Amplify

WHITE PAPER

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1. BACKGROUND

The definition of supply chain finance
The distinct characteristics of supply chain finance

BACKGROUND

AMPLIFY is a decentralized supply chain financial B2B2C infrastructure that runs on Ethereum. It provides contract credit or asset mortgage credit to companies that normally are left out of the traditional credit granting system. We will achieve this by bringing together the benefits of on-chain protocols (governance, liquidity, traceability) with off-chain stakeholders (legal & accounting firms, financial institutions etc.) to ensure the value safety and legitimacy of the on-chain assets.

Compared with other Ethereum -based asset lending agreements, AMPLIFY is well connected to traditional financial resources and has rich practical experience in blockchain technology. Financial services are a powerful tool within the supply chain industry, and while the supply chain financial service industry is large, there are many limitations to its further development. This white paper will outline how blockchain can help drive supply chain finance forward and state AMPLIFY's plan and outlook.

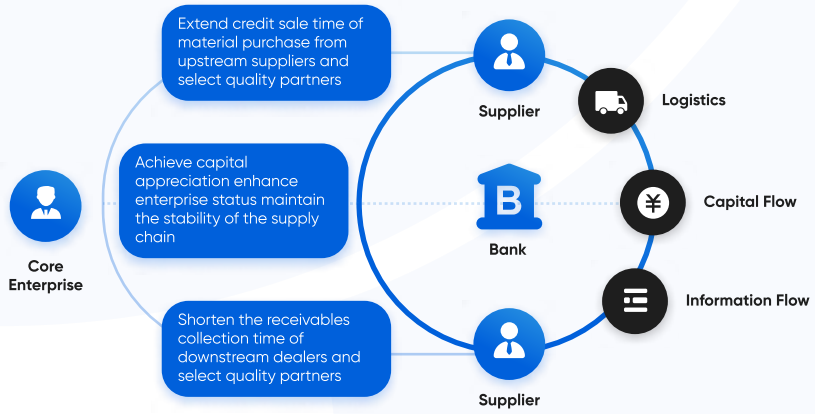
1.1 THE DEFINITION OF SUPPLY CHAIN FINANCE

We believe that participants in the supply chain can cooperate with financial service institutions to achieve the objectives of supply chain trade and combined logistics. At the same time, integrate both information & capital flow, along with all the assets and stakeholders involved in the supply chain into one product called supply chain finance. It can also be defined as a matrimony of both service and technological offerings. This combined solution links the buyer, the supplier, and the financial service provider.

1.2 THE DISTINCT CHARACTERISTICS OF SUPPLY CHAIN FINANCE

Self-liquidating trade financing

Self-liquidating trade financing provides banks with short-term financial products and closed loans. These loans are repaid using the money generated by the assets they are used to purchase.

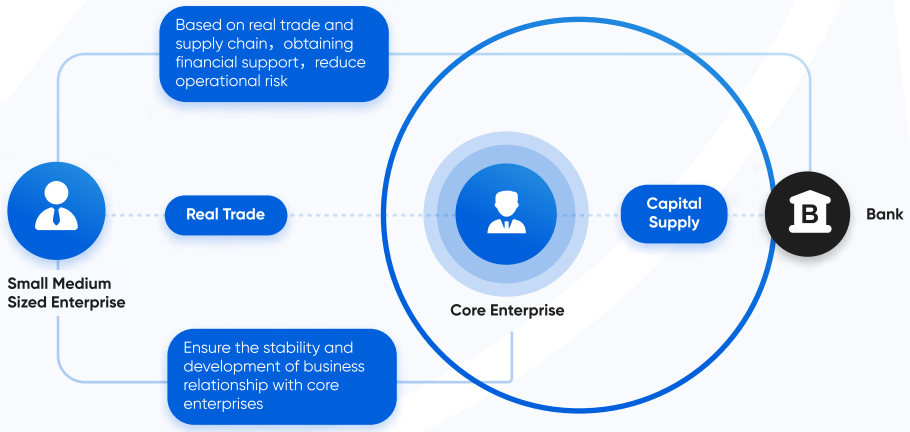


Closed loop operation

ERP integrates financial institutions' control over the flow of key information relating to financing, recovery of financing, and the flow and control of the right of goods. For typical products such as chattel pledge, the bank will hold ownership of an enterprise's goods as a guarantee for repayment, and the credit funds are used to purchase raw materials. The enterprise can redeem the goods in batches by means of a margin call and then sell them.

