



# PARCELX

## **The Future of Decentralized Cross-border Parcel Delivery**

Whitepaper (Version 1.1)

*Draft for open community appraisal and subject to change.*

Global Parcel Network Ltd., Singapore

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# Executive Summary

**Logistics is an industry of efficiency, scale, and most importantly: trust.**

A single cross-border parcel may be scanned dozens of times along its journey from origin to destination. These scans are the critical point of handover for transactions and payments, and enable consumers to track their package.

Effective and economic coordination among individual nodes to reliably deliver parcels to their destination is the core competitive advantage for any delivery service.

The Global Parcel Network (ParcelX) vision is to create a world where anyone can be a trusted member of the cross-border parcel delivery ecosystem through revolutionary blockchain technology.

Delivery giants like FedEx, UPS and national postal services represent the **first generation model**: establishing all delivery networks in-house with enormous investment and time to allow their network coverage to reach scale.

YTO Express, ZTO express, Yunda Express, STO express and Best Express represent the **second generation model**: they enable the miracle of Alibaba E-Commerce in China through low-cost franchising, quickly expanding their network nationally in just fraction of the cost and time span of the first generation services via the “**Tonglu Effect**.”

The ParcelX Platform will leverage blockchain technology to create a Blue Ocean market of cross-border logistics through decentralization, interoperability, information integrity and trust in parcel delivery networks. It will connect shippers, logistics service providers, logistics integrators and consumers in a well-balanced ecosystem, based on trust guaranteed by blockchain and seamless interactions, saving time and money while ensuring optimal security, transparency and traceability. Any

## Tonglu Effect

There were many franchising delivery network attempts in China, however only the five mentioned survived due to the “Tonglu Effect.” Their founders are all from the small Chinese town of Tonglu, with a population of about 500,000. Out of this, more than 100,000 are in the express delivery business.

The key to their success is their low-cost of trust: the bonds of kinship and neighborhood rooted within the humanistic culture of Chinese society.



new or existing logistics service providers or logistic integrators, and even individual persons are welcome to have their services linked through ParcelX. They will share service requests within the platform while building their reputations as efficient, transparent and low-cost providers.

**Inefficiency, opacity, and costs due to centralized, unstandardized models will be swept away by an architecture made possible through blockchain and a closed-loop token ecosystem.**

The crowdsourcing nature of the ParcelX platform lowers the barrier for service providers and verified individuals to join the ecosystem to nearly zero. It will allow the establishment of a fully-fledged cross-border parcel delivery network with worldwide coverage at unprecedented affordable cost and speed.

Economic interactions between participants on the ParcelX Platform are through its native token **GPX** (Global Parcel Network, i.e. ParcelX, Token). In the blockchain marketplace or ecosystem on the ParcelX Platform, when a consumer or e-commerce party requires parcel delivery service, it will use GPX to pay the service provider.

**Global Parcel Network Ltd.** will drive research, development, and deployment of efficient, secure & transparent blockchain architecture onto our existing revenue-generating business. Funds raised from our token sale will be devoted to creating the ParcelX Network framework and further developing key partnerships. Early adopters and supporters of the ParcelX Network will benefit from the GPX token's utility through reduced costs, data interoperability, and traceability.



# 1. Introduction to Cross-border Parcel Delivery

## Overview

Cross-border parcel delivery network is the moving of parcels between international locations through multiple carrier nodes. It involves these key nodes in the delivery chain:



Figure 1-1: Cross-border Parcel Delivery Flow Chart

The diagram above shows a typical cross-border parcel's flow through logistics nodes. Throughout the journey, logistics integrators have a role in connecting the right resources to the right job. It's shown that the journey for cross-border parcel delivery is tediously long with multiple carrier nodes across international locations. Currently, the whole process is still heavily driven by manpower with a lack of efficiency.



## Market Capacity

Global parcel volumes surged 48% between 2014 and 2016 and are set to continue growing at double-digit rates. The growth rate is forecasted to be 20% by 2018.

Cross-border e-commerce sites are the main driver of growth in cross-border parcel delivery volume. Consumers want freedom to shop anytime, anywhere and via any device.

According to McKinsey<sup>1</sup>, in 2014 there were just 265 million online cross border shoppers. By 2020, some 940 million online cross-border shoppers are expected to spend almost **\$1 trillion on cross-border e-commerce transactions.**

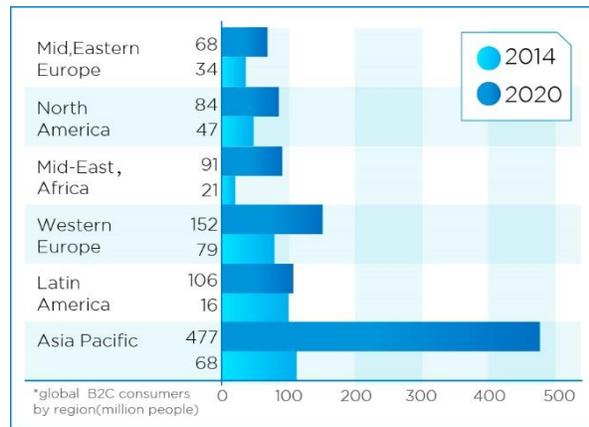


Figure 1-2: Cross-border B2C Market by 2020



Figure 1-3: Asia Pacific Parcel Market Forecast

The Asia Pacific region is the largest buyer of cross-border goods, with its market value expanding from US\$71 billion in 2014 to **US\$476 billion<sup>2</sup> in 2020**, and its share of global value increasing from 30% to 48%. This corresponds to an **annual growth rate of 27.3%.<sup>3</sup>**

China alone contributes 34% of global parcel volume. Its rising middle class, seeking high-quality & international products, is driving an explosion of e-retailers, logistics providers, and delivery brokers with accompanying services.<sup>4</sup> From 2016 to 2018, the value of China's

<sup>1</sup> <https://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/digital-globalization-the-new-era-of-global-flows>

<sup>2</sup> <http://www.eria.org/ERIA-DP-2017-11.pdf>

<sup>3</sup> [http://unctad.org/meetings/en/Presentation/dt\\_eweek2016\\_AlibabaResearch\\_en.pdf](http://unctad.org/meetings/en/Presentation/dt_eweek2016_AlibabaResearch_en.pdf)

<sup>4</sup> <http://www.alizila.com/fast-facts-china-and-cross-border-e-commerce/>



cross-border e-commerce market is predicted to rise from RMB1.01 trillion to **RMB8.8 trillion**.<sup>5</sup> The number of cross-border parcels delivered is estimated to rise from 557 million to 928 million<sup>6</sup>, **a growth rate of 60%**.

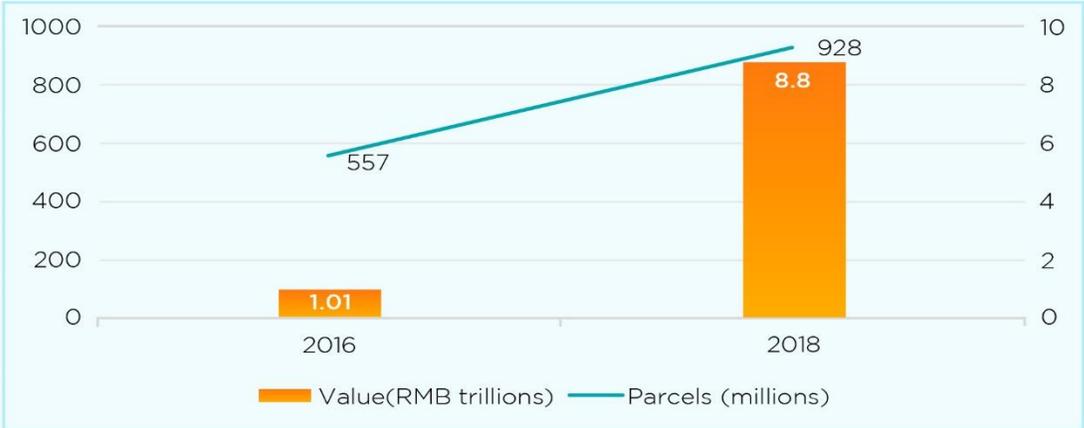


Figure 1-4: China Cross-border Parcel Market Forecast

China’s government has introduced numerous policies to encourage growth of this industry, with the Ministry of Commerce tallying over 5,000 cross-border e-retail platforms and over 200,000 enterprises conducting this business. One Belt One Road and its associated investments, policies and strategic mandates is also driving this industry’s growth.

<sup>5</sup> China Cross-Border E-Commerce Index

<sup>6</sup> <https://www.digitalcommerce360.com/2017/08/03/e-commerce-drives-31-increase-package-deliveries-china/>



## Current Generations of Delivery Models

There are two generations of logistics providers existing today:

### 1st Generation: In-house Model

- These types of providers are highly centralized and efficient because of their massive investment in infrastructure and internal standardization, and do not share their data with outside carriers. They are able to deliver parcels relatively quickly and dependably, **but at a much higher cost than other providers.**
- Examples: UPS, DHL, FedEx, EMS

### 2nd Generation: Integration & Franchising Model

- Integration of existing service providers either by franchising or business collaboration is an alternative way to establish the global parcel delivery network.
- Franchise logistics providers can provide lower cost services to customers, but their network is limited within the franchise's ecosystem which mainly serve domestic customers, and their data is also closed to outsiders.
- Crucially, the franchising model was able to succeed in China's domestic delivery due to what we call the "**Tonglu Effect.**" This effect is powerful when it can be established, but **it is nearly impossible to duplicate in the global logistics industry landscape today due to entrenched infrastructure costs.**
- Examples:
  - Franchising: YTO, ZTO, STO, Yunda Express, Best Express
  - Integration: 4PX, UBI, UEQ



## 2. Problems in the Industry

First generation providers give superior service, **but have high sunk costs**. Because of this, **their services are more expensive** for all actors in the nodes. Customers end up paying more for their deliveries in order to gain more peace of mind, while **suppliers have limited choices** to fulfill deliveries.

