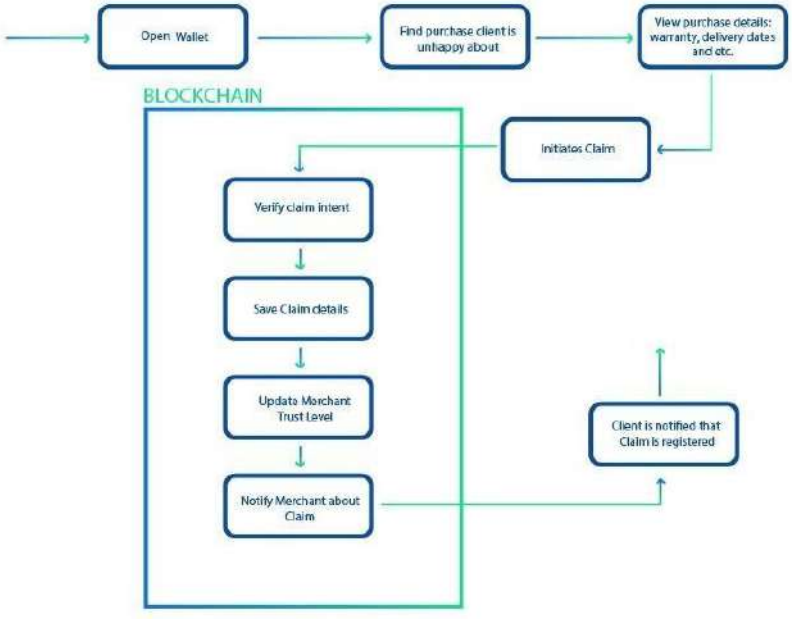
Client makes a purchase



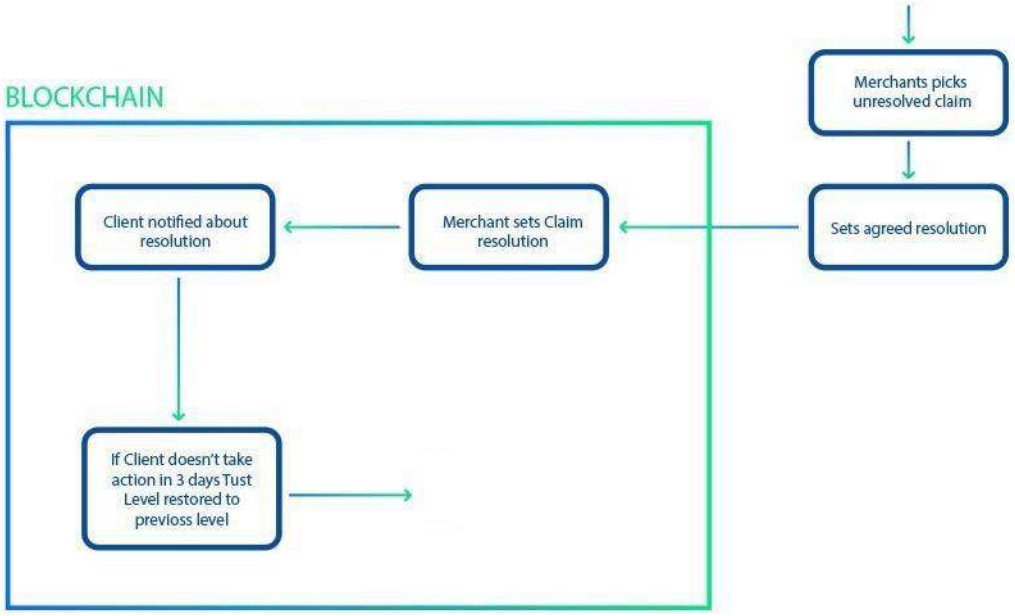
Claim workflows

The sample workflows below demonstrate the process when the client initiates a claim, which is resolved together with the merchant. We will introduce incentives for merchants and clients to handle the claims fast and keep trust level high for both sides.

Client files a claim

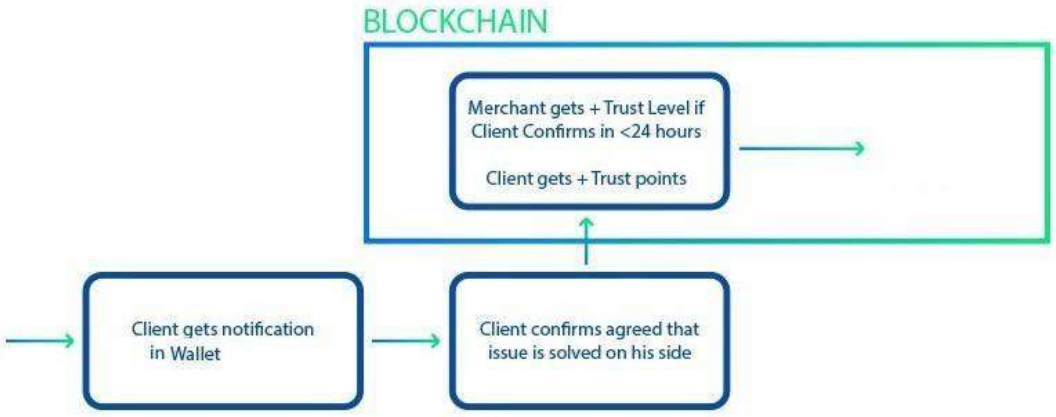


The merchant responds to a claim, finds a solution together with the client and provides resolution details