Credit granting mechanism from "N" to "1"

Under the traditional financial model, the credit granting entity of financial institutions includes every enterprise in the supply chain, that is, the credit granted to N enterprises. In the supply chain finance model, financial institutions can only grant credit to core enterprises. The core enterprises allocate credit lines based on the purchases and sales performance of upstream and downstream enterprises in the supply chain. Financial institutions can provide financial services to upstream and downstream enterprises in the supply chain within the allocated credit line. Based on these characteristics, supply chain finance can effectively solve cash flow problems for SMEs in the process of production and trade.



Market Potential

The current, global market size for Supply Chain Finance is estimated at USD 275 billion of annual traded volume, which translates in approximately USD 46 billion in outstandings with an average of 60 days payment terms.

Worldwide revenues from supply chain finance grew in the first quarter of 2020 despite global trade disruption, and some banks are seeking to expand their market share. But credit rating agencies warn that this financing technique could mask episodes of financial stress.

China's supply chain finance sector is now being tipped to be worth a whopping 15 trillion yuan (US$2.27 trillion) by 2020, and the mainland's booming internet-based businesses are lining up to grab their own share of it.

The term refers to credit given to small- and medium-sized enterprises (SMEs) that act as suppliers to large blue-chip buyers.

And despite the reverberations from the recent peer-to-peer (P2P) lending crisis, a marriage between information technology and financial services is continuing to play a vital role in transforming Chinese business.

Though the market is broad, it is limited by the systems that are currently in place. The aim of AMPLIFY is to fuse the markets of supply chain finance and digital assets. This will not only solve the problems of traditional supply chain finance, but will also introduce more creditworthy assets to the digital asset world.

2. PAIN POINTS

Financial institutions have difficulty granting credit one by one
Difficult to verify the authenticity of trade background
Financing cost and risk cost are high
Poor capital liquidity

2.1 A HUGE PORTION OF THE SUPPLY CHAIN STAKEHOLDERS CANNOT GET CREDIT

To grant credit to Nth tier suppliers, it is necessary to associate core enterprises with downstream multi-tier suppliers. However, it is difficult for non-core enterprises that are not first-level suppliers to obtain financing through financial institutions. This is because the traditional credit-granting mechanism mainly relies on the credit standing of core enterprises, and the cost of credit transmission is high.

2.2 DIFFICULT TO VERIFY THE AUTHENTICITY OF TRADE BACKGROUND

Supply chain finance integrates data information such as business flow, logistics, and capital flow. Financial institutions analyze historical transaction data on the supply chain, develop risk control models, and approve reasonable credit lines for supply chain customers. Supply chain finance is based on the credit of core enterprises. However, to verify the authenticity of trade flow, financial institutions still need to invest resources to review the relevant information. This reduces the efficiency of supply chain finance. A transparent supply chain history that cannot be tampered with will reduce costs for financial institutions and increase overall efficiency.

2.3 FINANCING COST AND RISK COST ARE HIGH

With long financing cycles and high interest rates, suppliers need to bear some or all of the risk that the core enterprise cannot pay its accounts receivables. The core reasons for this problem are that traditional financial institutions have more decision-making power and high credit costs. The high financing service cost of traditional financial institutions results in a corresponding rise in requirements to the financing cycle and to interest rates for suppliers. If the cost of financing service can be reduced, then the difference between the status of financial institutions and enterprises, and credit cost can be solved. The corresponding financing cost and risk cost will be lower.