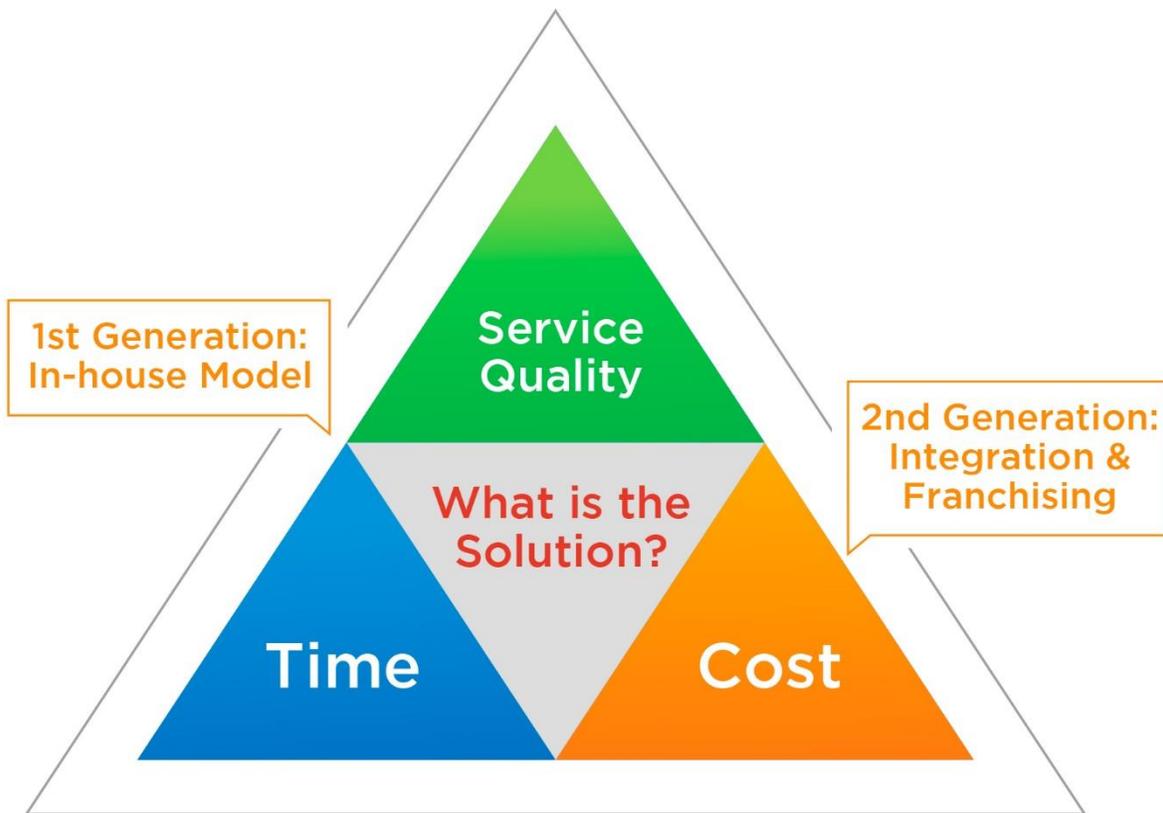
Second generation providers can achieve lower costs through their decentralized structure, however the limitations of their solution's aging architecture and the lack of data & service standardization among scattered carriers means **they deliver inefficiently and with significant gaps in traceability**:

- Different providers are not uncommon to interact through locally stored spreadsheets, handwritten bills of lading, and telephone calls & faxes which are inefficient and prone to errors.
- Lack of trust in a parcel's information results in redundant operations like re-weighing & re-labelling, leading to unnecessary costs.
- Deposits and payment periods are critical contract terms, requiring tremendous accounting overhead, and in some cases, third-party verification.
- Failed handoffs, failed deliveries and lost shipments arise. Wasted efficiency, fuel, time and missing products combine to cost the shipping industry billions of dollars per year; costs that brokers rarely cover and are ultimately passed on to shippers.

### **Consumers & e-commerce clients have limited choices:**

- They either overpay huge companies with in-house infrastructure to ensure high quality;
- Or they accept inferior delivery services from an incomplete integration of scattered service providers whose data and service may be untrustworthy and prone to errors.





While these two generations of providers can deliver parcels with varying degrees of success, they both suffer from a trade-off between efficiency (time and service quality) and cost.



### 3. The ParcelX Solution

#### ParcelX Model

##### 3rd Generation: ParcelX Model

- **Blockchain is our architecture of trust:** A decentralized, efficient cross-border parcel delivery network established through blockchain, with seamless & transparent data, efficient transactions, and low costs.
- **GPX is our instrument of trust:** Closed-loop GPX token economy builds value for early adopters and partners, replicating the “Tonglu Effect” on a global scale.

#### **ParcelX is the “AirBnB” of Global Parcel Delivery.**

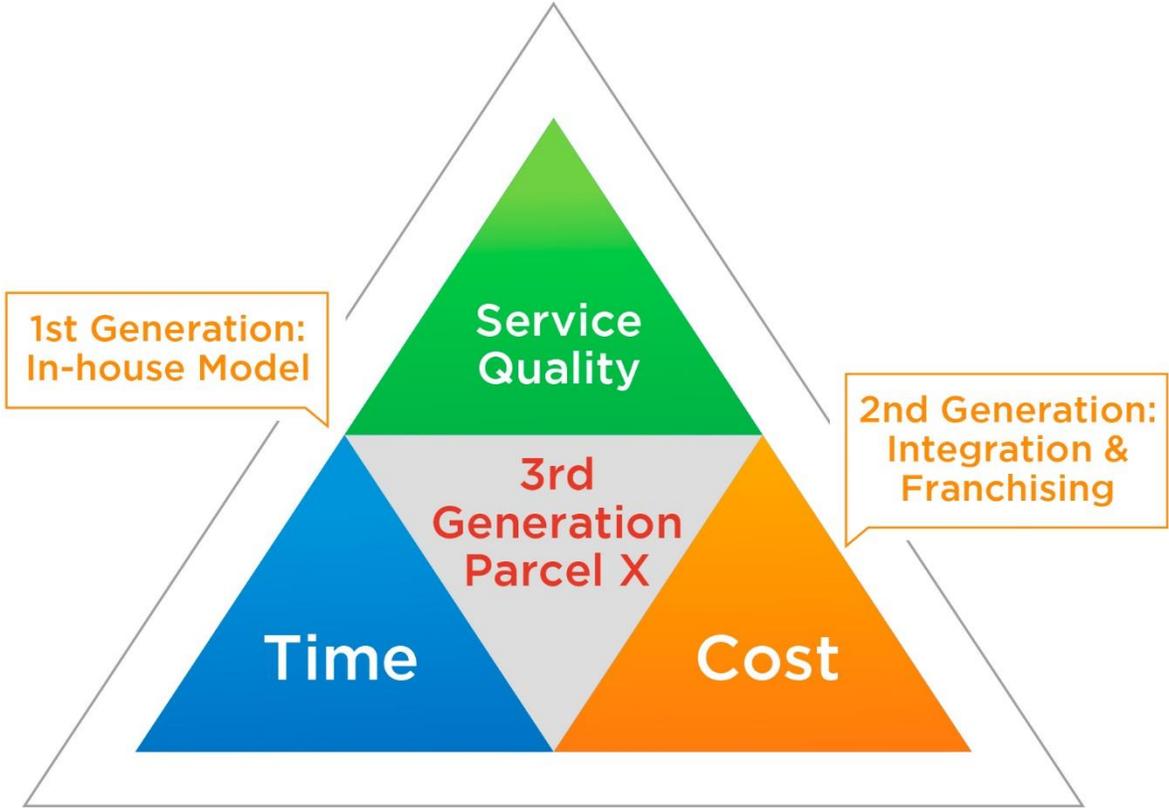
Through the architecture of a distributed and decentralized ledger system without a centralized trust authority made possible through blockchain, **logistics service parties globally will be empowered to trust each other without intermediaries.** The inefficiencies plaguing the 2nd generation model will be swept away.

In addition, ParcelX platform would issue GPX token as payment utility within the system. Delicate GPX circulation rules would be designed specifically to incent good service and punish any behavior that would not be encouraged or essentially evil. The more or the better you contribute, the more tokens you would get. The better everyone worked together, the more demands would flow into the ecosystem, the higher value of the token would conclude. GPX token economy builds value for early adopters and partners, **replicating the “Tonglu Effect” on a global scale.**

ParcelX will charge zero-commission on its services, allowing all participants in its ecosystem to focus on their core competencies: building their business and making deliveries. They won't have to worry about overhead costs and upgrading their IT infrastructure, and instead focus on unlocking their latent capacity and eliminating



redundancies in their current inefficient models. Warehouses with spare capacity can generate extra revenue, and even individuals who wish to take part in the cross-border e-commerce market are welcome to contribute to its growth.



ParcelX is the next generation of global logistics: efficient, inexpensive, and transparent hence trustworthy in service, made possible by blockchain and the ParcelX ecosystem.