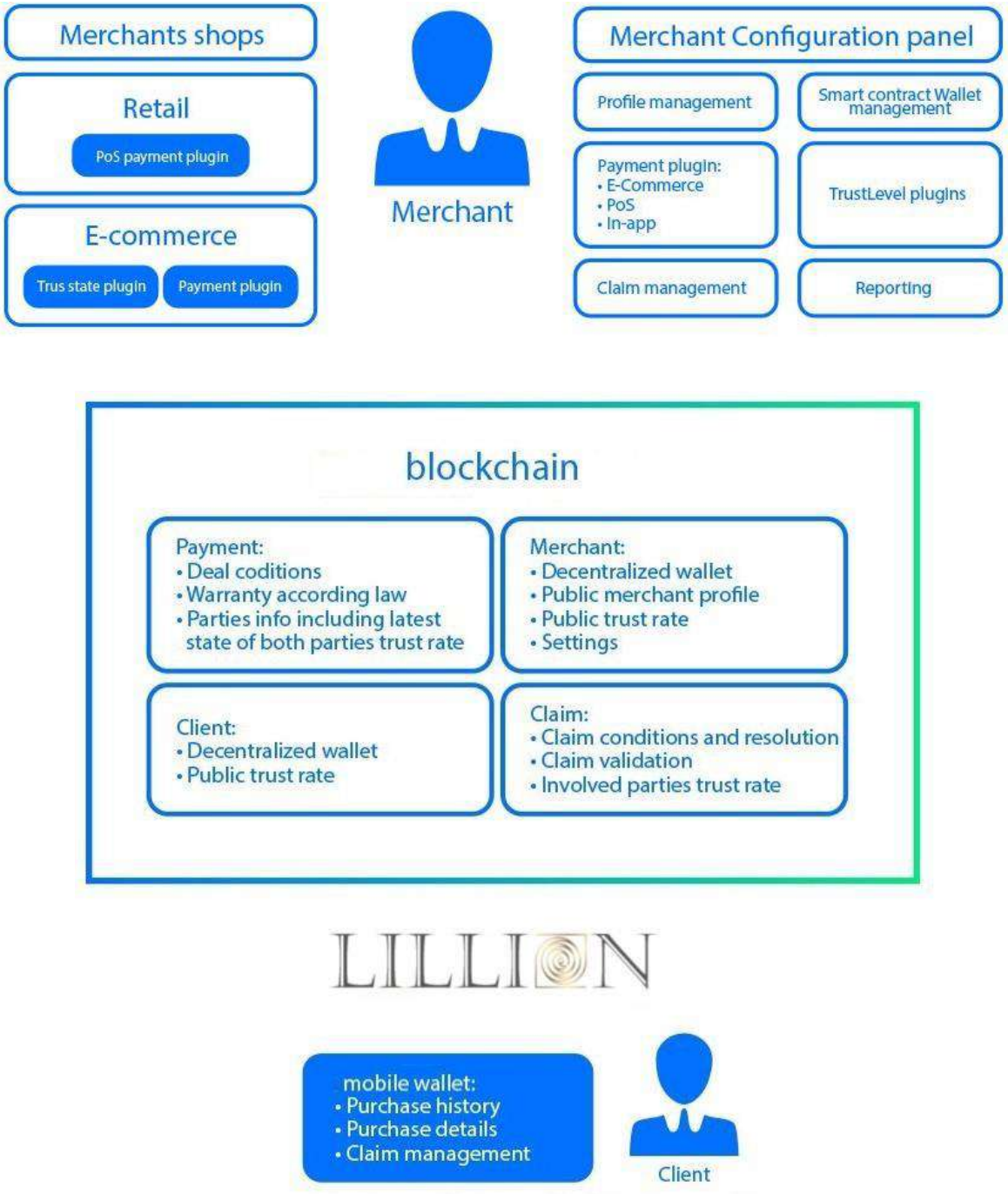
The client and merchant resolve the claim resolution “offline” or on Lillion’s off-chain messaging system. After both parties agree on resolution terms, the merchant enters those terms (e.g., money back, shipping out new product, etc.) into the merchant’s user interface. Resolution terms are saved on the blockchain. The merchant then waits for client’s confirmation.

Client confirms resolution



If the claim is resolved relatively quickly, the merchant gets a relatively higher trust rating upgrade. The client's trust rating is also upgraded once the claim is resolved.

3.2 Intended Product architecture



3.3 Beta version of the product

Goal of Beta version:

- Provide a platform for e-commerce merchants to expand their online payment solutions and accept mobile payments in crypto currencies.
- Show the potential of “value addition” mechanism which will help to increase the transparency and sale, which both merchants and clients will benefit from.

We have developed a solution where the merchant receives a Lillion payment gateway script that can be integrated into any shopping cart or website (some scripting knowledge is required).

