



THE FUTURE OF MARKETING!

REVOLUTION

**THE WORLD'S
FIRST**

DECENTRALIZED
AFFILIATE PLATFORM

W H I T E P A P E R

DESCRIPTION OF THE PROJECT

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1.

Introduction

Everyone is familiar with services such as Uber and Booking.com, but few people are aware that, in fact, they are affiliate programs. An affiliate program is a marketing model, where an affiliate intermediary is involved in a promotional campaign, and an advertiser pays for end results.

Any advertiser can create their own affiliate program. They can do so independently or by using existing affiliate program constructs. In the latter case, the advertiser is subject to the affiliate's costs, as well as the need to combat potential fraudulent actions on the part of affiliates. Moreover, the affiliates lack trust in the advertiser, as no one can be sure that results are not being concealed or tampered with.

Such shortcomings are absent when an advertiser relies on the services of an affiliate network. However, costs rise as up to 50% of results could be commissions paid for the affiliate network.

But, what if a solution could combine the benefits of both approaches? Introducing the world's first decentralized marketing platform - HOQU.

HOQU is a decentralized affiliate platform combining the performance-marketing model with blockchain technology. The aim of the project is to create a decentralized ecosystem, which will be used to build CPA services, ranging from affiliate programs to affiliate networks and related products. HOQU integrates advertisers, networks and affiliates into a single platform, significantly reducing the financial costs for all market participants.

The **project's mission** is to make the distribution of rewards in the internet affiliate market more equitable, and to set new standards of transparency and efficiency to benefit all conscientious market participants.

Our goal is to provide advertisers, affiliates, and affiliate networks with a new service so that internet marketing becomes easy for its participants, thus creating a decentralized ecosystem where market participants can openly interact.

On the HOQU platform, an advertiser can easily create affiliate offers, and the results of affiliate advertising campaigns will be stored in distributed registries (blockchain). Rewards will be paid through smart contracts that guarantee honesty and transparency of transactions. A smart anti-fraud system developed as part of the advertiser's decentralized application will not allow affiliates to engage in fraudulent activities, and independent, decentralized audit appeal centers will address any emerging, controversial issues.

The HOQU platform will also be useful for existing affiliate networks. The SDK will enable one to integrate networks with the platform, thereby lowering the cost of paying affiliate fees. As well, it shall add transparency to your network by enabling all affiliates registered within the platform to work with affiliate programs of the network.

1.1 Terms

CPA — Cost per action or payment for an action. There are many ways to pay for an action, and the most popular ones are:

- CPL: Cost per lead — payment for an application/action.
- CPS: Cost per sale is a payment for a confirmed sale.
- CPO: Cost per order — payment for an order.
- CPC: Cost per call — payment for a call.
- CPI: Cost per install — payment for the installation of an application.

Performance marketing is a marketing industry, whose goal is to achieve concrete, measurable results. Its distinctive feature is the ability at all stages to see a specific, quantitative indicator that reflects the outcome of each individual marketing activity (e.g., site visitor cost, application cost, call cost, order cost, and end cost of attracting the customer who has carried out the target activity).

Affiliate Marketing is an internet marketing industry that works on the basis of a payment model for affiliates (web-masters) for each targeted action by their customers (order, purchase, install, etc.). Advertisers often do not work directly, but through affiliate networks (CPA Networks).

Affiliate Networks (CPA Networks) - services in the sector of affiliate marketing, offering affiliates remuneration on the basis of the CPA model and providing advertisers services necessary for the establishment of affiliate programs. Affiliate networks charge advertisers for customer actions, pay commissions to affiliates and charge commissions for the service.

An affiliate (web master, Publisher, advert) - a professional marketer (or a group of marketers within a single account in an affiliate network) who advertises the product or service for advertisers and receives a cash reward for the target action of the client.

Advertiser - in this context is one who incentivizes affiliates to engage customers by creating offers and paying the affiliates (often through affiliate networks) for targeted customer actions that match the conditions of the offer. Often, advertisers describe possible ways of attracting customers by providing materials, ready-made templates, scripts, and so on.

Tracking - tracking of many different campaign metrics in the affiliate marketing process. For example - time, source, or number of target activities.

Fraud - in terms of affiliate marketing, various ways of deceiving the affiliate network and advertisers, in order to obtain a monetary reward. Varieties of fraud may be: Emulation of target actions, spoofing the source of introduced clients (cookie-stuffing), deceiving customers by using misleading ads to increase the likelihood of target action (for example, by using a significantly lower price than the offer of the advertiser) and others.

'Shave' - a deception of the affiliate network or the advertiser by an affiliate, which downplays the performance of an advertising campaign in order to pay less.

Lead - the target action of a customer in response to an ad campaign: sales, order, call, register, application installation (install), etc.

Offer - an advertising proposal to attract targeted activities from advertisers or affiliate networks.

2.

Industry issues and solutions

The stagnation of the traditional advertising industry and the development of digital methods of attracting customers make the question of the future of internet advertising more relevant. The International Advertising Bureau identified the main problem for internet advertising and performance marketing as the establishing of common client action accounting mechanisms between advertisers and affiliates. Thus, the main problem in this market is **establishing trust between the parties**.

2.1. Issue of Fraudulent Schemes

FRAUD:

On the part of affiliates in relation to advertisers:

- In the area of e-commerce, affiliates could visit web the sites themselves and place orders.
- They could use "gray" or dubious schemes to obtain customers' personal data and pass them off to the advertiser as their own clients.
- When making payments, in-house personnel could make calls, impersonating customers.

On the part of affiliate networks:

- showing advertisers an exaggerated number of leads;
- discreetly debit advertisers' accounts.

SHAVE:

On the part of advertisers in relation to affiliates:

- Informing an affiliate that an order has not been delivered and refusing to pay commission on a customer's purchase.
- Ignoring a customer's calls, identifying the caller's ID and contacting them directly.
- Modifying the affiliate network code on a proprietary website so that not all leads are recorded on the affiliate system.