2.4 POOR CAPITAL LIQUIDITY

The traditional financial service model is limited by the centralized commercial production relationship. Both credit granting and clearing settlement are inefficient due to the backward multi-party cooperation system and review system. In these systems, the control of the volume of capital is particularly important. Therefore, if the efficiency of clearing, settlement, and review is improved, the liquidity of funds and the risk tolerance of financial institutions will be improved, and then the volume of funds will be increased correspondingly.

3. SOLUTIONS

Blockchain on-chain governance agreement
for the core enterprise credit and establish the on-chain credit system

On-chain financing liquidation

The strong liquidity of decentralized financial institutions

B2B2C innovative decentralized blockchain network architecture

3.1 ON CHAIN GOVERNANCE PROTOCOL OF BLOCKCHAIN AIMS AT ESTABLISHING...

The characteristics of blockchain, such as decentralization and resistance to tampering, can effectively solve problems in credit transmission. Credit itself is based on the concept of a traditional centralized production relationship. The significance of blockchain is that there is no need to trust or trust code. To optimize the granting of credit at all levels of financial institutions, AMPLIFY will use its years of experience in the supply chain finance and blockchain industries to establish an on-chain governance agreement. It will be composed of various professional accounting institutions, legal institutions, and financial institutions. The on-chain governance committee will conduct credit granting for core enterprises. In addition, cooperation between core enterprises and sub-suppliers can expand the scope of credit granting, and a financial credit system with consensus on the chain supply chain can be established through tamper-resistant transaction data on the chain.

3.2 ON-CHAIN FINANCING LIQUIDATION

This section deals with background checks and the cost and risks of financing. AMPLIFY argues that current developments in DeFi highlight the advantages of financial transactions on the chain. Faced with the challenge of background checks, we can adopt various schemes to ensure the authenticity of background checks.

• **Off-chain identity confirmation**: Members of On-Chain Governance Council conduct background checks on companies that want to join AMPLIFY. And the board of Directors will vote to decide which enterprises may join.

• **Digital identities**: Once Step1 is comple, the new enterprises, whether they are credit granting institutions, core enterprises or supply chain enterprises, all need to get their digital identities on-chain. Any future transactions and settlements across AMPLIFY will be unique in that digital identity.

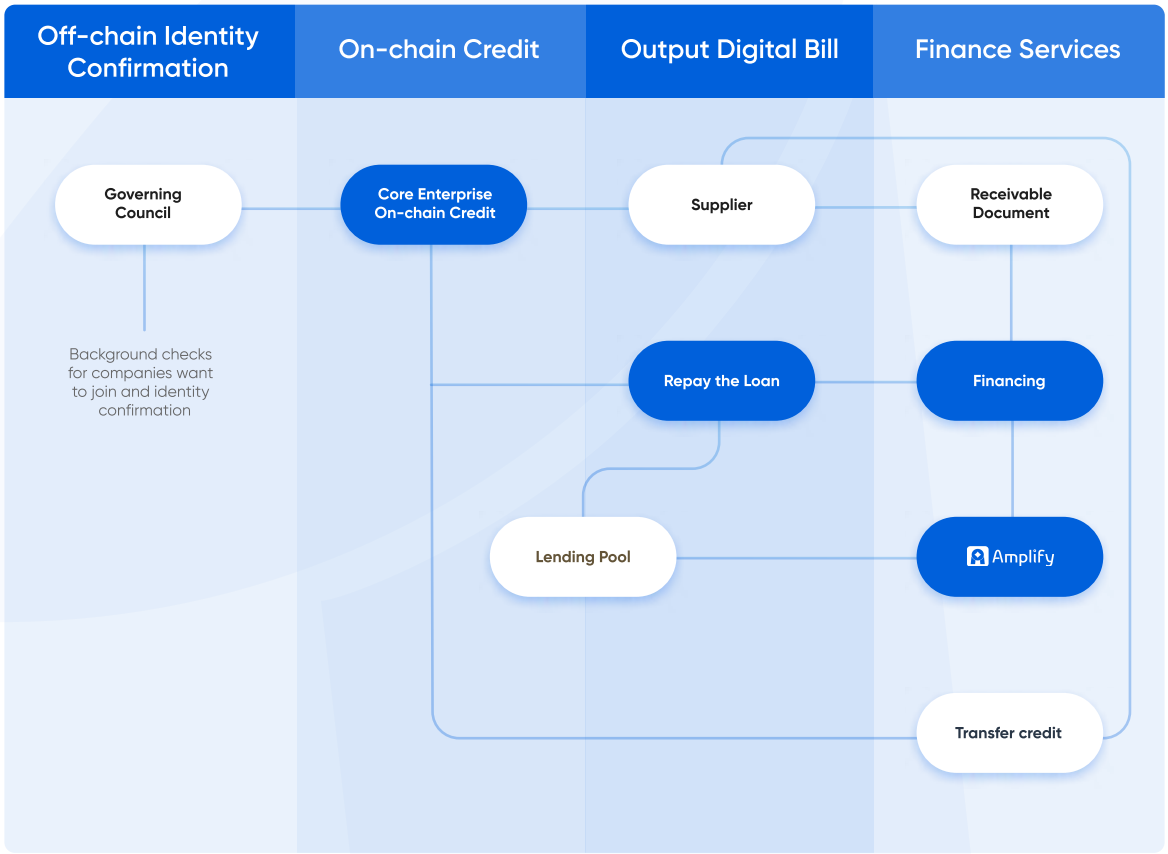
• **Credit granting**: Core enterprises that have passed the verification can grant credit to suppliers on-chain according to the accounts receivable documents issued to them within the credit line.