The workflow is simple: the user picks items he or she wants, adds them to the basket and selects to pay with LIL. Lillion servers generate a QR code with all the needed underlying order information such as order number, price, currency, warranty, delivery, value addition option, etc. The client must scan the code during a defined time limit otherwise he needs to re-initiate payment. After the client scans the code with his preferred mobile crypto wallet and presses “send”, the transaction is sent to the blockchain together with purchase details.

Once the transaction has received several confirmations, the client is notified it was successful. After a few minutes, the merchant sees the money arrive in his wallet and client gets vLIL of same amount. During further development phases, we will introduce Merchant Smart Contract Wallet to enable rates, limits, and automatic exchange to local currency.

We aim to integrate with merchants in early Beta product stage, and together with them, improve and test the solution. Early participation will allow them to influence what features should be included in the roadmap. It will also enable them to expand their market reach, and through a simple setup to start accepting online payments with LIL.

After its launch, we will invite merchants to Beta programs to experiment with the newly introduced features.

3.4 Product development roadmap.

The product development timeline might not be final and is subject to change depending on the feedback we receive from our initial customers.

Phase 1: A full Travel Booking (Air, Hotels, and Taxi) solution to accept crypto currency (LIL, BTC, ETH etc.) with value addition

Goal: accept not only Lillion currency, but also BTC, ETH etc. and enable users to use Lillion (LIL) to book air tickets, hotels, taxi. Moreover, a smart travel platform with value addition.

Time: July 2021

Phase 2: Online Casino

Goal: Develop and introduce an online casino platform, with trust system for users. The ability to gamble using LIL, BTC, ETH etc.

Time: February 2022

Phase 3: A full e-commerce solution to accept crypto currency (LIL, BTC, ETH) and exchange them to fiat currency, with value addition

Goal: accept not only Lillion currency, but also BTC, ETH and enable merchants to exchange Lillion to fiat currency and transfer funds to their preferred account.

Time: July 2022

Phase 4: A Lillion Wallet for clients + vLIL program + significant improvement of E-commerce platform with trust and reputation algorithm

Goal: make a significant step towards a fully working value addition and reputation system: improvement of E-commerce platform with trust and reputation algorithm together with Lillion smart contract for making/solving claims, rating merchants, writing reviews, etc. Review purchase history, see clients' and merchants' trust rating, etc. Finally, the loyalty program will be enabled during this stage of development.

Time: August 2022

Phase 5: Online Games Betting

Goal: Develop and introduce online games betting platform. The ability to accept payments in LIL, BTC, ETH and other currencies and exchange them to preferred fiat currency.

Time: October 2022

4. Market opportunity and business model

The global e-commerce market size in 2016 was USD 1.9 trillion and is expected to rise to USD 4 trillion in 2020. At the same time, the global retail payments industry was worth USD 16 trillion in 2015. It is estimated to increase to USD 21 trillion in 2020. Global payment revenue was USD 1.8 trillion in 2015 and should reach USD 2.2 Trillion in 2022.

According to Boston Consulting Group, the payment industry is about to experience a huge shift towards mobile payments:

- Mobile payment volume was USD 8.6 billion in the US. It is expected to increase tenfold by 2021 to reach $274bn only in US.
- Mobile share of total ecommerce is expected to increase to 48.5% of total e-commerce by 2020. It was 23.6% in 2015.
- Merchant mobile payment acceptance network to grow 10X by 2022

4.1 Market opportunity

4.2.1 Explosive growth of E-commerce

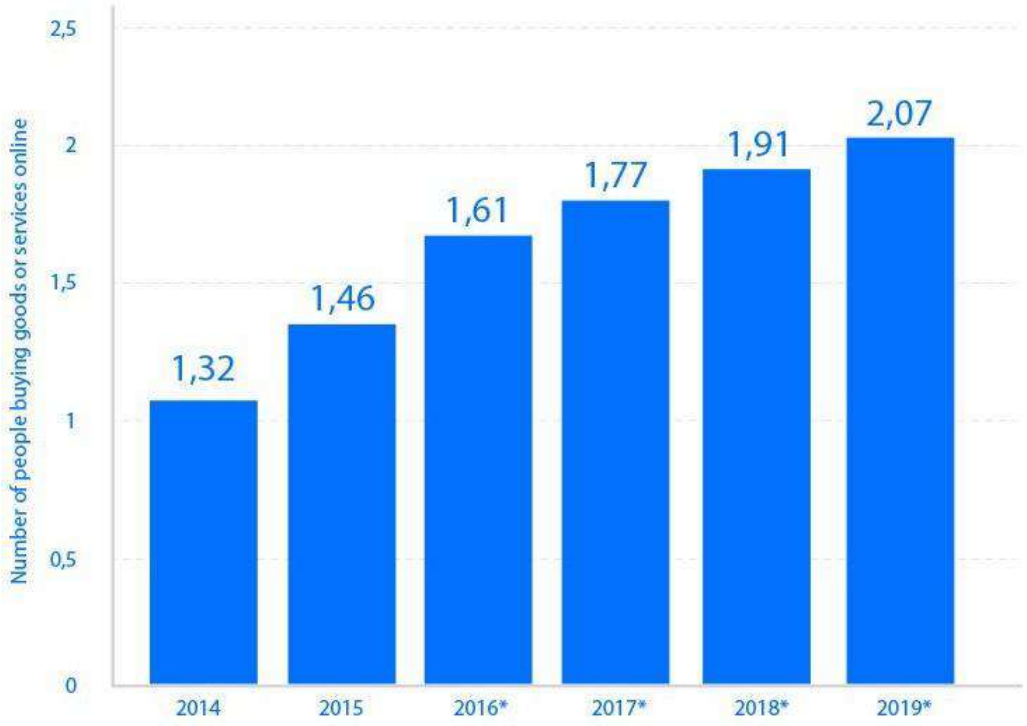
According to Statista, retail e-commerce sales worldwide in 2014 were USD 1.33 trillion and are projected to increase to USD 4.058 trillion by 2020.