On the part of affiliate networks:

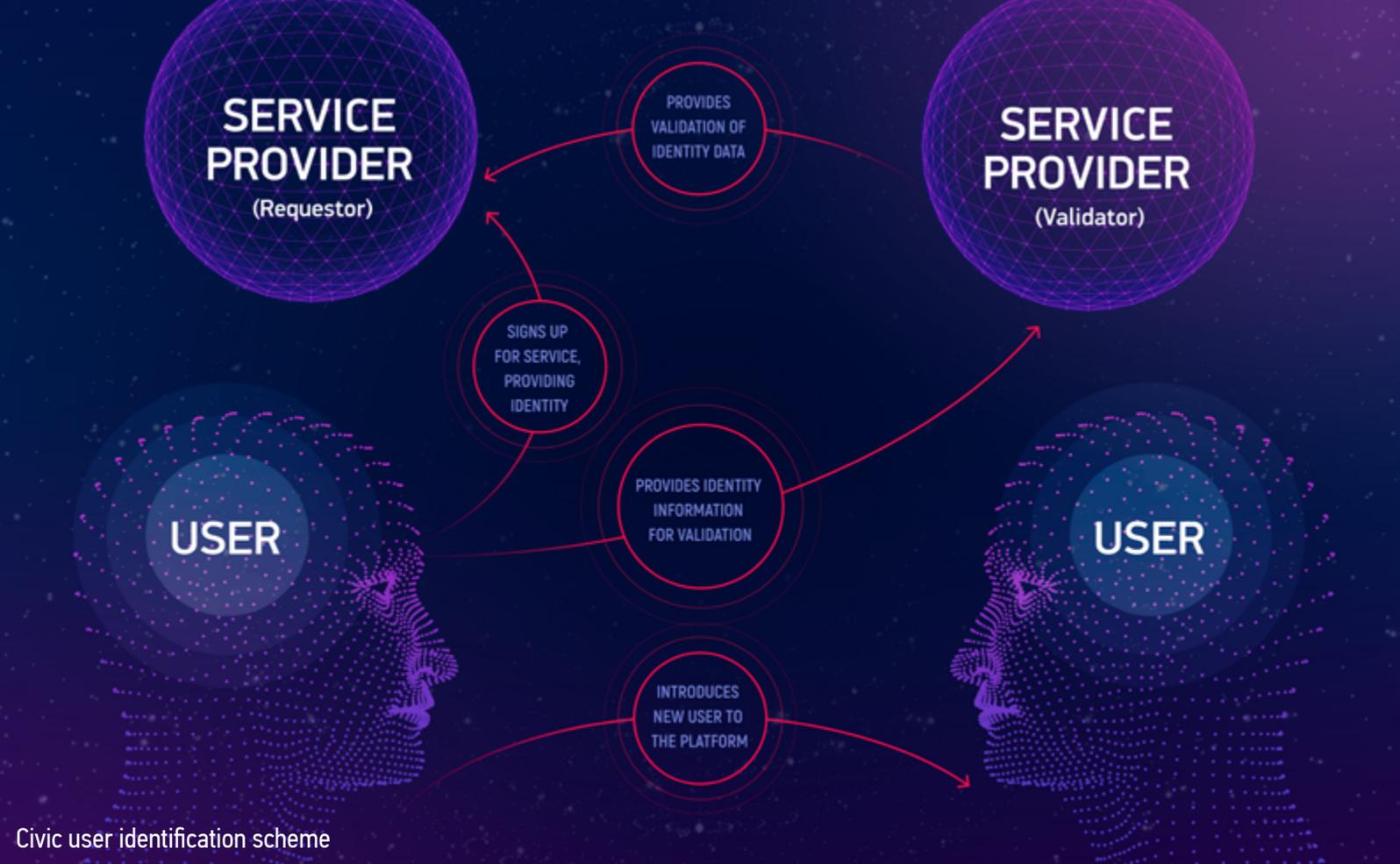
- Paying incorrect sums for customer activities to an affiliate.
- Displaying understated estimates for leads to affiliates.
- Discreetly debiting affiliates' accounts.

The losses presented by such problems can make up a significant portion of the advertising budget, causing financial losses to advertisers and affiliates. According to a study carried out by Applift and Forensiq,- companies specializing in mobile network application development, up to 34% of advertisements on mobile devices are suspicious. Of the aforementioned 34%, 22% is identified as fraudulent.^[1] According to estimates by the Videology marketing company, the use of bots by unconscientious publishers for feigning customer action caused damage in the amount of US \$6.3 and \$7.3 billion respectively for 2015 and 2016.^[2] According to the Partnership marketing company and Adloox Audit, in 2017, losses from fraud could make up US \$16.4 billion (more than 6.5% of the global Internet advertising market).^[3]

Artificially generated machine traffic is a big problem for the industry. The Incapsula content delivery network reported that 51.8% of website sessions were conducted by bots^[4].

This is due to the imperfection of classic advertising models and their methods of payment. In order to reduce the share of poor traffic, the advertising industry should further develop the use of the performance-marketing model. The best manifestation of performance marketing is affiliate marketing. When working with this model, affiliates have an interest in increasing sales and customer health, and there is no sense in attracting irrelevant traffic.

With blockchain technology and smart contracts, the reputation control system and CPA system, HOQU completely eliminates opportunity for fraud.



Civic user identification scheme

2.2. Personal Identification Issues

Traditional advertising services do not completely solve the problem of remote identification of individuals; this contributes to the growth of shave and fraud.

In the HOQU system, user identification is carried out via the Civic^[5], blockchain-platform, which successfully addresses the problem of remote identification and can be integrated with other blockchain solutions.

2.3. Ensuring Results

When ordering adverts via advertisements from traditional advertising exchanges, advertisers have no guarantee that their investment will produce the desired result. New advertising networks using the programmatic model (Sociomantic and Criteo) have improved the algorithm for their work, but they do not give advertisers any guarantees of increasing sales because they are paid for advertisements rather than for customer activity.

Working using the performance marketing model, HOQU is fundamentally different from classic advertising exchanges, and is able to demonstrate a more efficient advertising campaign.

2.4. The Issue of Security and Stability

Security in current affiliate networks is poor. If a centralized network is hacked, attackers can access all accounts in the system. Also, in the case of a technical failure on a centralized platform, all affiliate networks stop working until the cause is resolved.

Thanks to blockchain solutions, members of the HOQU platform are not connected to each other in this way and are not affected by hacking. HOQU's decentralized software solution allows modules to be self-contained; in the event of a program malfunction in any of the modules, the platform continues to work.

2.5. Cost Issues

The traditional business model for a centralized affiliate platform has a high threshold for entering affiliate networks. Also, centralized platforms charge for their services. For example, on the [Hasoffers](#) affiliate platform, the minimum entry fee is \$279 per month, on the [Affise](#) platform - \$299, and on the [Cake](#) platform - \$399 per month.