• **Financing**: The credit can be passed to the upstream supplier. After obtaining the credit, the supplier can carry out financing on-chain

• **Repayment**: Core enterprises use accounts payable to repay financing for suppliers and conduct loan liquidation.

• **Failure of repayment**: If the core enterprise cannot repay its debts, it will conduct loan liquidation through legal procedures or collateral liquidation procedures.

AMPLIFY will not blindly pursue complete decentralization. We believe that appropriate business-specific analysis with legal procedures can help enterprises get used to and recognize the blockchain governance model more quickly. Change in the blockchain industry will not happen overnight. AMPLIFY will gradually complete the chain migration of the entire supply chain financial system.



3.3 THE STRONG LIQUIDITY OF DECENTRALIZED FINANCIAL INSTITUTIONS

In order to solve the problem of insufficient liquidity, we plan to digitize all assets currently generated by the supply chain finance system. Because the global digital asset market is a decentralized financial institution, it creates a vast pool of liquidity. The natural transit-and-settlement model of blockchain technology and the current mature DeFi market can help AMPLIFY's users improve their trading efficiency.

3.4 B2B2C INNOVATIVE DECENTRALIZED BLOCKCHAIN NETWORK ARCHITECTURE

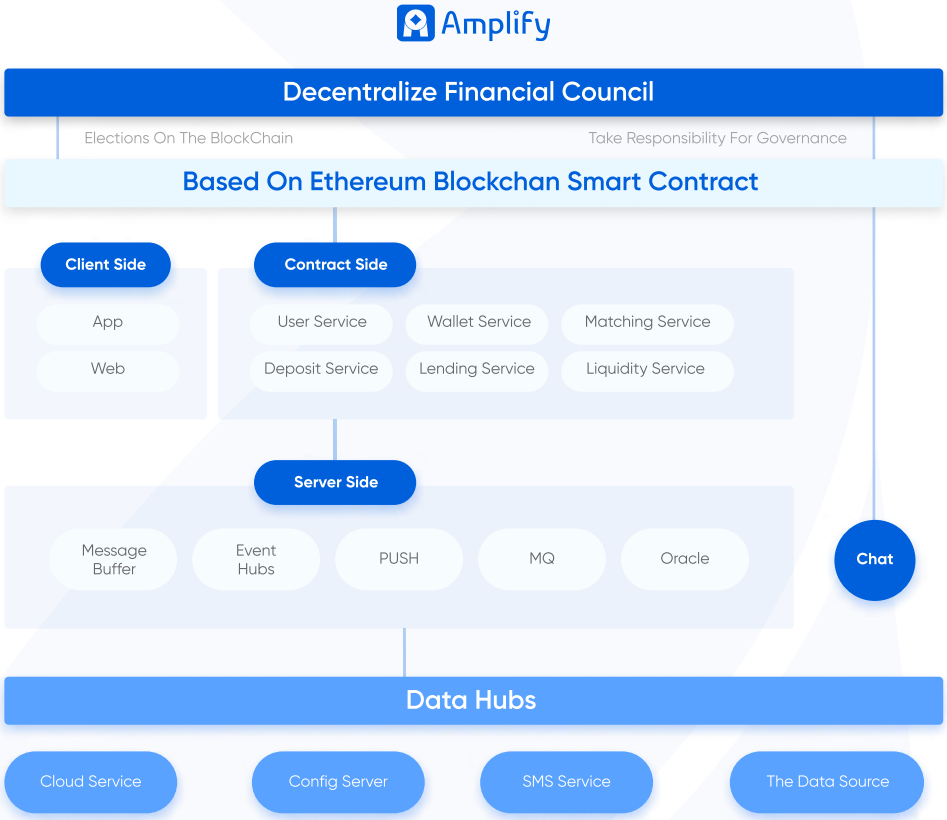
In order to solve the above-mentioned supplier finance-related problems, we have created an innovative decentralized network architecture based on blockchain for B2B2C.

The top tier of AMPLIFY, based on this architecture, will be the enterprise governance alliance on-chain. The alliance will be composed of the industry's top supply chain companies both upstream and downstream, as well as financial institutions and on-chain governance directors.