The growth is perfectly illustrated by the number of shops created on Shopify platform. They had 84.000 shops in 2013, 144.000 in 2014, 243.000 in 2015 and ended 2016 with almost 378.000 merchants on the platform - a growth of 4.500% over 3 years.

E-commerce is also gaining greater weight in total retail sales globally. It is expected

to increase from 7.4% in 2015 to 14.6% in 2020.

Furthermore, according to Statista, the number of people buying goods or services online will increase from 1.46 billion in 2015 to above 2.5 billion in 2022.



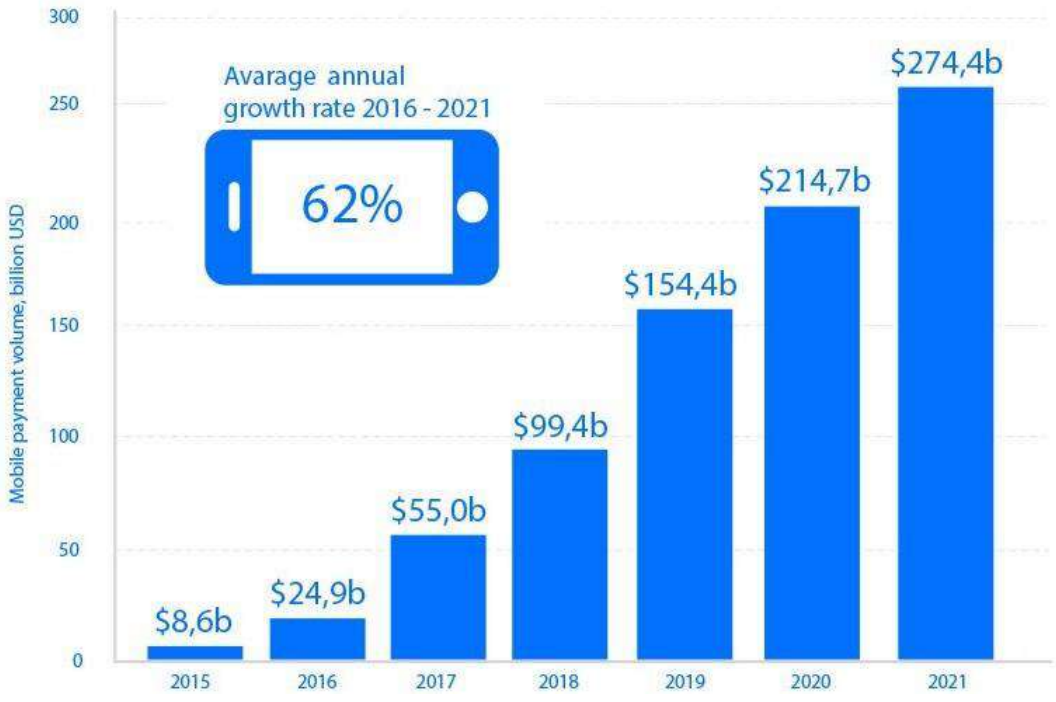
4.2.2 Explosive growth of mobile and digital payments

According to Boston Consulting Group, the digital payments space is about to witness significant disruption in coming years. Some trends are starting to become clear that will transform the payments landscape globally over the next few years:

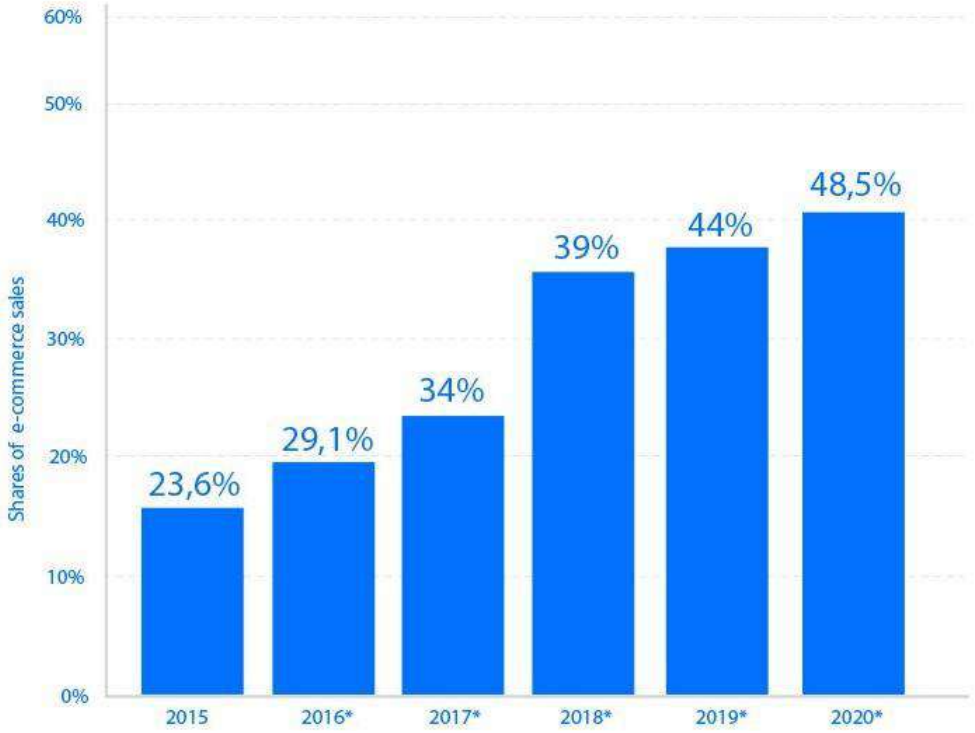
- Technology will make digital payments simpler: smartphone penetration, blockchain and crypto currencies, ubiquitous connectivity, biometrics, tokenization, cloud computing, and the Internet of Things are a few trends that will shape the way consumers will transact in the future.

- Merchant mobile payment acceptance network to grow 10X by 2022: Mobile based payment solutions and proprietary payment networks will drive merchant acquisition by offering low-investment solutions that will create economic incentives for merchants and acquirers, resulting in over 10 million merchant establishments that will accept digital/mobile payments.

Mobile payment volume is expected to increase to $274bn by 2022 in the US alone. Chinese mobile payments were nearly 50 times greater than those in the US last year, according to Financial Times. Mobile payment with Alipay or WeChat is much more streamlined and only requires scanning a QR code from a retailer's Point-of-service terminal or a smartphone.



Moreover, as shown in the graph below, the mobile share of total e-commerce is expected to increase to 48.5% of total e-commerce.



In-app payments and proximity transactions are expected to be key catalysts of growth in the days ahead. However, in a breakout scenario, given a possible disruption by convenience, security and Internet of Things, the growth rate of mobile and digital payments could be even higher.

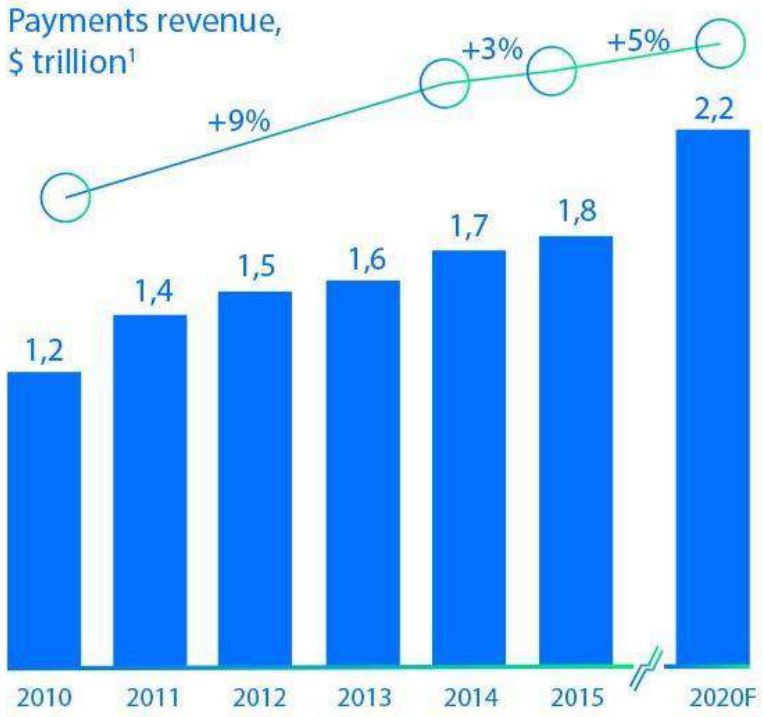
4.1.3 Transaction volume and global payment revenues

The payments industry is enormously big. The total value of global retail payments transactions was estimated at USD 16 trillion in 2015. This is estimated to increase to USD 21 trillion by 2020. The estimation comprised consumer-to-merchant transactions across retail verticals such as food and grocery, apparel, consumer durables etc. **Digital payments contributed to 8 percent, which is USD 1.26 trillion,** of the overall global retail payments market in 2015 and is projected to increase to **18-24 percent by 2020, which is USD 6.3 trillion.**

The global payments revenue market size is approximately **USD 2 trillion** and steadily rising. In most cases, global payments are the payments revenues that include direct and indirect revenues generated by non-cash payment services

(excluding interbank transfers). Simply speaking, it's the total revenues collected by financial services companies around the globe.

As shown in the graph, the global payment revenues should reach USD 2.2 trillion over the upcoming few years.



4.2 Business model

Lillion will charge a 1.0% transaction fee from merchants. Of that, 0.5% will go to a "Burring Contract" and other 0.5% will go to the company as revenues.