With registration on the HOQU affiliate network, each affiliate and advertiser gains free access. HOQU does not charge for platform use. Blockchain solutions reduce the cost of storing platform user data and reduce the commission for affiliates and advertisers.

One should pay particular attention to the low rate of payments for affiliate services. In centralized affiliate networks, payments on traditional platforms and networks take between a few days to 2-3 months to process. HOQU smart contract payments take up to 10 minutes.

2.6. The Issue of Conflicts

Customers on many CPA networks have to trust them without being able to audit the results of their work. This often leads to various conflict situations.

HOQU, through its tracking mechanism and smart contracts, ensures that all the conditions of a customer's offer are transparent. This ensures transparency and honesty in relationships between advertisers, affiliates, and affiliate networks.

On the HOQU platform, if an affiliate network acts against an affiliate's interests, protection can be sought by filing a request to the appeal centers. In the case of inadequate service delivery, unconscientious advertisers and affiliates will be obliged to return funds. Violating the rules of the platform will lower the reputation of the unconscientious party. To further combat fraud, the platform provides filtering and detection of questionable sources of traffic.

2.7. Functionality and Ease of Use

Existing platforms provide only services to users. HOQU works with all possible types of customer action and, in addition to services, offers several other types of collaboration:

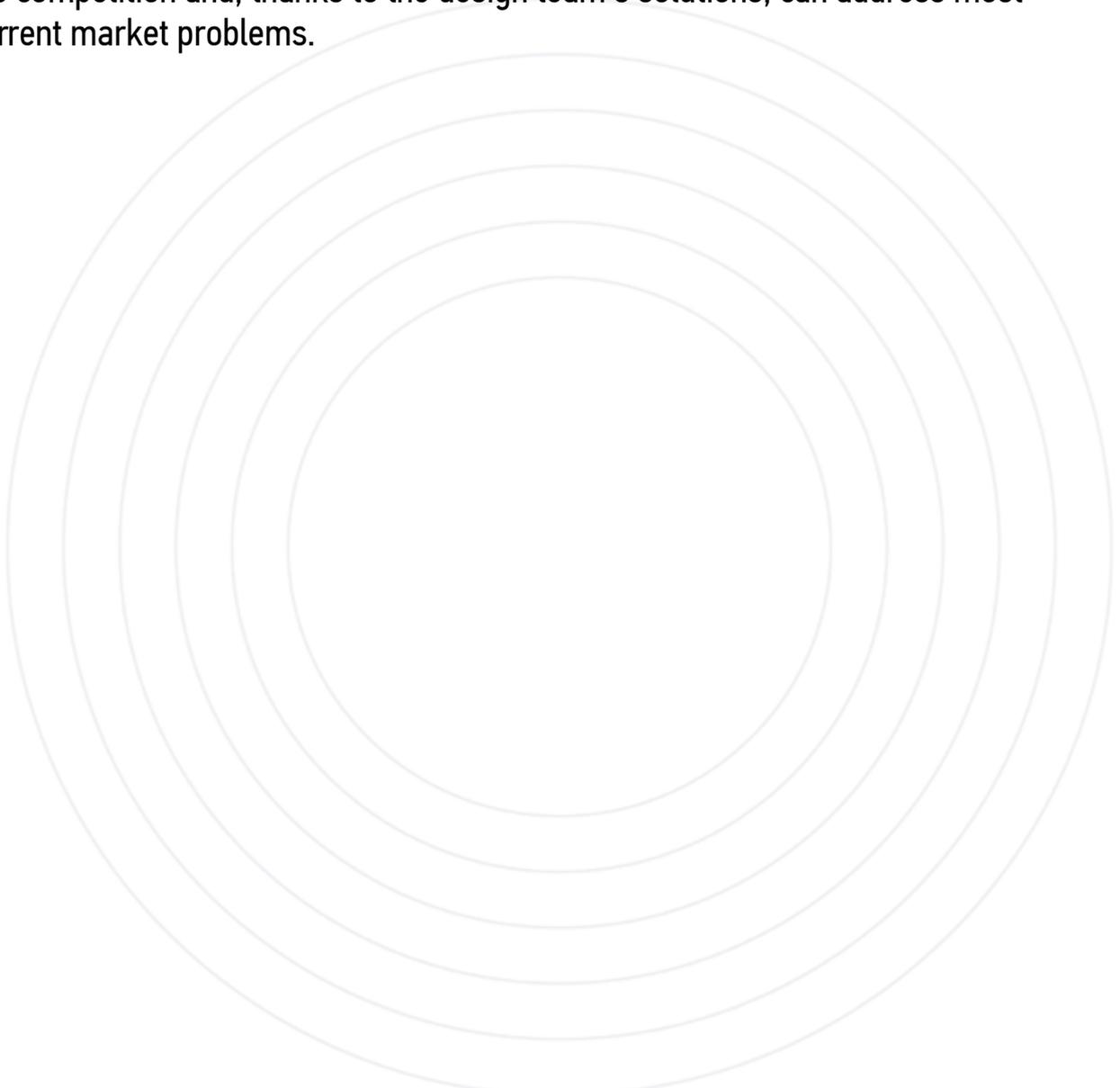
- Ready open-source software.
- An API for integration.
- An SDK for the development of customers' own affiliate networks or other services.

On the HOQU platform, one can use both a web application and a mobile app for iOS and Android. Given the steady growth of mobile traffic in worldwide internet advertising, the development of its mobile application will allow HOQU to gain additional competitive advantages.

It is also worth noting that there is no convenient mechanism for dealing with large amounts of data from advertisers when working with multiple CPA networks. As a result, advertisers have a problem evaluating the effectiveness of advertising campaigns.

The HOQU platform stores data on blockchain, which allows advertisers to see all affiliate programs and analyze their results for each type of customer activity (leads, installs, calls, sales, etc.). Additionally, a member of the platform can generate a report in a user-friendly manner with the information they require.

Current centralized affiliate networks and platforms are largely opaque and incapable of solving the aforementioned problems. HOQU technologically surpasses the competition and, thanks to the design team's solutions, can address most current market problems.



3.