## Why ParcelX?

**ParcelX is a logistics network with an established market base in China, Korea and Japan.** It possesses years of experience connecting cross-border e-commerce delivery providers and will deploy the ParcelX Network to establish a new standard for cross-border delivery service: efficient, transparent and low-cost. **It will push the logistics industry beyond its decades-old technological limitations, making existing providers obsolete.**

As a first-mover in the cross-border parcel delivery space, **ParcelX's existing network includes 30 global air carriers and 20 national postal system platforms.** Its partnerships include major cross-border e-retailers like Rakuten, eBay, Wish, InterPark, LG life, ymatou.com and haihu.com. It also collaborates with Yunda, Sagawa, CJ, UBI, Walltech, and Cainiao. Furthermore, ParcelX has **exclusive ownership of ports** in Xiamen and Yancheng, with overseas warehouses at Japan and Korea.

Harnessing unutilized, redundant capacity in domestic delivery providers, ParcelX unites these geographically distant nodes, using blockchain to seamlessly integrate their service and overcome the problems that exist in the industry for all stakeholders. Any new or existing logistics node, including individuals, **is welcome to have their service united with the ParcelX Network.**



## Benefits for All Stakeholders

### Consumers/E-Commerce

- **Reduced Costs**
  - Potentially more scale, hence more cost effective.
  - ParcelX Network will pass savings onto costumers through its more efficient, cost-effective blockchain-enabled ecosystem, which removes redundancies and unlocks latent capacity in delivery providers.
- **Enhanced Delivery Experience**
  - Richer Delivery Choices as broader delivery network.
  - Seamless data integration and analytics will provide for smart-contract enabled day-certain delivery guarantee and loyalty token rewards for repeat customers. Loyalty and early participation within the ParcelX Network will be rewarded with value-added services.
- **Proof of Origin**
  - Future combination of blockchain, IoT, and fully transparent data will protect against counterfeiting and help in tracking parcel content origin.

### Suppliers

- More sale leads to make full use of spare capacity hence **more income**.
- Free to **share the future-ready logistics IT system**, join the network of global delivery oppotunities and professional customer service.
- More energy to **focus on core competency** of providing better service with higher efficiency
- **Quicker turn around in transaction payments**
  - Less deposit
  - Cross-border payments will be cleared faster because identity management systems confirm funds and credit, and risk of loss due to bad debt or fraud is reduced via transparent data open to all ecosystem participants.
- **More data to support either planning or service imporvement**
  - Access to data analytics via information recorded on the ParcelX network can help better plan for resource management due to more accurate demand for parcel delivery. Downtime and wasted storage space will be drastically reduced or eliminated.



## Ecosystem (ParcelX)

- **Choice of Route and Reduced Cost**
  - Merchants can select the most optimal service provider and delivery route to reduce their costs and satisfy their customers; customers can select the quickest, cheapest route while still maintaining a high quality of parcel delivery service.
- **Enhanced Analytics**
  - Access to data analytics via information recorded on the ParcelX network can help enhance business through customized industry reports and market best practices; delivery providers can learn how to optimize their delivery routes, while retailers can understand how to best meet customers' preferences.
- **Unbiased Rating Systems**
  - All actors in the ecosystem will be able to rate each other on objective criteria such as speed of delivery, rate of batching orders at maximum efficiency, providing the lowest price, and more. This will create a constructive competitive feedback loop, continuously motivating all stakeholders to improve their quality of service.
- **Autonomous Intelligent Customer Service**
  - Customer service would be the key for customer satisfaction and also a significant cost contribution factor in parcel industrial. ParcelX's inherent machine driven delivery service integration with much more complete data support as comparing with legacy is ideal to apply AI in further depth to **customer support with the goal of improved customer satisfaction and reduced cost**. The envisioned technology applications could be: NLP (For better digestion of the statement); Reasoning (for the service needs); Social Intelligence (understanding of client's emotion); and Learning (for client and service overall with feedbacks).



## 4. Token Economy

ParcelX is building a world-class platform and ecosystem for decentralized cross-border logistics supported by the ParcelX Token (**GPX**). The platform is open to all key participants of the cross-border parcel delivery industry, including e-commerce merchants, service providers (including carriers, brokers, etc.), and end-customers.

ParcelX will be a leader in the cross-border parcel delivery industry, expanding its global reach through groundbreaking blockchain technology and **through an ecosystem powered by the GPX token.**

ParcelX believes that the initial coin offering, a new method of fundraising enabled by crypto-currencies, will help scale up the existing business quickly by providing sufficient capital and ample incentives for participants, and will help build a harmonious community by welcoming all participants to contribute to the ecosystem. Additionally, the system will **empower its participants to focus on their core competency** to provide high quality service at a reasonable price without worrying about overhead and technology costs. **As a result, end-customers will greatly benefit from the system.**

This section will explain the token economics through the following four aspects:

- ✓ **Token overview:** This section will provide an overview of the token specifications.
- ✓ **Token utility:** This section will provide an overview of the token utilities.
- ✓ **Token ecosystem and user journey:** This section will provide an overview on how the ecosystem is operated in stages, and how each participant will interact within the ecosystem.
- ✓ **Network effect:** This section will explain the rationale behind the ParcelX Network valuation and illustrate critical factors that drive it.



# Token Overview

GPX is a token issued by the Global Parcel Network Ltd.. Below are the token specifications.

GPX Token Specifications	
Token Name	Global Parcel Network (ParcelX) Token
Token Symbol	GPX
Amount Issued	1,000,000,000
Token Type	ERC-20 token (Ethereum)
Use of Proceeds	See details in Section 5

ParcelX is using an Ethereum-based smart contracts to issue initial token offerings. The tokens raised will be converted to the GPX token which is part of Metaverse Family Token (MFT).

## Token Utility

GPX token has the following five utilities: payment utility, currency hedge utility, reward utility, credit utility, and membership utility.

### Payment Utility

GPX token's main function is to be used as a **payment token**. Clients, which refer to the e-commerce merchants, end-customers, and other third-parties, will purchase the GPX token for the following services that ParcelX is offering:

- **Current use:** Clients will use GPX to purchase services, including regular delivery, priority delivery, and warehouse storage. ParcelX is currently offering these services to e-commerce merchants and will extend to end-customers during the second stage of the development mentioned in *Technical Appendix: Development Plan*.
- **Expected use:** Clients will use GPX to purchase data analytics insights and industry reports as well as value add services at later stage of the development plan as indicated in the *Technical Appendix*:
  - Data analytics and industry reports: ParcelX will invite the community to collectively create its data analytics insights and proprietary industry



reports, which will help participants (such as e-commerce or other parties) to better leverage its services and product offering. The community will also have a semi-centralized board of experts to ensure that only high-quality, anonymized and formatted data is sold.

- Value-added services: Customers will be able to purchase numerous kinds of value add services, such as day certain/even hour certain delivery service; insurance with auto valuation based on tracking data and delivery auxiliary with gift wrapping and uniformed concierge service etc.

ParcelX will adjust the pricing list of service offerings on a weekly and monthly basis based on changes in token price. Additionally, ParcelX will set up a service called ParcelX Treasury offering fiat/token exchange service: In the initial stage, not all participants may be willing to accept tokens as a payment function. Or even if they do accept tokens, they might still hope to exchange tokens for fiat currency. ParcelX will provide fiat/token exchange service for two purposes:

- To provide early participants/strategic partners with an option to freely exchange tokens for fiat currency at any time to make them feel more comfortable with the eco-system during the initial adoption period;
- To prevent them from selling large amount of tokens to exchanges for liquidation purposes, which will have a negative impact on token price stability.

While we understand that there will be some points of interaction where GPX might have to leave the ecosystem during the initial adoption phase, we believe the benefits of using and holding the token in the ecosystem vastly outweigh conversion to fiat, as token adopters gain all the benefits of being part of a trusted, error-free, and seamless logistics ecosystem.

### Currency Hedge Utility (Current Use)

GPX will be the unifying instrument that allows participants to take part in the ecosystem regardless of their geographic location. One of the main issues plaguing international trade is the fact that all parties are subject to foreign exchange risk. Unifying all stakeholders using a single token as a means of exchange will remove the risk of doing global business.

### Reward Utility (Current Use)

GPX will be used as a reward token as any kind of work promoting the ParcelX ecosystem will be rewarded by GPX. There are currently two main forms of work that allow people to earn tokens on the ParcelX platform: active and passive work. Active work refers to “real work and actions” including providing delivery services,



customer service, warehouse storage, data manipulation, redaction of industry reports, etc. Passive work refers to sharing data, locking tokens, scanning parcels, etc., which will be shown more visually below in *Token Ecosystem and Its User Journey*.

### Credit Utility (Expected Use)

ParcelX will build a credit-based system based on all data recorded in the network through blockchain technology to encourage a supply chain finance ecosystem. All participants will be entitled to a credit score for them to obtain supply chain financing from the Platform. ParcelX can also decide on credit line extension based on everyone's credit score.

As the ParcelX eco-system matures, GPX will be used as a credit collateral. It will allow its participants (i.e. e-commerce merchants) to get loans from the Platform and can use tokens that they hold as collateral.

### Membership Utility (Expected Use)

Participants who have met the minimum requirement for token amount held and holding time will enjoy more discounts on services compared to regular participants. Additionally, they will be able to access to premium/ personalized services that are not available for regular participants, such as day-certain, express delivery, free industry reports or data analytics. Thirdly, such participants can also extend their credit line with more favorable rates assuming they have good credit history mentioned in *Credit Utility* above.