An interesting fact is that the average traditional payment gateways take approximately only 0.25% + 0.1 from total fee as their revenue. This 0.25% + 0.1 is a mark-up fee to the interchange rates.

For example, if the total transaction fee that merchant is charged is 2.35% + $0.2, the 2.1%+ $0.2 is the **interchange part** that banks, credit card associations and others are dividing and 0.25% + $0.1 is the **markup part**, which payment gateways take home as revenue. We not only decrease the transaction fee that merchant has to pay, let alone the other fees that he will not have to worry about anymore, but we are also left with approximately four times the rate to do business with.

5. Marketing and Strategy

5.1 Network effect

Our strategy is focused on **creating a network effect** as our system enables us to do that. Moreover, we will use the well-known bowling pin strategy: start with a niche market (stage 2: existing crypto community), and then move to other niches and broader markets.

Stage 1. In our case, we are focusing on the supply side first: being accepted in as many locations as fast as possible through partnerships that enables instant scale. To achieve that, we will partner with payment providers that can give us instant scale. **We are already in positive talks with major players,** being the biggest (as of the end of 2021.
Stage 2. Educate the initial client base in the existing crypto community. Main value propositions: trust system, no need to pay credit card network fees, no spending limit.
Stage 3. Broader market adoption:

1. Once again: supply side first. Lillion is accepted in even more locations globally.
2. Education of general public. Supply increases exposure and people are willing to buy more from trusted merchants. Only Merchants accepting payments through Lillion will be guaranteed to be trustful by reputation and trust system.
3. Once there are more people willing to pay with their mobile phones at trusted merchants, more merchants will join the network.

Network effect is very well illustrated by **Metcalfe's Law**. For example: one telephone is useless. Two people with telephones can only make one connection, while five telephones make 10 connections and twelve telephones make 66 connections.

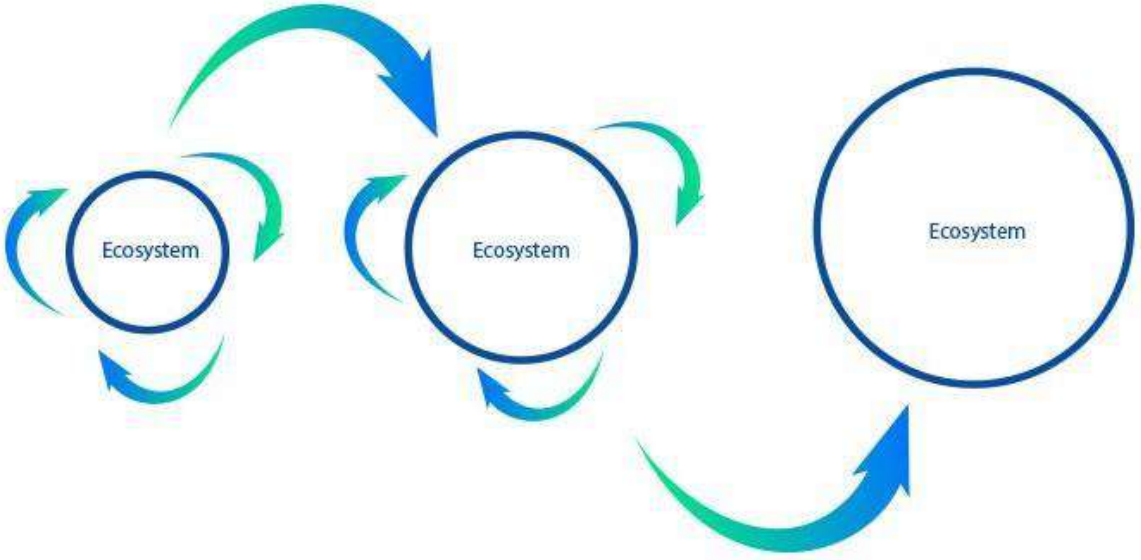
$$\textit{Value of a network} = n(n-1)/2, \textit{ where } n \textit{ is number of people using the network}$$

Focusing on the supply side first drives the demand which in turn drives the supply. Network effect kicks in: **the more users there are, the more valuable it is.** This rapid adoption is then self-perpetuating as both sides value the access to a bigger network of users (read 'more choice', 'higher probability of finding a match') coupled

with the improved transaction experience.

The importance of network effect was very well described by the Vice President of Bessemer Venture Partners (investors are LinkedIn, Shopify, etc.) in this LinkedIn post: https://www.linkedin.com/pulse/winning-marketplace-importance-supply-side-raghav-bahl

The growth of the ecosystem following those steps is illustrated in the graph below. That is how, in most cases, marketplaces and ecosystems are being built.



5.2 Loyalty program

In order to encourage networks effects and create an ecosystem for Lillion token, we are going to introduce a loyalty program for clients. That is unprecedented as most loyalty programs are facilitated by merchants themselves and not payment providers.

5.1.1 How does the loyalty program work?

- Every purchase made via the Lillion payment system will reward the client with 0.2% (the percentage might change over time) of the value of the transaction in Lillion tokens from the Lillion loyalty pool. This is provided

by Lillion no matter what goods or services the client buys or where the merchant and client are based.