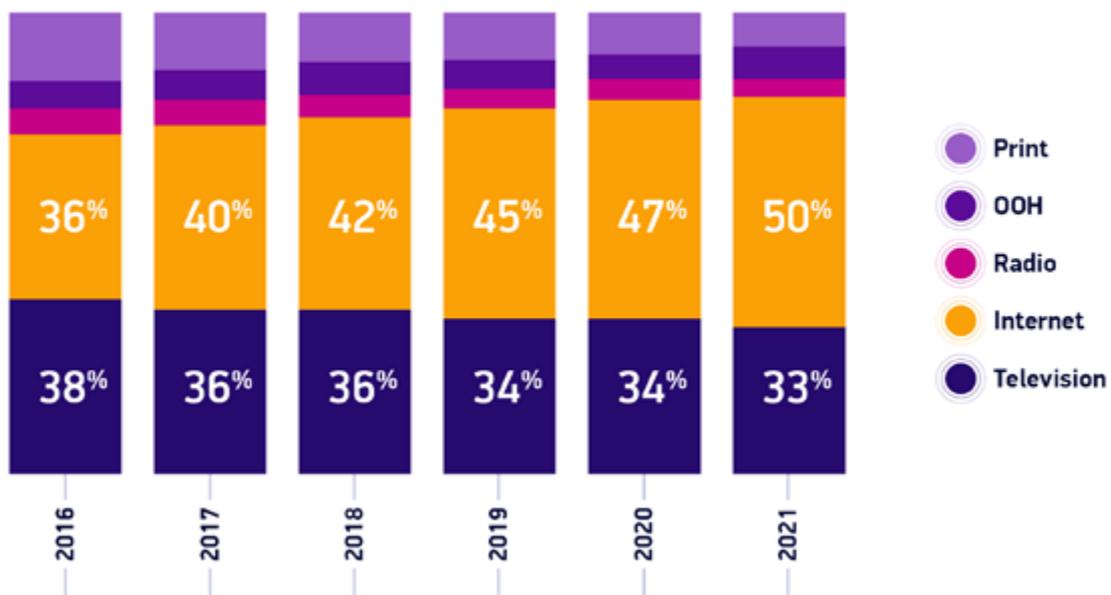
Internet Advertising World Market Review

3.1. Internet Advertising Market Volume

The world market for internet advertising grew by 15-22% annually from 2010 to 2016^[6]. The share of television advertising costs has traditionally been higher than that of internet advertising. **In 2017, share of internet advertising has exceeded the share of TV advertising.**^[7] According to the Statista portal, the market for internet advertising in 2017 will be US \$227.802 billion.^[8]

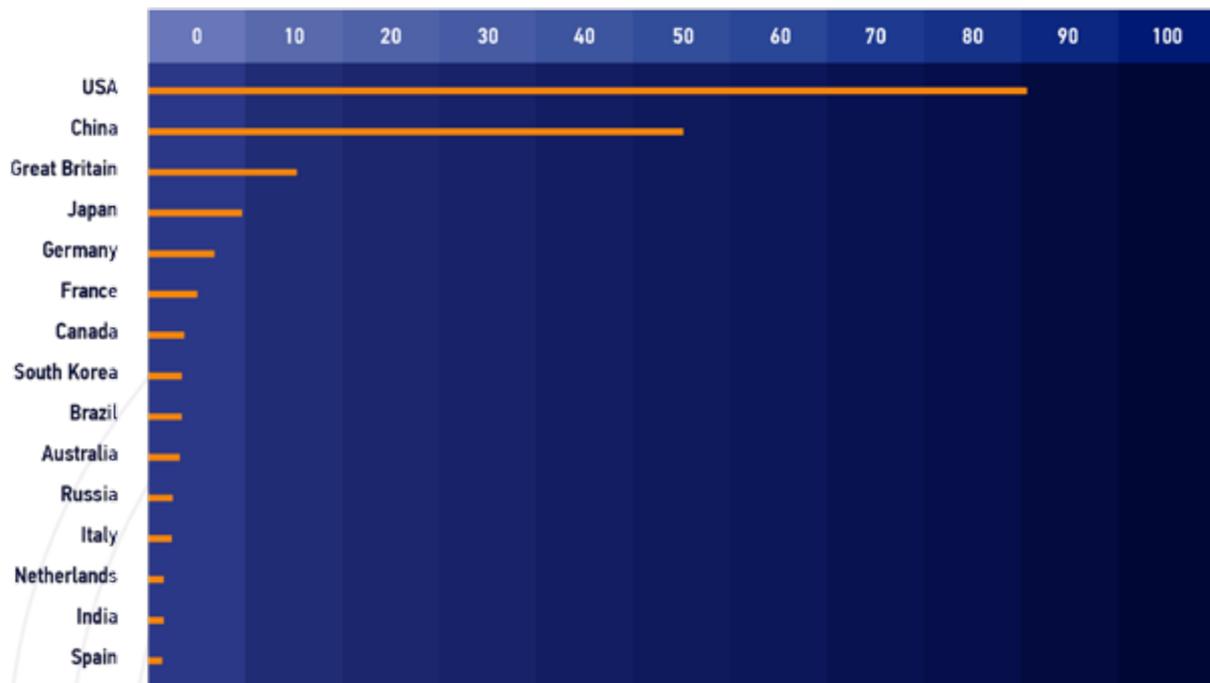
The scope of internet advertising continues to grow. According to the Dentsu Aegis communication group, **the share of internet advertising in 2018 will exceed 50% of the total advertising market in 8 countries:** Australia, the United Kingdom, Denmark, China, the Netherlands, New Zealand, Norway, and Sweden.^[9] According to a forecast by Magna, by 2021^[10] the global share of internet advertising will increase from 36% to 50%.

The following is a forecast for the restructuring of the advertising market from 2016 to 2021 by Magna.



According to eMarketer, the market volume for internet advertising will amount to US \$335.48 billion by the year 2020.^[11] The world's largest countries are presented on the graph^[12]:

Online advertising market volume in 2017, by country, \$bln.