This will be based on a decentralized Ethereum smart contract. For instance:

- On-chain governance
- Newly added enterprise identity confirmation on the chain
- Credit granted to upstream and downstream enterprises
- Asset confirmation

In addition, due to the characteristics of the blockchain itself, that transactions equal settlement, and because the financial threshold is low, AMPLIFY will also introduce C-end users to the traditional supply chain finance field. Upgrade from the traditional B2B model to a B2B2C multi-dimensional, multi-directional, and multi-center integrated financial service platform.



4. VISION AND GOALS

AMPLIFY aims to be the hybrid of both traditional financial market B2B platform and the blockchain financial B2C platform, by assuming the role of bridging. Introducing suppliers into the blockchain financial market.

DeFi has grown rapidly in recent years. At one point, Ethereum DeFi's total lock-up volume approached $10 billion USD. However, many of these are not valuable mainstream assets. And because of the volatility of the digital asset market most DeFi projects face significant financial security risks, such as:

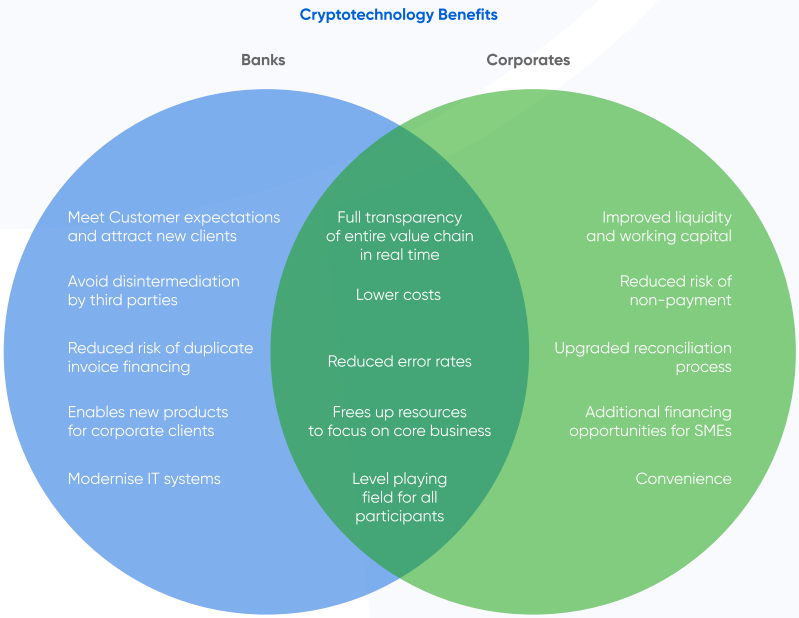
Although asset issuance and lending programs based on the excess mortgage model can solve many problems, they are fraught with risks due to on-chain efficiency and the volatility of mortgage assets themselves. When the market fluctuates sharply in a short period, there is a high probability that the liquidation price will fall below the bankruptcy price of user mortgages, which will further exacerbate the decline of digital assets and form a death spiral.