- Loyalty tokens can be used during any purchase using a Lillion wallet:
    - The client picks an item he/she wants to buy
    - If the client has Lillion tokens she/he can apply them to reduce the items cost. The client gets a discount.
    - Lillion tokens are converted to TRX, USDT in real time.
    - Lillion tokens are returned to Lillion loyalty pool.
    - Lillion platform covers a discount for the merchant, so he gets the full item price.
    - Lillion tokens can be applied for up to 70% of the purchase value.
    - The client is still getting 0.2% of the amount paid by TRX (or other cryptocurrency) after loyalty is applied.
- Tokens acquired in this way are eligible for a discount for 6 months. Unused tokens are returned back to Lillion loyalty token pool.
- The client cannot convert tokens exchanged in this way to any crypto or fiat currency.
- The merchant is able to provide bigger loyalty discounts for his clients by adjusting his loyalty settings in merchants interface.
- Clients with high trust are eligible for higher discount percentage than 0.2%.
- The exact percentage of loyalty LIL tokens granted with every purchase might change over time.

6. Staking Program

The Lillion Staking Program and the corresponding token creation process will be issued by Lillion, and will be organized around smart contracts running on Tron. Participants willing to support the development of the Lillion Project can do so by sending TRX, USDT, BTC, ETH currency to the designated address. By doing so, they are purchasing Lillion Tokens (LIL) at the Exchange rate and sent instantly to their wallet.

- The accepted currency during the Staking is TRX USDT, BTC, and ETH.

Issuer	Lillion Innovation INC.
Jurisdiction of Issuance	Delaware
Legal qualification	Utility Coin, not a security
LIL created	20,000,000 LIL
Minimal goal	USD 20,000,000

Maximum number of tokens generated	20,000,000
% of tokens generated to Lillion team & partners	10%.
% of tokens generated for loyalty program	20%.
% of tokens generated to bonus, partners, costs	35%
% of tokens generated to Staking participants	35%

6.1 LIL Tokens

The Lillion (LIL) token will be a Tron-based tokens (TRC10). The token is a digital asset, bearing value by itself based on its underlying assets, properties and/or associated rights.

Tron-based tokens rely on a well-established Tron infrastructure, benefiting from several advantages:

- Security and predictability (as opposed to, for example, having to run an independent blockchain network).
- Use of robust and well-supported clients (Tron-based tokens can be managed with official Tron clients).
- High liquidity (interchangeable with other Tron-based tokens or TRX), easier listing on exchanges with infrastructure already in place.

Our Tron-based token contract complies with the TRC10 standard. More detailed info about the TRC10 standard can be obtained from: https://tronscanorg.zendesk.com/hc/en-us/articles/360027103751-What-are-the-differences-between-TRC10-and-TRC20-Tokens-

6.2 vLIL Tokens

The Value Lillion tokens (vLIL) will be a Tron-based tokens (TRC20). The token is a digital asset, bearing value by itself based on its underlying assets, properties and/or associated rights.

Tron-based tokens rely on a well-established Tron infrastructure, benefiting from several advantages:

- Security and predictability (as opposed to, for example, having to run an independent blockchain network).
- Use of robust and well-supported clients (Tron-based tokens can be managed with official Tron clients).
- High liquidity (interchangeable with other Tron-based tokens or TRX), easier listing on exchanges with infrastructure already in place.

Our Tron-based token contract complies with the TRC10 standard. More detailed info about the TRC10 standard can be obtained from: https://tronscanorg.zendesk.com/hc/en-us/articles/360027103751-What-are-the-differences-between-TRC10-and-TRC20-Tokens-

6.3 Incentive program

Always with the scope to create a network effect, Lillion has decided to increase the purchase value of the LIL on the Lillion platform, by everyday burning of Lillion.

Here's how it works:

*Let's say we have 1000 investors as LIL holders, holding 1 LIL each. Now, all token holders equally hold 0.1% of the total token supply.

*Let's say Lillion's merchants sold 100,000 LIL worth of goods and services in one month and let's say that 1USD = 1LIL. Because Lillion takes 1.0% transaction fee from merchants, Lillion will have 1000 USD of revenue collected.

*For this scenario, of Lillion's revenue means of 1000 USD worth of LIL we will burn.

6.4 Budget

Field	Portion of budget	Activities
Legal	10%	Company establishment, contracts with merchants, etc.
Product Development	50%	Product development according to development roadmap
Operations	10%	Management, employee salaries.
Marketing, sales, merchant acquisition & partnerships	30%	Expenses for attracting merchants, making partnerships with payment providers, platforms

7. Legal

7.1 General information

The Lillion token does not have the legal qualification of a security, since it does not give any rights to dividends or interests. The sale of Lillion tokens is final and non-refundable. Lillion tokens are not shares and do not give any right to participate to the general meeting of Lillion. Lillion tokens cannot have a performance or a particular value outside the Lillion Platform. Lillion tokens shall therefore not be used or purchased for speculative or investment purposes. The purchaser of Lillion tokens is aware that national securities laws, which ensure that investors are sold investments that include all the proper disclosures and are subject to regulatory scrutiny for the investors' protection, are not applicable.