# Token Ecosystem and User Journey

## Token Ecosystem

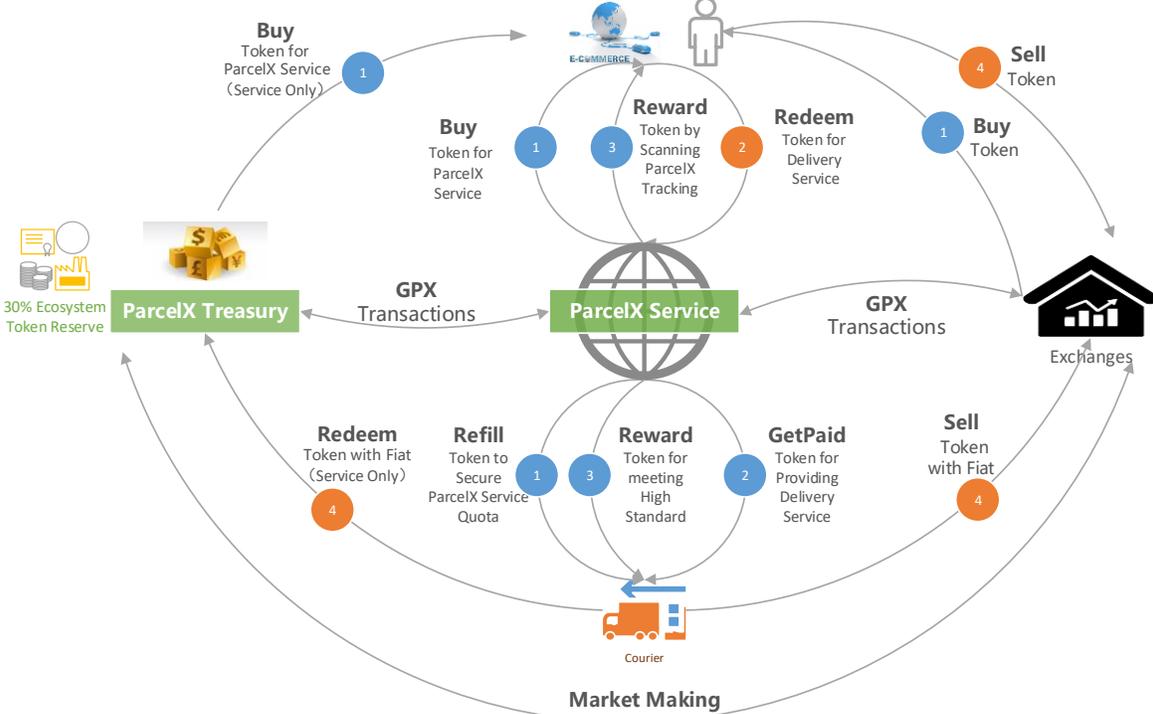


Figure 4-1: ParcelX GPX Token Ecosystem

Figure 4-1 outlines the ParcelX GPX token ecosystem, which is composed of three main parts:

- ✓ Core participants: Participants include clients which refer to e-commerce merchants and end-consumers (the top half of the graph) as well as service providers (the bottom half of the graph), which mainly refer to carriers.
- ✓ Core platforms: Platforms include the ParcelX Service, the treasury service, as well as the exchange (outside service).
  - ParcelX Service: The platform serves as a center of gravity for tokens, providing all the services mentioned in *Token Overview* and encouraging their circulation and use within the ecosystem.
  - ParcelX Treasury: As mentioned in *Token Overview*: the Treasury will offer the exchange service for clients or service providers to redeem tokens for fiat currencies.
  - The Exchanges: ParcelX will be listed on top ranked exchanges for liquidation purposes for individual users.



- ✓ Lines that connect participants to platforms using tokens: All lines with a blue circle are point of *receiving* GPX while lines with an orange circle are points of *giving away* GPX.

## User Journey

- ✓ **Clients (e-commerce merchants/end-customers):** The top half the graph presents the clients' journey in interacting with tokens in the eco-system. There are two closed loops involved:

- **Purchase & Payment Loop:**

- ◆ Purchase tokens (*blue - receiving*): e-commerce merchants purchase tokens from the ParcelX Platform, and end-customers purchase tokens from the Exchanges;
- ◆ Pay in tokens for ParcelX services (*orange - giving away*): As mentioned in *Token Overview*, there are many services (mainly delivery)

- **Reward & Redeem Loop:**

- ◆ Reward with tokens (*blue - receiving*) for using ParcelX services by scanning ParcelX tracking;
- ◆ Redeem tokens (*orange - giving away*): e-commerce merchants redeem tokens through ParcelX Treasury, and end-customers redeem tokens through the Exchanges;

- ✓ **Service providers (carriers):** The bottom half the graph presents the service providers' journey in interacting with tokens in the eco-system. There are three closed loops involved:

- **Receive & Redeem Loop:**

- ◆ Receive tokens (*blue - receiving*): carriers receive tokens as a payment from ParcelX to deliver e-commerce's parcels. ParcelX pays carriers one to two months after ParcelX gets payment from the clients;
- ◆ Redeem tokens (*orange - giving away*) through ParcelX Treasury;

- **Reward & Redeem Loop:**

- ◆ Reward with tokens (*blue - receiving*) for delivering high-quality services;
- ◆ Redeem tokens (*orange - giving away*) through ParcelX Treasury with large volume or through the Exchanges with small volume;

- ✓ **Contingent Loops:**



- Some carriers can potentially become a client of ParcelX, which functions like an e-commerce merchant who also asks ParcelX to deliver parcels. For these carriers, this loop is similar to the two loops under the Client section. But in this case, instead of buying tokens, we use the term "refill". Service providers will refill (purchase) tokens from ParcelX Service if they are acting as a client.

## Network Effect

According to the monetary economics theory<sup>7</sup>, ParcelX is applying the equation of exchange  $M*V=P*Q$  in valuing its network effect and token intrinsic value.

Where, for a given period,

- ✓ M is the total nominal amount of money supply in circulation on average in an economy.
- ✓ V is the velocity of money, that is the average frequency with which a unit of money is spent.
- ✓ P is the price level.
- ✓ Q is an index of real expenditures (on newly produced goods and services)

Due to the nature of token economics and the network effect created from this ecosystem, the discounted cash flow method in valuing network effect will not be suitable in this case as ParcelX is not a company with revenues, margins, and profits, but rather a cryptoasset-backed protocol economy. As mentioned in *Token Utility*, if the nature of a cryptoasset is to serve as a means of exchange, store of value, and unit of account, then, by definition, **each cryptoasset serves as a currency in the protocol economy it supports**. Since the equation of exchange is used to understand the flow of money needed to support an economy, the equation of exchange becomes the cornerstone to cryptoasset valuations.<sup>8</sup>

In this case, ParcelX is a cryptoasset-based protocol economy building a cross-border parcel delivery eco-system, with GPX used as the currency in this protocol economy to transmit value.

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<sup>7</sup> Equation of Exchange: [https://en.m.wikipedia.org/wiki/Equation\\_of\\_exchange](https://en.m.wikipedia.org/wiki/Equation_of_exchange)

<sup>8</sup> Theory Behind Cryptoasset Valuations: <https://medium.com/@cburniske/cryptoasset-valuations-ac83479ffca7>



Below is a brief introduction on the formulas we applied to derive token intrinsic value based on the total network effect (price of goods \* volume) and velocity based on the monetary economic theory.

### Applied Formulas

$$M*V=P*Q$$



$$(\text{Total Money Supply} * \text{Money Value}) * \text{Velocity} = \text{Price of Goods} * \text{Volume}$$



$$(\text{Token In Circulation} * \text{Token Intrinsic Value}) * \text{Velocity} = \text{Average ParcelX Price} * \text{Gross Merchandise Volume (GMV)}^9$$



$$\text{Token Intrinsic Value} = \text{Average Price} * \text{GMV} / (\text{Velocity} * \text{Token In Circulation})$$

Please see the *Token Economics Appendix* for detailed information on the assumptions and calculations to derive intrinsic token value.

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<sup>9</sup> Gross merchandise volume is a metric commonly used by e-commerce businesses to measure total sales transacted through their platforms: "Explainer: What is GMV (gross merchandise volume) and why is it such a big deal?" South China Morning Post



## Network Effect

According to the theory and calculations mentioned above, the key indicators of measuring the ParcelX network effect are the increase in the parcel volume, GMV, and its market share compared to global cross-border parcel market capacity.