The fundamental problem is that even Bitcoin cannot compete with the stability of traditional financial assets. Bringing traditional financial assets into the blockchain industry will be extremely helpful for the development of the entire financial industry.

Most projects cannot guarantee the safety of users' assets due to capacity and quality issues, and most investors are unable to identify the reliability of smart contracts and their developers.

Faced with these financial security risks, the AMPLIFY team will make use of its strong traditional financial background to gradually try to introduce off-chain assets into the blockchain industry.

In the future, AMPLIFY hopes to become a combination of the traditional financial market B2B platform and the blockchain financial B2C platform, and assume the role of bridging. Introduce the supplier financial market of tens of trillions of dollars into the blockchain financial market.



5. AMPLIFY PRODUCT PLANNING

In order to make AMPLIFY's future development and planning clearer, this chapter will focus on product planning.

Amplify 1.0

Step 1

Amplify will set up a private equity round to complete the AMPT out of respect for the investors who have been willing to support us since the inception of the project.

Step 2

Before launching AMPLIFY, we will open a curved auction based on Ethereum Smart Contracts and produce the AMPT through a curved auction. The specific model will be described in the token economy section.

Step 3

AMPLIFY will launch an Ethereum based on-chain governance system and a smart contract lending system. This will provide the blockchain foundation for the AMPLIFY supply chain financial governance agreement.

Amplify 2.0

AMPLIFY will open up the liquidity mining of loan products and on-chain governance to promote the trading liquidity of the on-chain digital assets and make adequate preparations for the off-chain assets on the chain.

Amplify 3.0

AMPLIFY will expand from a lending-only scenario to multiple DeFi scenarios such as trading, insurance, and revenue aggregation. It operate as a one-stop DeFi financial products and services platform.

Amplify 4.0

The AMPLIFY Governance Association will begin to plan and build multiple related agreements from off-chain asset credit, enterprise on-chain, off-chain asset digitization, and on-chain supplier financial transactions. It will also introduce safe, high-quality, and reliable off-chain assets to blockchain, and truly connect the blockchain and the traditional financial markets.

Product Development

Fundrasing and Go-to-Market Strategy

6. TOKEN ECONOMY MODEL

Token Information
Curve Algorithm Auction
Liquidity Mining
Economic Model Design

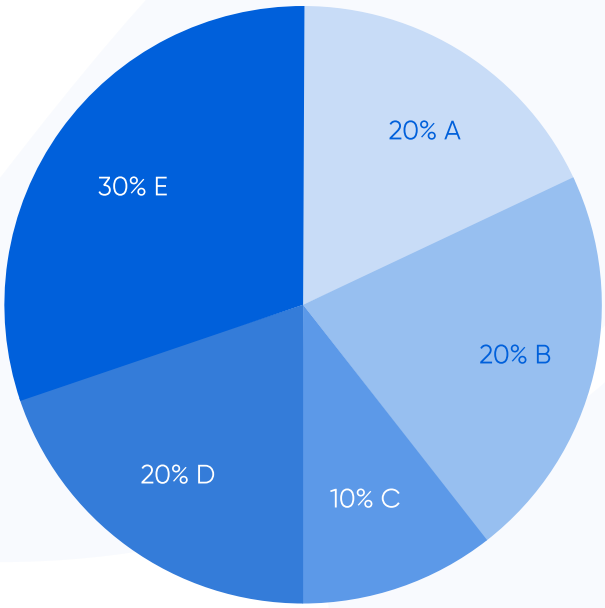
6.1 TOKEN INFORMATION

Token symbol AMPT

Token format ERC20

Total issuance <=100,000,000 (100 million)