3.2. Performance Marketing

A relatively new phenomenon in the internet advertising market has been the growing popularity of performance marketing. In Russia, in the first half of 2016, the market for performance marketing amounted to 50.2 billion rubles, which is 30% of the total advertising market during this period, second only to television.^[13] Compared with the equivalent period of 2015, the performance marketing industry in Russia showed an increase of 29%.^[14]

In the UK, the market for performance marketing in 2016 was £1.578 billion, which is 12% more than it was in 2015.^[15] Thanks to the use of performance marketing, in the United Kingdom in 2016, goods and services were sold for a total amount of £19.4 billion. Each £1 invested in performance marketing resulted in sales returns of £12.3.^[16]

The popularity of performance marketing is attributable to the increasing cost of attracting users. In these circumstances, advertisers prefer to pay only for targeted customer actions. The International Advertising Bureau has identified the main problem of performance marketing as the development of reliable common customer accountability mechanisms between advertisers and affiliates (tracking and analytics). The introduction of blockchain technologies to the industry can solve this problem, creating convenient and transparent mechanisms for the accountability of customer activities.^[17]

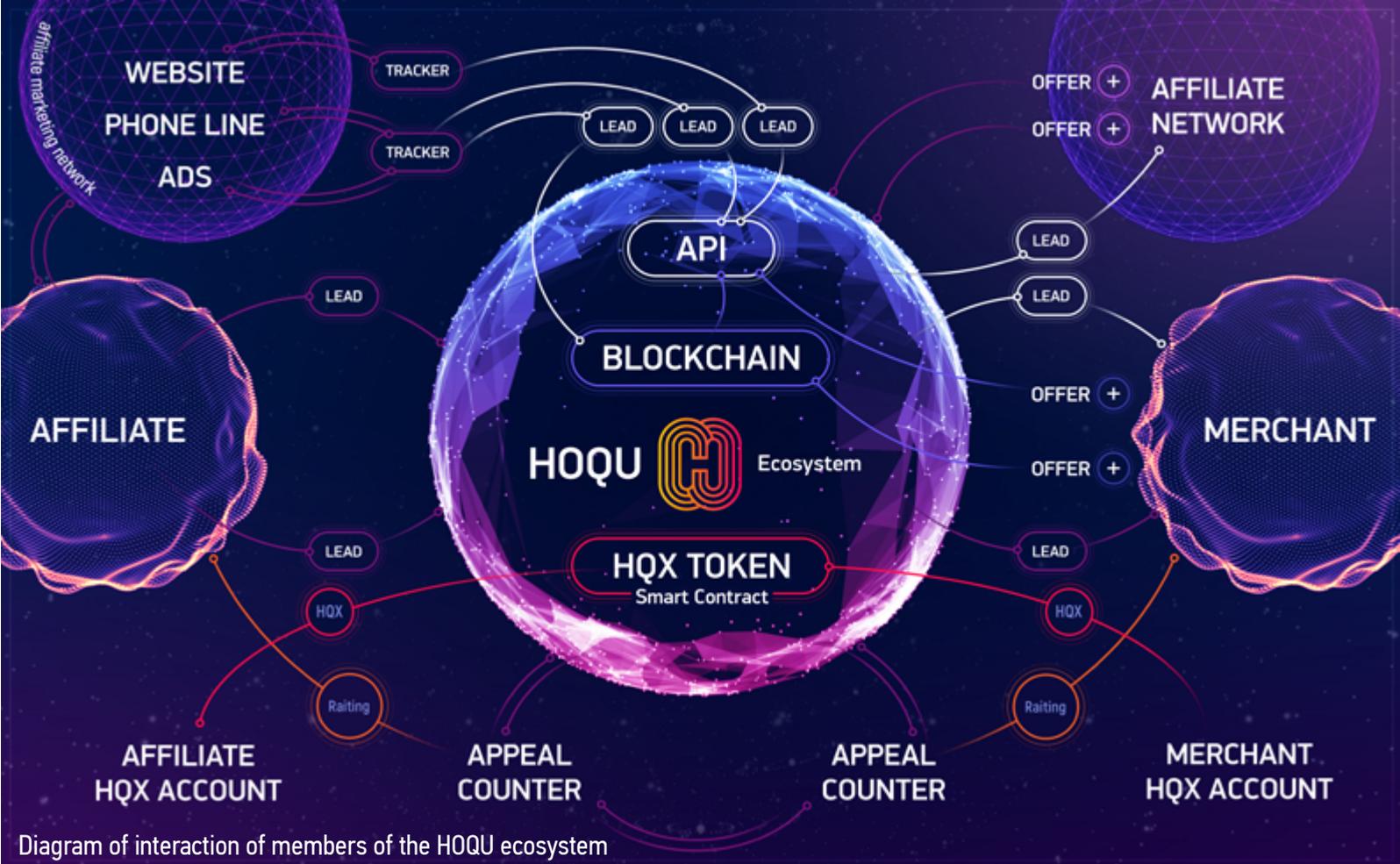
3.3. Affiliate Marketing

According to estimates made by the AWIN marketing company, the total world market in this industry is US \$13.2 billion.^[18] In the opinion of expert Eugeni Prussakov, affiliate programs generate between 15% and 30% of all online sales for advertisers.^[19]

One of the reasons for the growing popularity of affiliate marketing startups is the desire of investors to test the viability of projects at an early stage. According to the Business Insider advertising agency, about 15% of total revenue of the internet advertising industry is generated in the area of affiliate marketing.^[20]

The volume of the affiliate marketing industry in the United States is US \$5.4 billion.^[21] In the UK, this figure is about \$2.1 billion.^[22] According to the manager of the Neo@Ogilvy Singapore affiliate marketing service, William Hammer Jones, the biggest prospects for the development of CPA networks in the Pacific Rim countries are China, Taiwan, Hong Kong, Japan, Korea, and Australia. The reasons are economic growth in these countries in general, and e-commerce in particular.^[23]

According to estimates by the Japanese consulting company YANO, the volume of the market for affiliate marketing in Japan was 200 billion yen or about US \$1.8 billion in 2016 and continues to grow.^[24]



4.

Description of the HOQU Platform

4.1. Functioning of the Platform

The HOQU platform provides a wide range of opportunities not only to advertisers and affiliates but also to affiliate networks. Two operation modes are possible on the HOQU platform: Direct interaction between advertisers and affiliates, and collaboration between advertisers and affiliates through interaction with affiliate networks.

The HOQU ecosystem involves several key players:

- **Merchant** (advertiser);
- **Affiliate** (partner);
- **Affiliate Network** (partner network);
- **Customer** (client).

The advertiser hosts offers on HOQU, aimed at a specific kind of data (leads) for which they are willing to pay up to a specified cost.

An affiliate wanting to promote an advertiser's offer independently deploys and maintains a marketing network by attracting customers. Through marketing resources (websites, call centers, outdoor ads, etc.), the affiliate generates a flow of leads that are collected and processed by tracking services for a particular offer. The tracking-service creates the lead data and adds key information about it to the platform (through the API or by calling the smart contract method directly).