GPX Parcel Volume & Gross Revenue 3-year Projection

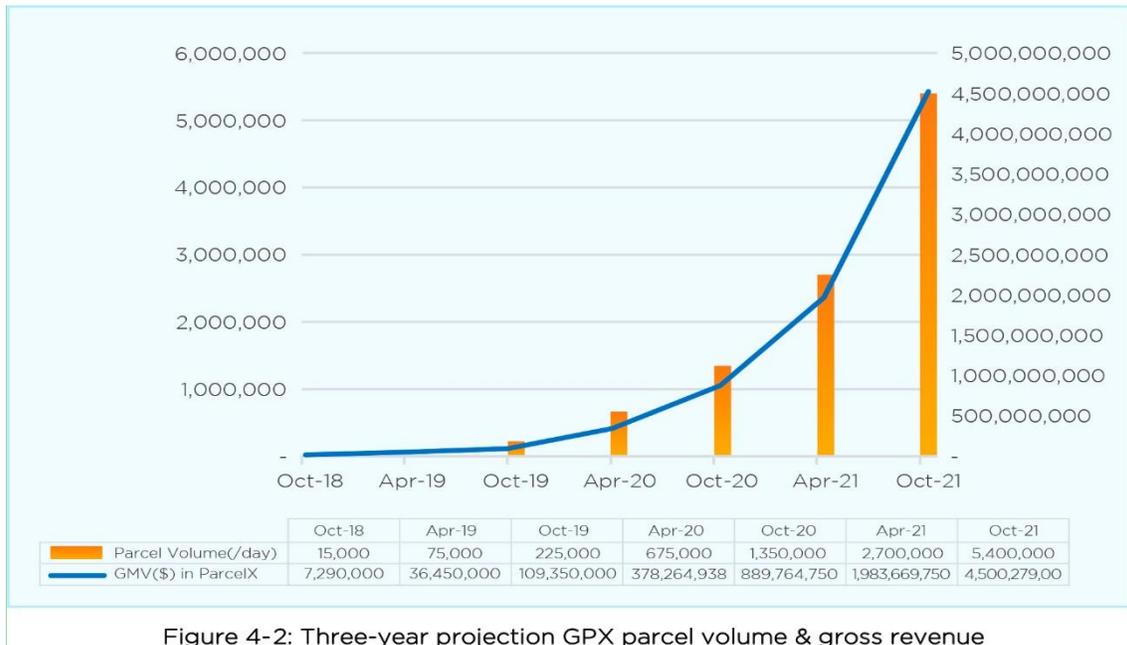


Figure 4-2: Three-year projection GPX parcel volume & gross revenue

GPX Market Share 3-year Projection

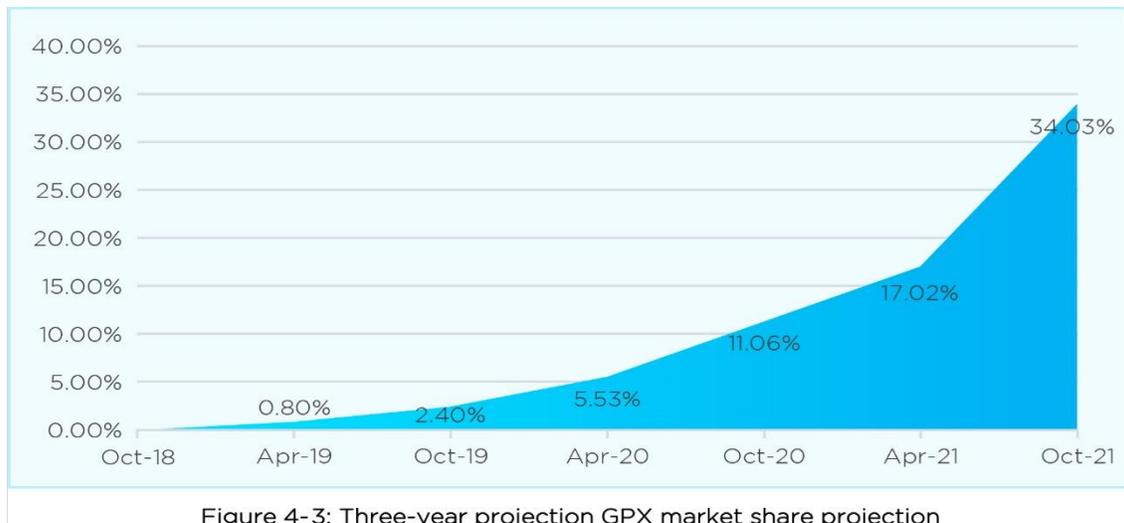


Figure 4-3: Three-year projection GPX market share projection



Figure 4-2 is our goal of three-year projection for parcel volume by day and gross revenue. Figure 4-3 is projected market share over the same period.

As indicated in the table above, ParcelX assumes the parcel volume for the first three months after the ICO will be at least the same as its current business: 15,000 parcels per day. This is projected to increase by 5/5/3/2/1.5/1.5 times every 6 months as ParcelX rolls out, based on the industry growth average and assuming the eco-system is under healthy development. As a result, the ParcelX market share will reach one third of the global cross-border parcel delivery market by the end of the third year.

As mentioned in *Section 1: Introduction to cross-border parcel delivery*, China's volume of cross-border e-commerce transactions is expected to reach RMB 8.8 trillion, with a parcel volume growth of over 60%. With the powerful tool of blockchain technology and a token empowered eco-system, ParcelX will scale up its business faster than the industry average, which will be a strong support for GPX's token price.

## Stable GPX design

GPX is the payment utility for ParcelX ecosystem, it is critical to maintain a price-stable GPX.

### GPX Pricing

There are two main factors for GPX pricing:

1. Supply & Demand  
There will be two levels of demand and supply for the ParcelX ecosystem. One is for the service, the other is for the token itself. The service demand will impact the fair parcel price in fiat level  $P_{fiat}$ , while the token demand, together with the service fiat pricing will construct the token intrinsic price  $P_{gpx}$ .
2. At the outset, the payment of the parcel delivery service would be the only use case. From a service point of view, the supply of the ParcelX ecosystem would be the service capacity  $N_S$  within the network, while the demand would be the actual parcel delivery volume  $N_a$  served by ParcelX.



$$N = \sum_{sp=0}^n N_{sp}$$

(sp denotes Service Provider)

$P_{fiat}$  represents the fiat pricing in a mature market with enormous volume, hence it has a tight range and is relatively stable. This price would be mostly impacted by the quality of our service and the demands from the clients (initially e-Commerce). The better our service & the more demands from clients, the higher the GPX price and vice versa.

The token intrinsic P<sub>gpx</sub> value as elaborated at Section 4 of Token economy is the exact reflect of the equilibrium btw token supply and demand where:

$$P_{gpx} = \frac{P_{fiat} * N_a}{v * GPX \text{ in Circulation}}$$

(v denotes the velocity of the token)

A healthy GPX pricing ideally would be a stable price reflecting the token's intrinsic value. In our plan it should grow proportionally to our network capacity and with improvement of service over time. For the first two years, we expect aggressive growth of our network to reach scale, hence we expect a stable but quick growth, with the diagram below showing the pattern of target growth with . The bold line displays intrinsic value of token based on our business development goal for ParcelX network expansion.



Figure 4-4: Three-year projection of target price curve

### 3. Market Speculation and manipulations

As long as a token is open for trade and listed on an exchange, there exists market speculations and manipulations, which are the key destabilizing factors on the market. Although it usually would not impact price in the long term, it could be detrimental to an ecosystem like ParcelX, which uses the token as a payment token. It is essential to have a comprehensive solution throughout the ParcelX lifecycle.

## Treasury for Stability

First, we will establish a dedicated **ParcelX Treasury** as defined previously in this Section and diagrammed in **Figure 4-4** to

- a) Serves as token and fiat reserve, 15 % of token (Liquidity allocation) and 10% of ICO fund from ecosystem would be reserved for this purpose.
- b) Based on the Supply & Demand as elaborated above, publish the official GPX exchange rate with fiat on monthly basis (the frequency may be adjusted based on the progress of the business development).
- c) Help service provider to exchange GPX into fiat and allows individual or e-Commerce to buy GPX which is locked for service redemption only.  
NOTE: there are two key restrictions for the exchange with Treasury:

1. The fiat exchange service is only for token acquired from service.
2. The purchased GPX from treasury is locked for service redemption only – not available for third party exchanges.

The above two unique rules ensure stable GPX price for service within the ParcelX ecosystem, at the same time eliminating potential arbitrage through our treasury.

- d) Leverage the token & fiat reserve and third party professional trading service to perform market interference to alleviate significant deviation between the external trading price and the fair intrinsic value of GPX token. Internal reserve would be sufficient for the first year or partial service launch, it may not be scalable when ParcelX reaches scale with respect to either the delivery network capacity or value exchanges due to expanding of use cases such as supply chain financing, etc.



## GPX-backed Stable Coin

Once ParcelX reaches scale, we plan to partner with FinBook Lab, a Singapore-based digital asset research group, to build a smart contract that issues stable coins by staking GPX as a collateral. The stable coin solution is modeled after a mathematically-proven and market-tested design by [DUO Network](#), with parameters tailored for ParcelX's use cases.

GPX as the primary utility token of the ParcelX platform draws its value from the platform's operation. As the ParcelX eco-system matures, GPX can be used as collateral to issue price-stable tokens (stable coins).

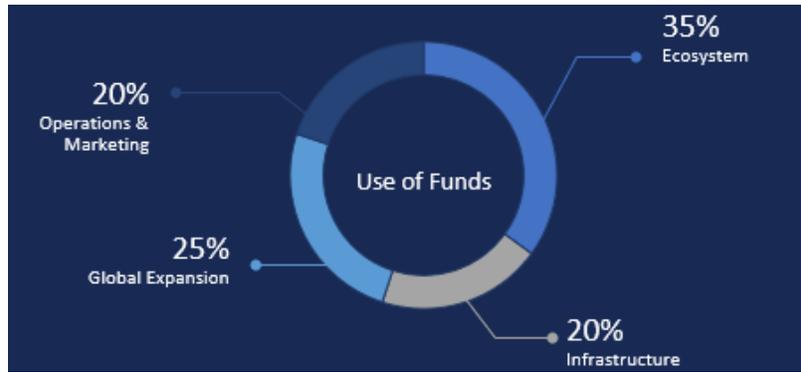
These stable coins have their values backed by collateralized GPX, with prices pegged to fiat money such as USD or CNY. This allows the ParcelX platform to be adopted by conventional clients and vendors who want to handle their payables and receivables with fiat money equivalents, without the hassle of exchanging between cryptocurrencies and fiat money. This helps reduce the ParcelX Treasury's burden on fiat/token exchange services.

Moreover, the increased demand of GPX-backed stable coins requires more GPX being securely collateralized to smart contracts. This reduces the market circulation of GPX and its sell-off pressure.