Anyone purchasing Lillion tokens expressly acknowledges and represents that she/he has carefully reviewed this white paper and fully understands the risks, costs and benefits associated with the purchase of Lillion.

7.2 Knowledge required

The purchaser of Lillion tokens undertakes that she/he understands and has significant experience of cryptocurrencies, blockchain systems and services, and that she/he fully understands the risks associated with the staking as well as the mechanism related to the use of cryptocurrencies (incl. storage).

Lillion shall not be responsible for any loss of Lillion tokens or situations making it impossible to access Lillion tokens, which may result from any actions or omissions of the user or any person undertaking to acquire Lillion tokens, as well as in case of hacker attacks.

7.3 Risks

Acquiring Lillion tokens and storing them involves various risks, in particular the risk that Lillion may not be able to launch its operations and develop its blockchain and provide the services promised. Therefore, and prior to acquiring Lillion tokens, any user should carefully consider the risks, costs and benefits of acquiring Lillion tokens in the context of the staking and, if necessary, obtain any independent advice in this regard. Any interested person who is not in the position to accept or to understand the risks associated with the activity (incl. the risks related to the non-development of the Lillion platform) or any other risks as indicated in the Terms & Conditions of the staking should not acquire Lillion tokens.

7.4 Important disclaimer

This white paper shall not and cannot be considered as an invitation to enter into an investment. It does not constitute or relate in any way nor should it be considered as an offering of securities in any jurisdiction. This white paper does not include or contain any information or indication that might be considered as a recommendation or that might be used as a basis for any investment decision. Lillion tokens are just utility tokens which can be used only on the Lillion platform and are not intended to be used as an investment.

The offering of Lillion tokens on a trading platform is done in order to allow the use of the Lillion platform and not for speculative purposes. The offering of Lillion tokens on a trading platform does not change the legal qualification of the tokens, which remain a simple means for the use of the Lillion platform and are not a security.

Lillion is not to be considered as an advisor in any legal, tax or financial matters. Any information in the white paper is provided for general information purposes only and Lillion does not provide any warranty as to the accuracy and completeness of this information.

Lillion is not a financial intermediary according to Swiss law and is not required to obtain any authorization for Anti Money Laundering purposes.
Acquiring Lillion tokens shall not grant any right or influence over Lillion's organization and governance to the Purchasers.

Regulatory authorities are carefully scrutinizing businesses and operations associated to cryptocurrencies in the world. In that respect, regulatory measures, investigations or actions may impact Lillion's business and even limit or prevent it from developing its operations in the future. Any person undertaking to acquire Lillion tokens must be aware of the Lillion business model, the white paper or terms and conditions may change or need to be modified because of new regulatory and compliance requirements from any applicable laws in any jurisdictions. In such a case, purchasers and anyone undertaking to acquire Lillion tokens acknowledge and understand that neither Lillion nor any of its affiliates shall be held liable for any direct or indirect loss or damage caused by such changes.

Lillion will do its utmost to launch its operations and develop the Lillion platform. Anyone undertaking to acquire Lillion tokens acknowledges and understands that Lillion does not provide any guarantee that it will manage to achieve it. They acknowledge and understand therefore that Lillion (incl. its bodies and employees) assumes no liability or responsibility for any loss or damage that would result from or relate to the incapacity to use Lillion tokens, except in case of intentional misconduct or gross negligence.

7.5 Representation and warranties

By participating in the staking, the purchaser agrees to the above and in particular, they represent and warrant that they:

- have read carefully the terms and conditions attached to the white paper; agree to their full contents and accept to be legally bound by them;
- are authorized and have full power to purchase Lillion tokens according to the laws that apply in their jurisdiction of domicile;
- are neither a US citizen or resident;
- live in a jurisdiction which allows Lillion to sell Lillion tokens through staking without requiring any local authorization;
- are familiar with all related regulations in the specific jurisdiction in which they are based and that purchasing cryptographic tokens in that jurisdiction is not prohibited, restricted or subject to additional conditions of any kind;
- will not use the staking for any illegal activity, including but not limited to money laundering and the financing of terrorism;
- have sufficient knowledge about the nature of the cryptographic tokens and have significant experience with, and functional understanding of, the usage and intricacies of dealing with cryptographic tokens and currencies and blockchain-based systems and services;
- purchase Lillion tokens because they wish to have access to the Lillion platform;
- are not purchasing Lillion tokens for the purpose of speculative investment or usage.

7.6 Governing law and arbitration

Any dispute or controversy arising from or under the token shall be resolved by arbitration in accordance with the Delaware Rules of International Arbitration of the Delaware Chamber of Commerce in force on the date when the Notice of Arbitration is submitted in accordance with these Rules. The arbitration panel shall consist of one arbitrator only. The seat of the arbitration shall be Delaware. The arbitral proceedings shall be conducted in English.

8. Team

8.1 Lillion Team

Ravikash Gupta: Creator CEO. LinkedIn

The mastermind architect of “Lillion” technology. A blockchain geek. He earned gigantic experience in blockchain & fin-tech fields. With a degree in computer science, Masters in International Business Management, Ravi is recognized as one of the thought leaders in blockcain & software development philosophy, and as a proof of that, he runs many innovative online platforms free for public use.