If the advertiser approves the added lead by calling the appropriate API method or the smart contract method directly, they will charge the cost of the lead to the account and send it to the affiliate, minus the platform commission. By endorsing the lead, the advertiser gains access to information about the lead and can obtain full lead data (with the help of the tracking service or by unpacking the lead data with the help of the key.)

The HOQU platform provides the opportunity of working not only with advertisers and affiliates, but also with affiliate networks. An affiliate network can place all of its offers and leads on the platform. Any affiliate already working with the platform will be able to see and work with the offers of an affiliate network without any additional customization.

4.2. Registration on the Platform

Before starting work on the platform, a user must register with the web service hoqu.com, confirming their phone number and e-mail address.



Registration on the HOQU Platform

The next step is for the user to undergo verification. Currently, verification shall enlist the aid of Civic's services, but, in the future, internal verification may be implemented, which would require the user's ID and registration address.

Next, an Ethereum hot wallet is created, giving the user a personal Ethereum address and a private key to the wallet, required to access their personal account on other devices.

The next step is for the user to indicate their role in the system — advertiser or affiliate. Depending on their selected role, they are given access to an appropriate personal account.

4.3. Platform Units

Decentralized web applications will be designed to work with the platform and can be accessed through hoqu.com, as well as an SDK for custom solution developers. The applications will include:

- An advertiser's application;
- An affiliate's application;
- An affiliate network administrator application;
- An application for the appeal/audit service operator.

Each web application will have a public API for obtaining information about a user. Advertisers and affiliate network applications shall have an additional private API for providing affiliate program information.

Data from the blockchain will be collected in real time, then processed and stored in a relational database. Any user registered on the platform can work with the database through the public API. Because the platform uses the Ethereum blockchain, this feature is needed to ensure that users do not have to incur additional overheads by burning gas when they receive data directly.

Such an architecture allows new users to work with the platform without wasting time, whilst taking full advantage of decentralized solutions as well as integrating with the platform. Using the SDK, all existing affiliate networks will be able to add to their solutions the benefits of the decentralized HOQU platform.

Operating Conditions of Advertisers:

- The possibility to work with any affiliate network on the platform through the web client or mobile application (IOS/Android) unless an affiliate network prohibits this.
- The possibility of selecting the defining activity in the transaction (CPA, CPL, CPI, CPC, CPS).
- Payment is made only for the selected transaction type included in the smart contract.
- Easy development of your own affiliate network with all the tools and affiliate database of the platform.
- The possibility of working with affiliates directly for an 0.5% commission.

- Confidence in the integrity of affiliates (affiliate network).
- Guaranteed availability of the required number of transactions for any field of activity.
- The possibility to challenge transactions through appeal centers.

Affiliate Operating Conditions:

- The ability to work with any affiliate network on the platform through the web client or mobile application (IOS/Android) unless the affiliate network prohibits it.
- Any individual or organization matching platform criteria or a specific offer can work with the platform.
- The right to complain about unconscientious affiliate networks or advertisers.
- Selection of an affiliate program and offer according to the best reward model (CPA, CPL, CPC, CPS, CPI).
- Seasoned professionals, reliable affiliates and novices in the field of affiliate networks can all work with the platform.
- In the event of collaboration with an affiliate network, one can make payments in a convenient form.

Operating Conditions of Affiliate Networks:

- The possibility of working with any affiliate or advertiser through the web client or mobile app (IOS/Android), if this is not limited by the privacy settings.
- The possibility of creating services for cash input and withdrawal on the platform.
- Adding advertising offers to the platform. If an offer is added by an affiliate network, it is considered to be the actual owner of the offer, but the advertiser is its nominal owner. Only the owner of the offer can perform different actions with it (change the cost and terms of the deal, activate and deactivate offers, and so on).
- A 24-7 support service.
- Development of promo materials and help with setting up tracking services.
- Estimation of the offer's cost.

Appeal and Audit Centers:

The Appeal Centre is a unit within the HOQU platform that regulates and audits the mechanisms in the service. Any member of the HOQU platform may appeal the action of another participant by submitting an application to the appeal center. When a complaint is received, the Center conducts a semi-automatic review of the parties to the conflict and makes its decision.

Functions:

- Performing independent investigations into the appeals of advertisers and making decisions about them.
- Monitoring the reputation of platform participants.
- Verifying affiliates' reputational feedback from advertisers.