## 5. Token Distribution Plan

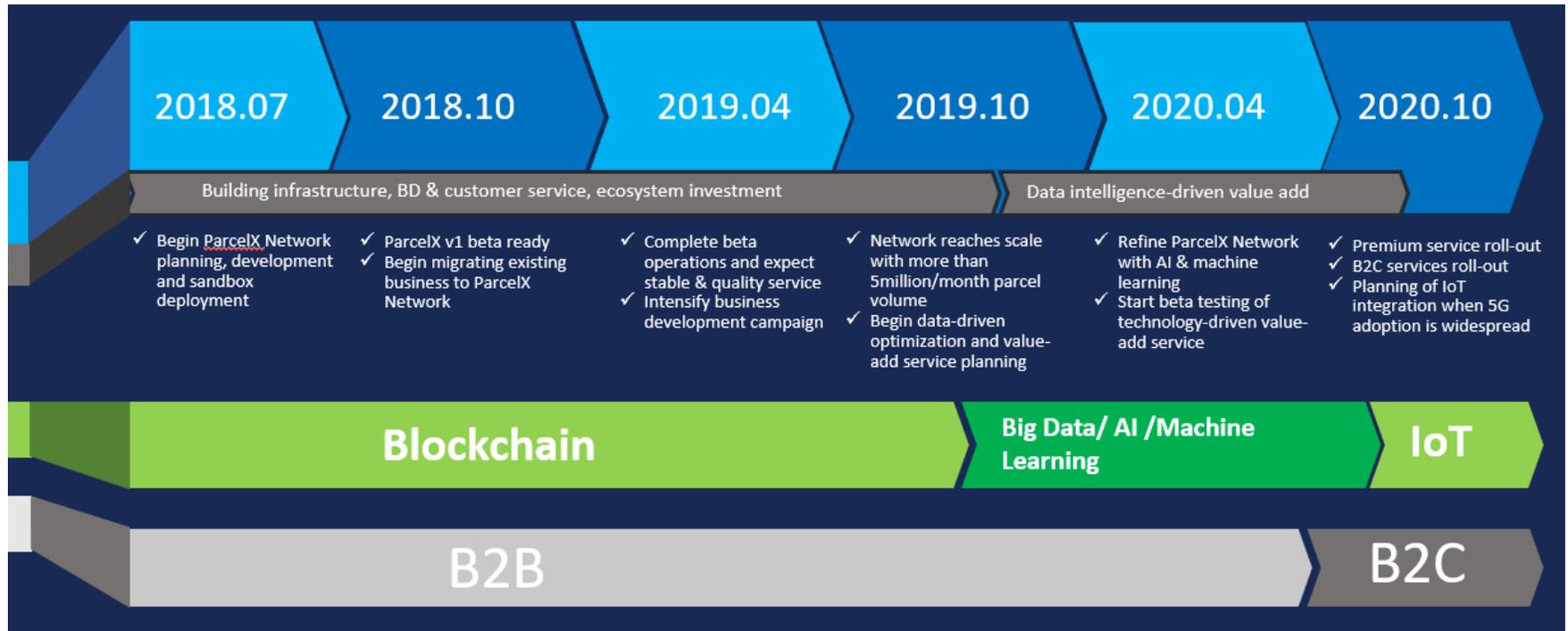
The total volume of GPX is 1,000,000,000. 30% of this issuance will be done through Token Generation Event (TGE).





## 6. ParcelX Roadmap

The following milestones will be achieved:



## 7. The ParcelX Team and Advisors

### Management Team

#### Guo Shunri

CEO & Co-founder



<http://www.linkedin.com/in/shunrig>

- Serial entrepreneur with 5 global patents
- 20 years of large scale professional software development experience; experience on big data applications and cross-border e-commerce logistics
- Key founder for Microsoft China Research & Development Center
- Founder & CEO of Yuntu.com, a pioneer for data-driven offline business
- Co-founder & CEO of Wuyao e-Commerce (Shanghai) Co., Ltd., bringing data insights to the traditional field of electronic port customs clearance
- **Mississippi State University**, USA, Ph.D. Industrial Engineering

#### Yang Mingyi

President & Co-founder



<http://www.linkedin.com/in/YangMingYi>

- Serial entrepreneur with over 10 years experience across China, Japan, and South Korea
- Expert on big data driven financial services and cross-border e-commerce logistics
- Founder and Chairman of UCJ, Co., Ltd. (Japan), one of the earliest Japan-China cross border shopping platforms
- Founder and Chairman of Shanghai United Cities Industrial Co., Ltd, one of the 1st credit card financial services and database marketing enterprises in China. Funded by Japan SBI, Japan JAIC, Jiangsu Province, China CMB International, Taiwan Fuxin, and other well-known VC arms
- Co-founder of Wuyao E-commerce (Shanghai) Co., Ltd.
- **University of Tokyo**, Japan, Bachelors, Business Administration

## Steven Roussanov

CMO

<https://www.linkedin.com/in/steven-roussanov-22436a44>



- CMO at Zoomlab.io, one of the fastest growing Blockchain incubation, marketing and consulting companies
- Marketing & Sales Director at MultiBank Exchange Group, one the largest global Forex Brokers
- Head of Customer Service at Groupon-Tencent China
- Associate at Lehman Brothers for three years, major Wall Street Investment Bank
- **Columbia University**, USA, BA in Economics and Finance (Highest Honors), MBA Candidate (completed 1st Year)

## Hiroyuki Kawai

COO



- Served as director or general manager of 3 Japanese & American public listed companies with outstanding operational skills. Expert on internet & cross-border e-commerce
- Director & GM of Crayfish Co., Ltd., one of the first internet companies listed on both the Tokyo Stock Exchange and the NASDAQ
- Co-founder of UCJ Co., Ltd., (Japan), one of the earliest Japan-China cross-border shopping services platforms
- Director of E-Store Co., Ltd., (Japan), a Tokyo Stock Exchange listed company
- Director of NGI Group Co., Ltd., (Japan), a Tokyo-listed internet investment company, founder for NGI's investment fund in China
- **Kobe University**, Japan, Bachelors Electronic Engineering



## Nirvana Xu

PR Head(Greater China)

<https://www.linkedin.com/in/nirvanaxu/>



- Over 18 years working experience in Public Relationship (In-house & Agency), expert in Brand Management, Crisis PR, Government Relation and Corporate Communication through both traditional and social media, with great successes and good reputation.
- Supor PR Director at Groupe SEB France, the world's number one small appliance group, well trained in systematic approach and process with strategic mindset. Versatile in multiple marketing techniques and tools from public relations, brand positioning, new media integrated marketing strategy to market research and event management.
- University of South Australia**, Australia, MBA (Top Student Award)

## Advisors

## Yang Zhoulong

Logistics Advisor



- Director, vice president and CIO at Yunda Group, one of the largest express delivery companies in China, delivered 4.5 billion parcels in 2017, with 40% year over year growth
- Earlier career in IT for finance, had several achievements in the fields of planning, building and operating financial IT systems and the creation and application of financial models
- Fudan University**, bachelor and MBA, currently taking Ph.D. of financial management from the **ASU Carey School of Business**



## Eric Gu



### Blockchain Strategic Advisor

<https://www.linkedin.com/in/theericgu/>

- Founder of Metaverse Foundation and CEO of Viewfin. Eric Gu, is a Blockchain and Digital Asset expert and a well-known opinion leader in the Chinese Blockchain ecosystem.
- As well as being a lifetime member of the Bitcoin Foundation, Eric was the main translator of 'Blockchain: Blueprint for a New Economy', the first Blockchain book translated into Chinese.

## Daniel Santos



### Business Advisor

<https://www.linkedin.com/in/danilkafx/>

- An advisor to Conduit, is a Henley Business school graduate with over a decade of investment banking experience gained at Morgan Stanley, DB and Citi in London and Renaissance Capital in Moscow. He is the Founder of Token Advisors and a World Economic Forum Summer Davos participant. With a specialty in token economics, international business development, and token game theory he was an early investor in IOTA and advisor to TRON's ICO.

## Chuan Jin (CJ) Fong



### Strategy Advisor

<https://www.linkedin.com/in/chuanjinfong/>

- A double degree holder from Singapore Management University with 10 years of experience in investment banking from Morgan Stanley and Nomura. He is the Asia CEO and Co-Founder at Token Advisors.





## Ashishi Gaurav

Token Growth Advisor

<https://www.linkedin.com/in/ashish-gaurav-46268319/>

- 7 Years experience across Investment Banking, Financial Market Sales, Strategy and Change Management
- Currently leading strategy and change management of Retail Banking's global investment portfolio (~\$200 million) at Standard Chartered Bank. MBA from FMS Delhi



## Selvakumar Esra

Blockchain Technology Advisor

<https://www.linkedin.com/in/selvae/>

- Blockchain Architect, Ethereum , Hyperledger. Delivered multiple successful blockchain projects
- 15 years of experience in software development & delivery. Delivered technology solutions for leading investment banks such as JPMorgan, CitiBank, Royal Bank of Scotland, Lehman Brothers etc. Agile champion who is certified Scrum master, certified product owner



## Appendix: Token Economics

### Applied Formulas

$$M*V=P*Q$$



$$(\text{Total Money Supply} * \text{Money Value}) * \text{Velocity} = \text{Price of Goods} * \text{Expenditure}$$



$$(\text{Token In Circulation} * \text{Token Intrinsic Value}) * \text{Velocity} = \text{Average ParcelX Price} *$$



$$\text{Gross Merchandise Volume (GMV)}^{10}$$

$$\text{Token Intrinsic Value} = \text{Average Price} * \text{GMV} / (\text{Velocity} * \text{Token In Circulation})$$

- i. Avg Price \* GMV = Parcel Freight GMV + Supply Chain Financing GMV
- ii. Parcel Freight GMV = Predicted Parcel Volume \* Avg. GPX Parcel Price
- iii. Supply Chain Financing GMV (Value-added service) = Predicted Parcel Volume \* Avg. E-commerce Product Value \* Gross Cost \* % of E-commerce will exercise financing options
- iv. Velocity = No. of times that token is exchanged from hands/ a period of time
- v. Token in Circulation = Predicted % of Tokens in Circulation \* Total Supply