Token distribution
a. 20% Company Founder and Team, lock up for one year, release 1/12 every month from the second year, and complete the release in one year;
b. 20% direct circulation through joint curve auction and direct destruction of parts that have not completed the auction;
c. 10% Private equity investors, 1/4 will be released every quarter after online, and the release will be completed in one year
d. 20% used as risk reserve for off-chain assets, permanently locked in general, and 5% is destroyed every half a year;
e. 30% produced by liquidity mining, which will be released in 10 years;



On risk reserves: the overall risk in the digital asset stage is highly controllable. During the next phase of putting off-chain assets on-chain, the risk becomes more variable. Therefore, in order to ensure the safety of users' assets, 30% of the tokens will be used as a risk reserve for off-chain assets. In the event of a risk event, the tokens can be released smoothly through community voting to alleviate the risks. The reserves are destroyed at a semi-annual rate of 5 percent. Until all of them are destroyed, off-chain assets smoothly become part of the blockchain world.

Token function

The main functions of AMPT are the following:

GOVERNANCE: AMPT holders can participate actively in the decision-making activities of the platform through voting. Each AMPT represents 1 voting right and the higher the amount held, the higher the influence on the matters discussed, from roadmap decisions to token release. Decisions are made following the "majority wins" system, where 51% of the circulating AMPTs is required to approve proposals.

INCENTIVE TO ADD LIQUIDITY: mining liquidity to power the Amplify ecosystem is a key activity to support our vision. Incentives are therefore designed to reward deposit and financing loans.

PROFIT SHARING: Amplify plans to redistribute back to all AMPT holders a portion of the profits collected during the borrowing/lending process. Such portion will be calculated according to amount of AMPTs held in the recorded address.

6.2 CURVE ALGORITHM AUCTION

Joint Curve Auction is an auction algorithm that determines the auction price based on the number of tokens sold. The AMPLIFY token sells for as little as $0.01 at auction and as much as $1 at auction. The joint curve is as follows.

The initial auction price is $0.01, the higher the number of auctions, the higher the price.

When **1 million tokens** are auctioned, the highest token price is about $0.1, and the total auction value is about $50,000.

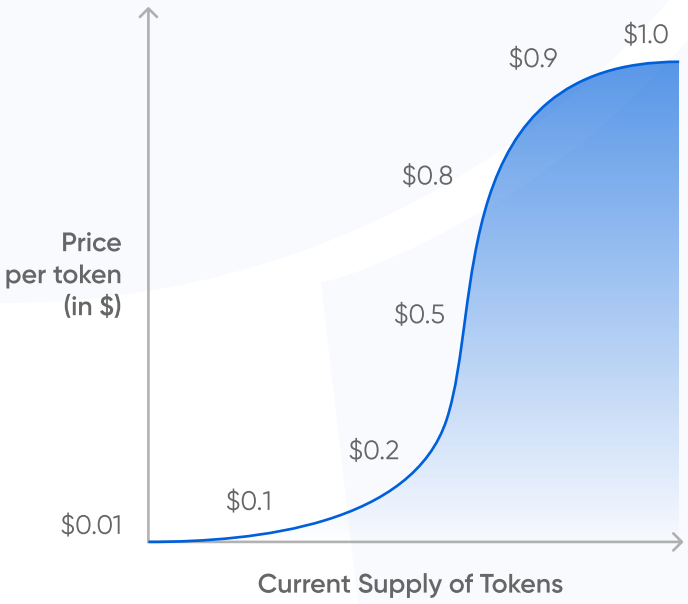
When **6 million tokens** are auctioned, the maximum token price is about $0.2, and the total auction value is about $800,000.

When **10 million tokens** are auctioned, the highest token price is about $0.5, and the total auction value is about $2.2 million.

When **14 million tokens** are auctioned, the highest token price is about $0.8, and the total auction value is about $4.8 million.

When **19 million tokens** are auctioned, the highest token price is about $0.9, and the total auction value is about $9.05 million.