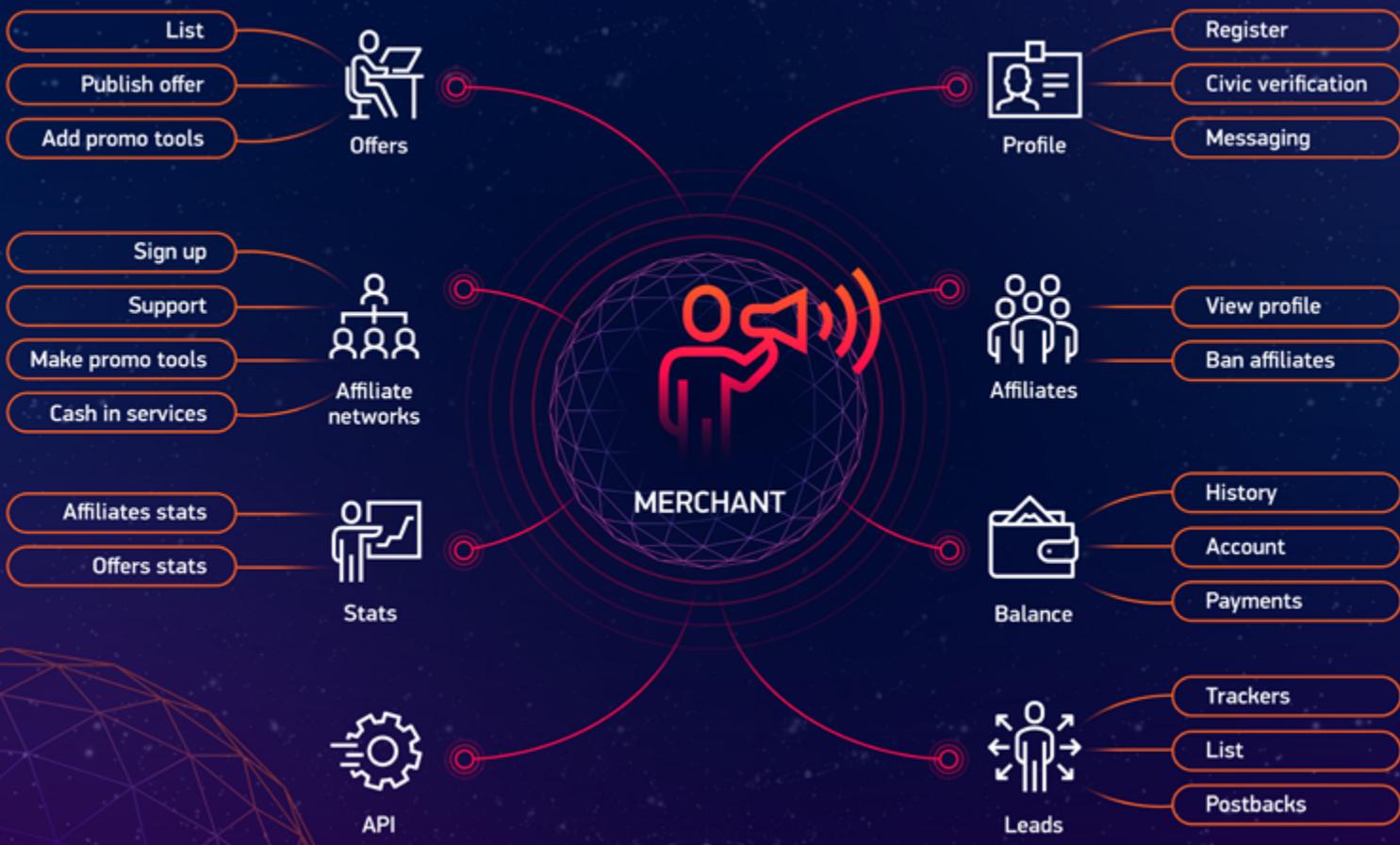
The appeal centers have their own rating that is dependent on the adoption of equitable and prompt decisions on appeals arising. If fraudulent activities are detected, the centers have the right to downgrade the reputation of these members of the platform and to prohibit them to work with the materials and objects they own.

5.

Technical Features of the Platform

Interaction between members of the HOQU ecosystem is maintained through Ethereum blockchain solutions. Basic platform functionality is implemented through smart contracts whose source code is available on GitHub^[25].

The HOQU platform will have a set of decentralized applications, with the help of which one can easily add offers and leads, as well as create custom affiliate networks from scratch with all the benefits offered by the platform. HOQU will have many preinstalled modules, as well as a feature enabling the creation of custom modules (plug-ins).