---

<sup>10</sup> Gross merchandise volume is a metric commonly used by e-commerce businesses to measure total sales transacted through their platforms: "Explainer: What is GMV (gross merchandise volume) and why is it such a big deal?" South China Morning Post



## Applied Assumptions

*The initial stage - refers to the first three months after the ICO*

### **GMV\*Price calculation:**

Core Services - Parcel Freight

- ✓ Predicted Parcel Volume - Use the same number as the existing business for the initial stage and will increase by increase by 5/5/3/2/1.5/1.5 times every 6 months as ParcelX rolls out; The goal is to have a market share of 1/3 by the end of three years period.
- ✓ Avg. GPX Parcel Price - Assuming it's 40% of the current EMS parcel price

Value-added Service - Supply Chain Financing

- ✓ Supply Chain Financing - Assuming there is 5% of e-commerce merchants in the initial stage will exercise their financing option; assuming the gross cost for product value is 80%

### **Velocity Calculation:**

- ✓ No. of times that token is exchanged from hands: As mentioned in *7.2 Token Ecosystem and User Journey*, there are 4 times through one circle:
  1. Clients buy tokens from ParcelX Treasury or the Exchanges;
  2. Clients pay tokens for the services;
  3. ParcelX pays tokens to service providers;
  4. Service providers redeem tokens through ParcelX Treasury or the Exchanges;
- ✓ A period of time: According to industry practice, the payment circle for service providers is normally within 60 days. Therefore, we assume a two-month period in the early stage. As the platform matures, ParcelX can expedite the payment circle gradually.

### **Tokens in Circulation Calculation:**

Predicted % of Tokens in Circulation - According to the *7. Token Distribution Plan*, 15% of total supply will be distributed to strategic partners and 15% will be used for market-making. For the initial stage, 10% of tokens are assumed to be distributed and circulated by strategic partners; and will gradually grow to 30% over 5 years.



## Appendix: Technical Architecture

Blockchain is the technology behind cryptocurrencies such as Bitcoin. It enables a distributed and decentralized ledger system without a central trust authority, and it has been proven secure at large scales.

### Problems

Logistics is an industry of efficiency and scale, more importantly of the credit (trust). Every delivered parcel may experience many scanning & handling by different parties. These scanning is the key to solve the payment, transaction and responsibility (trust) handover, at the mean time allows consumers to track the package.

As indicated in the business section, integration of scattered service providers can achieve lower costs through their decentralized structure, however the limitations of their solution's aging architecture and the lack of data & service standardization would result in inefficiency:

- Different providers are not uncommon to interact through locally stored spreadsheets, handwritten bills of lading, and telephone calls & faxes which are inefficient and prone to errors.
- Lack of trust in a parcel's information results in redundant operations like re-weighing & re-labelling, leading to unnecessary costs.
- Deposits and payment periods are critical contract terms, requiring tremendous accounting overhead, and in some cases, third-party verification.
- Failed handoffs, failed deliveries and lost shipments arise. Wasted efficiency, fuel, time and missing products combine to cost the shipping industry billions of dollars per year; costs that brokers rarely cover and are ultimately passed on to shippers.

### Proposed Solutions

- A phenomenon occurs when the logistics industry is united with blockchain, especially in the cross-border e-commerce market. With a blockchain-driven network, logistics service parties from all around the world can now trust each other without needing an intermediary.



- ParcelX platform is the infrastructure to fulfill the purpose of establishing trustworthy collaboration by recording every event, transaction, payment and contract into the block.
- Data is distributed across the network and can be retrieved for real-time tracking. Any attempts to alter the data would be rejected as the majority of nodes within the network would recognize the change as illegitimate.

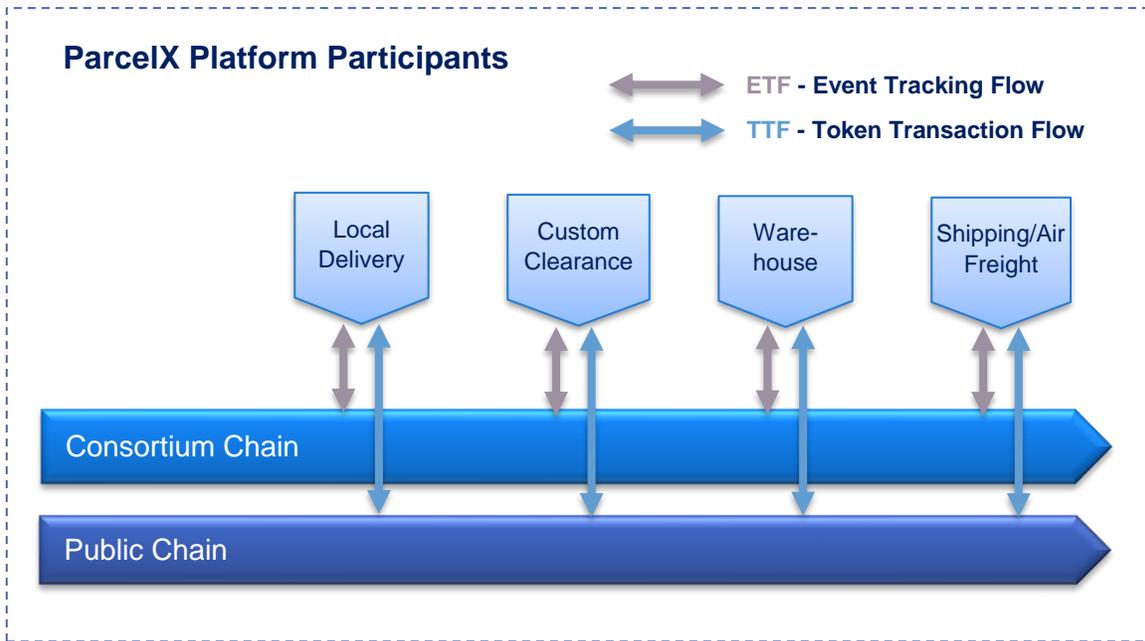


Figure A-1 ParcelX Platform Participants

As indicated in the above diagram, ParcelX platform proposes a dual-chain-structure to address the different application needs from GPX token transactions and logistic operations.

Logistics service providers, including local delivery, custom clearance, warehouses, & shipping/air freight, are involved in the collaboration networks by implementing two types of interaction flows:

- Event tracking flow (abbreviated as ETF) will record into the consortium chain of the ParcelX platform the times & proof after service provider has finished its functions.
  - a) ETF stores each logistics service party's real-time performance. Though centralized database technology it is capable of holding persistent data storage, ParcelX prefers a consortium blockchain to provide a certain extent of trust guaranteed by its decentralized structure.



- b) Real-time data on the consortium chain can be uploaded collaboratively and queried by all service providers spontaneously.
  - c) ParcelX uses Hyperledger (hyperledger.org) to build the consortium chain. Hyperledger is a well-known, open source project for enterprise scenarios. It adopts a chain-based Byzantine Fault Tolerant (BFT) consensus algorithm. As a consortium chain, BFT guarantees security and dramatically saves computational costs. Only permitted parties can participate in the ledger work.
- Token transaction flow (abbreviated as TTF) is for GPX token handling:
    - a) GPX tokens function as a currency within the network. The utility value of GPX tokens is guaranteed via third-party public blockchain.
    - b) All operations of token purchase and redemption will be recorded in the public chain, which is managed collaboratively by all parties. No party has the authority to determine, alter or influence the transactions. Logistics service providers can therefore fully trust the GPX ledgers.
    - c) At this stage, ParcelX will adopt Metaverse (mvs.org) as the public chain, based on the 2 following criteria: 1) The willingness to customize in order to fit ParcelX's unique use cases; 2) Scalability and security of the public chain

To ensure fairness, logistics service parties should be able to access all information recorded on the public chain as well as the consortium chain. Moreover, the ParcelX platform encourages all logistics service parties to participate in the consortium chain ledger work.



## Architecture View

Based on blockchain-driven trust, ParcelX platform expands its existing trust mechanism to a large scale multi-party global logistics collaborative network. The architecture view below illustrates the technology stack:

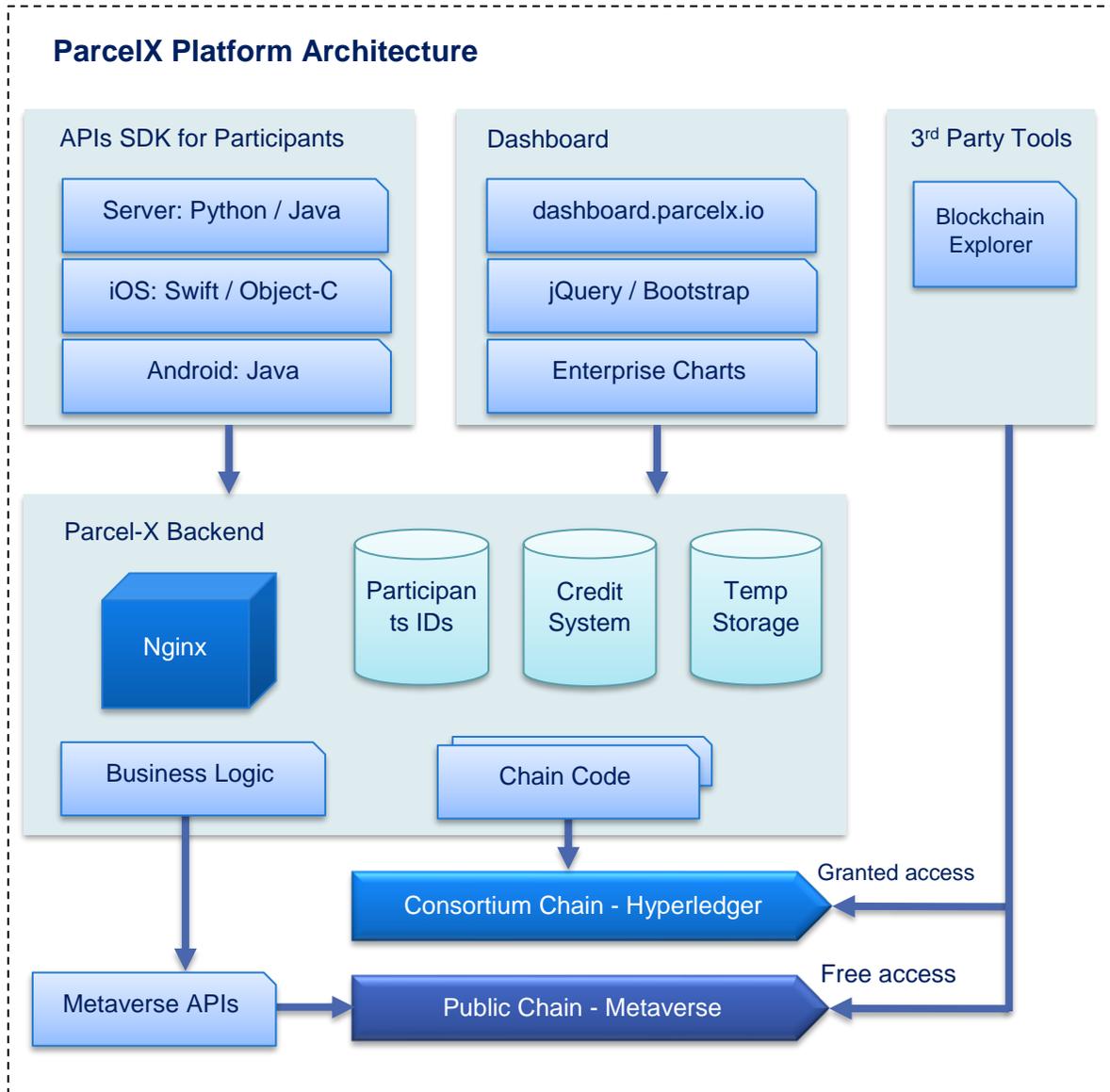


Figure A-2 ParcelX Platform Architecture



## Atomic Swaps

To ensure atomic transaction swaps, ParcelX create a multi-signature address on the consortium chain to coordinate participants. Participant A, B, & ParcelX can sign on that address. More than 2/3 of them signing that address can validate a delivery action.

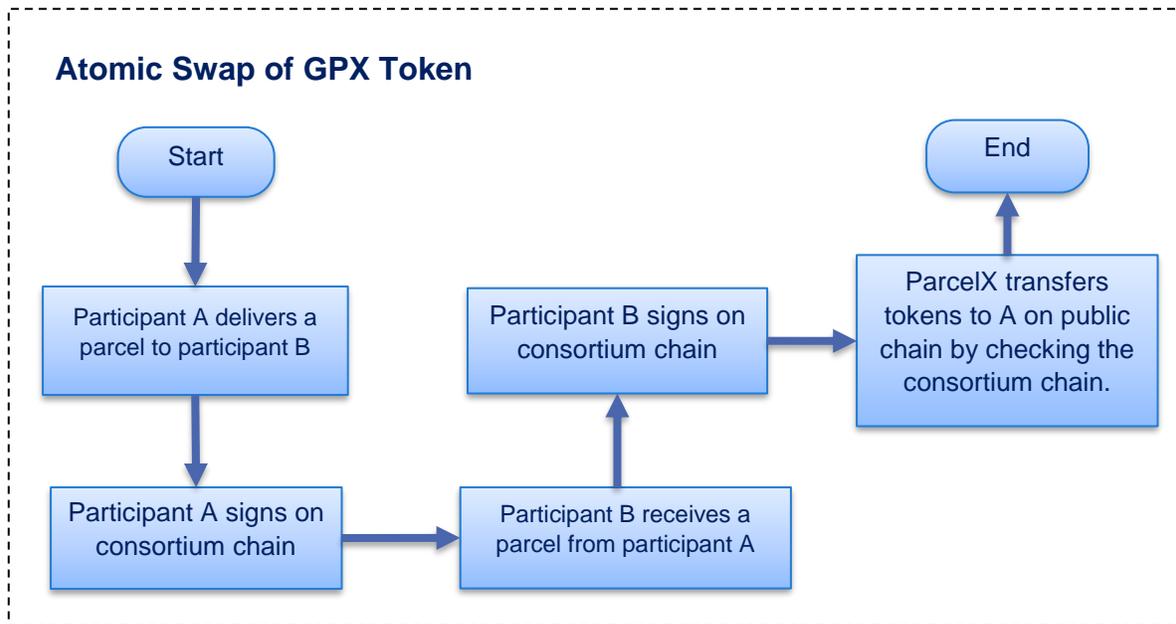


Figure A-3 Atomic Swap of GPX Token

- If participant A, B agree on their parcel handover, the consortium chain will automatically record the successful action. If not, ParcelX may participate and provide its signature after negotiations.
- At least 2 signatures will make the GPX token on public chain transfer complete.



# Development Plan

To accompany our business plan, the development of the ParcelX platform is comprised of three phases:

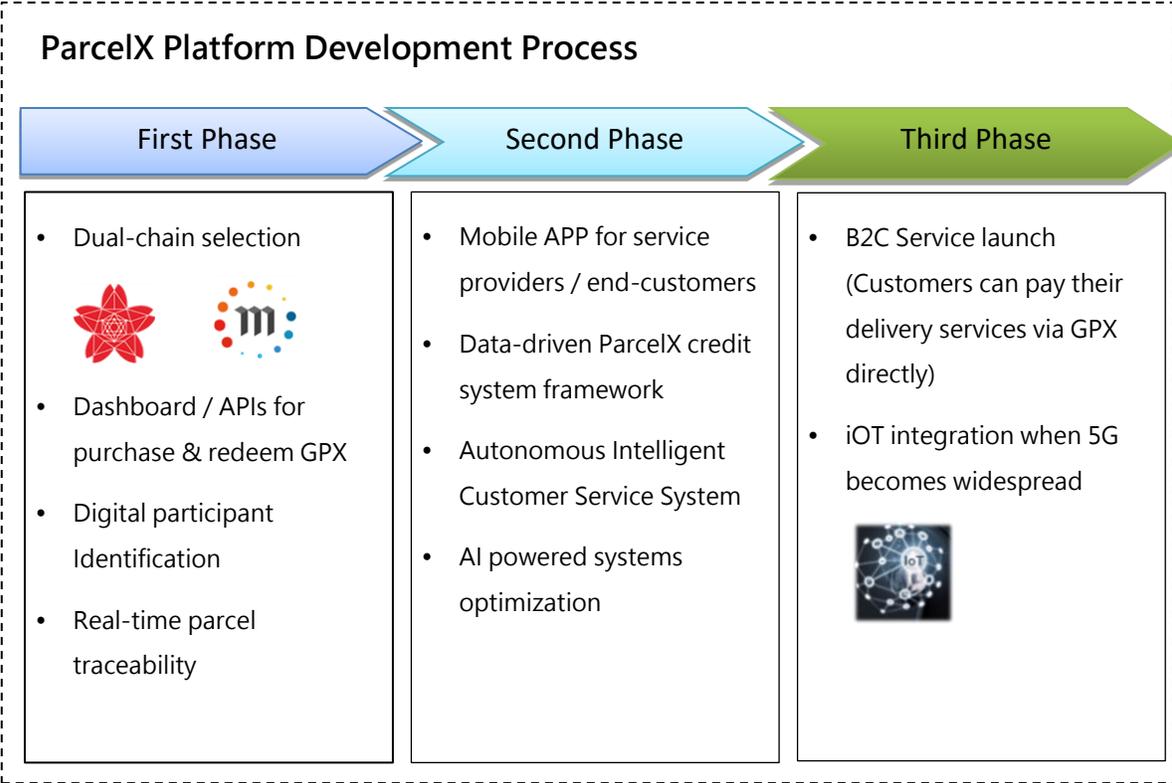


Figure 5-4 ParcelX Platform Development Process



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All contributions will be applied towards the Foundation's objects, which is to promote and support research, design and development of, and advocacy for a fair, transparent, secure, efficient, e-Commerce friendly and trustworthy decentralized global parcel delivery network for shipper, logistics service provider, logistics integrators (broker) and consumers in particular. It is presently developing the ParcelX Platform, which is a decentralized global parcel delivery platform based on the blockchain and powered by big data and AI.

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- (c) in any decision to purchase any GPX, you have not relied on any statement set out in this Whitepaper;
- (d) you will and shall at your own expense ensure compliance with all laws, regulatory requirements and restrictions applicable to you (as the case may be); and
- (e) you acknowledge, understand and agree that you are not eligible to purchase any GPX if you are a citizen, national, resident (tax or otherwise) and/or green card holder or other similar certificate of residency of a country which (i) prohibits the possession, dissemination or communication of this Whitepaper and/or (ii) prohibits participation in the purchase of virtual currencies or any



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As the regulatory status of distributed ledger technologies, related businesses and activities as well as virtual currencies and virtual currency-related businesses are uncertain, the Foundation has chosen to base itself in Singapore, which has a vibrant fintech sector. The Foundation will look to comply with all regulations in Singapore and regulations of other jurisdictions that it is required to – however due to the uncertain state of regulation across the world, the Foundation is unable to guarantee the legality of the ParcelX Platform and/or its ability to develop, structure and license any future functionality of GPX.



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