When **20 million tokens** are auctioned, the highest token price is about $1.0, and the total auction value is about $10 million.



6.3 LIQUIDITY MINING

3 million tokens will be produced every year, and the release will be completed in 10 years.
The liquid mining will reward deposit and financing loan users respectively. To realize negative (low) interest rate loans and increase the interest rate of deposit, the token reward weight of loan users will be higher than that of deposit users.

6.4 ECONOMIC MODEL DESIGN

The relationship between the curve auction price and market value online
The auction part + private equity unlocks 2.5 million tokens in the first quarter after the launch, and the online market value is as follows:

1 million tokens successfully auctioned: the highest price is 0.1 US dollars, the circulating flux is 3.5 million, the circulating market value is 350,000 US dollars.

6 million tokens successfully auctioned: the highest price is 0.2 US dollars, the circulating flux is 8.5 million, the circulating market value is 1.7 million US dollars.

10 million tokens successfully auctioned: the highest price is 0.5 US dollars, the circulating flux is 12.5 million, the circulating market value is 6.25 million US dollars.

14 million tokens successfully auctioned: the highest price is 0.8 US dollars, the circulating flux is 16.5 million, the circulating market value is 13.20 million US dollars.

19 million tokens successfully auctioned: the highest price is 0.9 US dollars, the circulating flux is 21.5 million, the circulating market value is 19.35 million US dollars.

20 million tokens successfully auctioned: the highest price is 1.0 US dollars, the circulating flux is 22.5 million, the circulating market value is 22.5 million US dollars.

The fewer the tokens that are auctioned off, the lower the circulating market value, and will attract more auctions.

Liquidity mining

Liquidity mining achieves negative interest rate lending through token incentives and gets higher deposit rates by encouraging more lending.

7. TEAM

AMPLIFY is comprised of a fintech team of lawyers, financial and blockchain experts dedicated to building a decentralized supply chain financial infrastructure for financial institutions, businesses, and investors. However we feel that the core of the team is actually the users and participants of the protocol if we want to crystallize the dream of a safe and practical collaborative economy.

Eugene Tan

CEO and Founder of Amplify. This is rightfully his thanks to his extensive experience in finance and expertise that he put to good use in making Amplify an amazing project.
Eugene Tan - director for Shiptek Solutions Pte Ltd (B2B Logistics platform Xlog) and the former Vice President Commercial for Marine Online (Maritime O2O platform). He made the dean's list as an EMBA graduate (OneMBA program) at Hong Kong University.
International trade and logistics business veteran with over 20 years in several companies across Africa, Middle-East and Asia.

Giorgia Pellizzari

Chief Marketing Officer Amplify, also Founder & COO of Holdex, Hong Kong Fintech startup that successfully monetized their MVP after only 7 months from incorporation.
Member of Women in Tech Hong Kong, Fintech Association of Hong Kong.
Blockchain author at Unhashed and Scrum Master & Agile coach.
As a woman in tech, stands for inclusion and diversity, supporting female entrepreneurs through mentoring and coaching.

Nizam Ismail

CEO and Founder of Ethikom Consultancy, a compliance-focused consultancy based in Singapore.
Nizam has worked with regulators, exchanges, markets, banks, broker-dealers, commodities firms, fund managers, trust companies, financial advisers. He has worked with a variety of global FinTech and blockchain-based firms (from startups to unicorns). Nizam spent six years as a regulator at the Monetary Authority of Singapore, where he was Deputy Director and Head of the Market Conduct Policy Division. There, Nizam worked on various policy reviews relating to the capital markets, including various policy reviews leading to the enactment of the Securities and Futures Act, the Financial Advisers Act and the Business Trust Act. Nizam also worked with other international financial services regulators.

Hendri Suwardi

Professional with 20+ years experience in strategy planning, restructuring, corporate finance, investment and M&A across multiple industries in multi-billion organizations.
Former Assistant Vice President at GIC Singapore
Experienced in strategic procurement/trading, operational and general management, commercial negotiations.

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