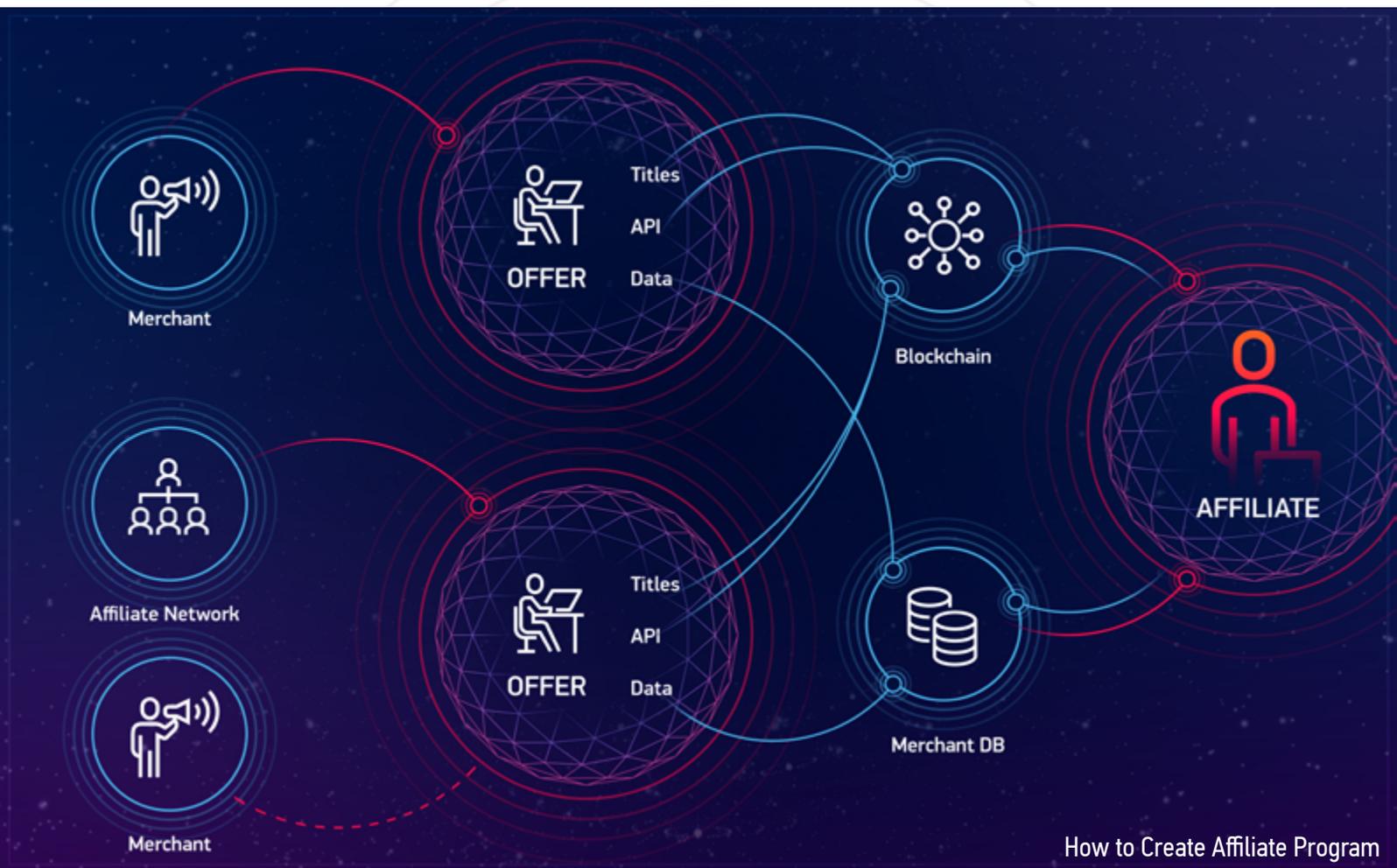
Merchant App



Affiliate App

5.1. Creation of an affiliate program

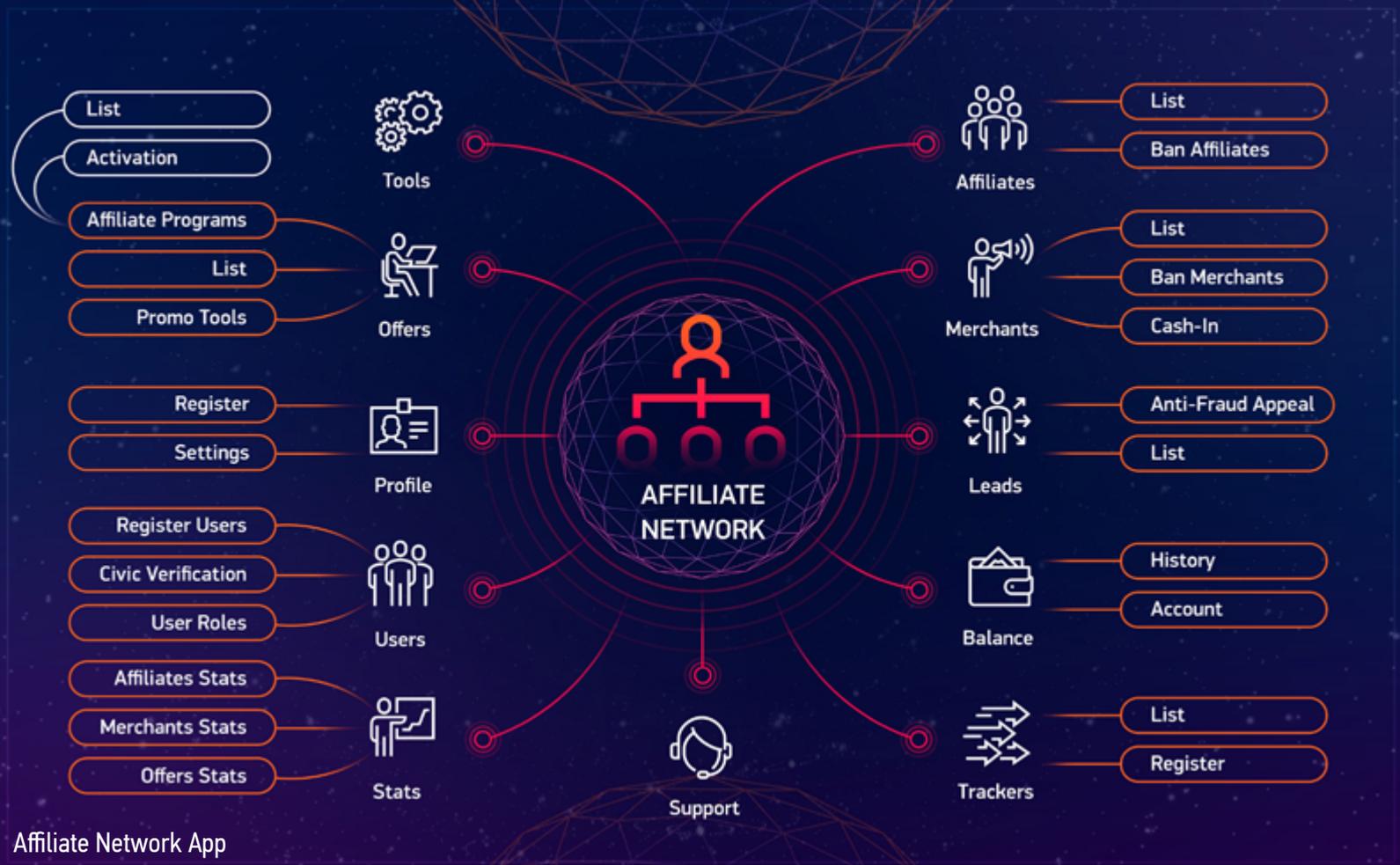
Within an advertiser's decentralized web application, an advertiser has the opportunity to create their own affiliate program, where they can register offers on the system by setting the rules for and the amount of an affiliate's reward. An affiliate can receive a reward for various types of application — leads, activities, installs, calls, GEA, and more. Affiliates can also have objective (scoring is performed automatically) and subjective (scoring is performed after the body of the lead is evaluated by the operator) evaluation criteria.



Reward amounts are determined in HOQU Platform tokens (HQX). A reward can have a fixed value, or it may be calculated as a percentage of the value of an attracted lead. It is also possible to fix the cost of a lead to any fiat currency. In this case, the value of a lead will be calculated in HQX tokens at the internal exchange rate current at the moment the lead was created on the hoqu.com web service.

An affiliate program can be created either directly by an advertiser in their personal account or by an affiliate network on behalf of the advertiser, having become a member in advance. In the event that an affiliate program is created by an affiliate network, all editing and publishing rights belong to the affiliate network, the data is stored in the network database, and the advertiser is the nominal owner.

After the affiliate program is created, its header data are placed on the blockchain. Full data on the affiliate program is located in the advertisers' relational database or affiliate network, depending on who the creator of the affiliate program is. To access data in this database, one can use an API, whose logon credentials are also stored on the blockchain along with affiliate program data. To access data through the API, if a user is working with an affiliate network, or when an affiliate program has a private status, users need a private API key issued to affiliate network members or issued by advertisers upon an affiliate's request. In addition, the affiliate program has the API credentials of the supporting services — the lead tracker and the authorized Appeal Center.



5.2. Decentralized web application for Affiliate Network Administrators

A decentralized affiliate network administrator application allows one to create and deploy affiliate networks on the HOQU platform. This application has built-in trackers that can work with any kind of payment for action — CPL, CPS, CPO, CPC, CPI, and others. The Affiliate Network Administrator application consists of many modules:

- HUM (HOQU user management) is a system for managing the administrators (users) of an affiliate network, with a feature for creating different roles, adding and restricting different access rights.
- HAFS (HOQU Anti-Fraud System) is an anti-fraud system that identifies fraudulent leads using more than 50 different metrics, neural networks and machine learning.
- HAT (HOQU Automation Tools) - an automation tool that includes tools for creating templates for promo materials, and tools for developing an operating strategy for affiliate programs using specified algorithms, allowing an increase in the KPI.

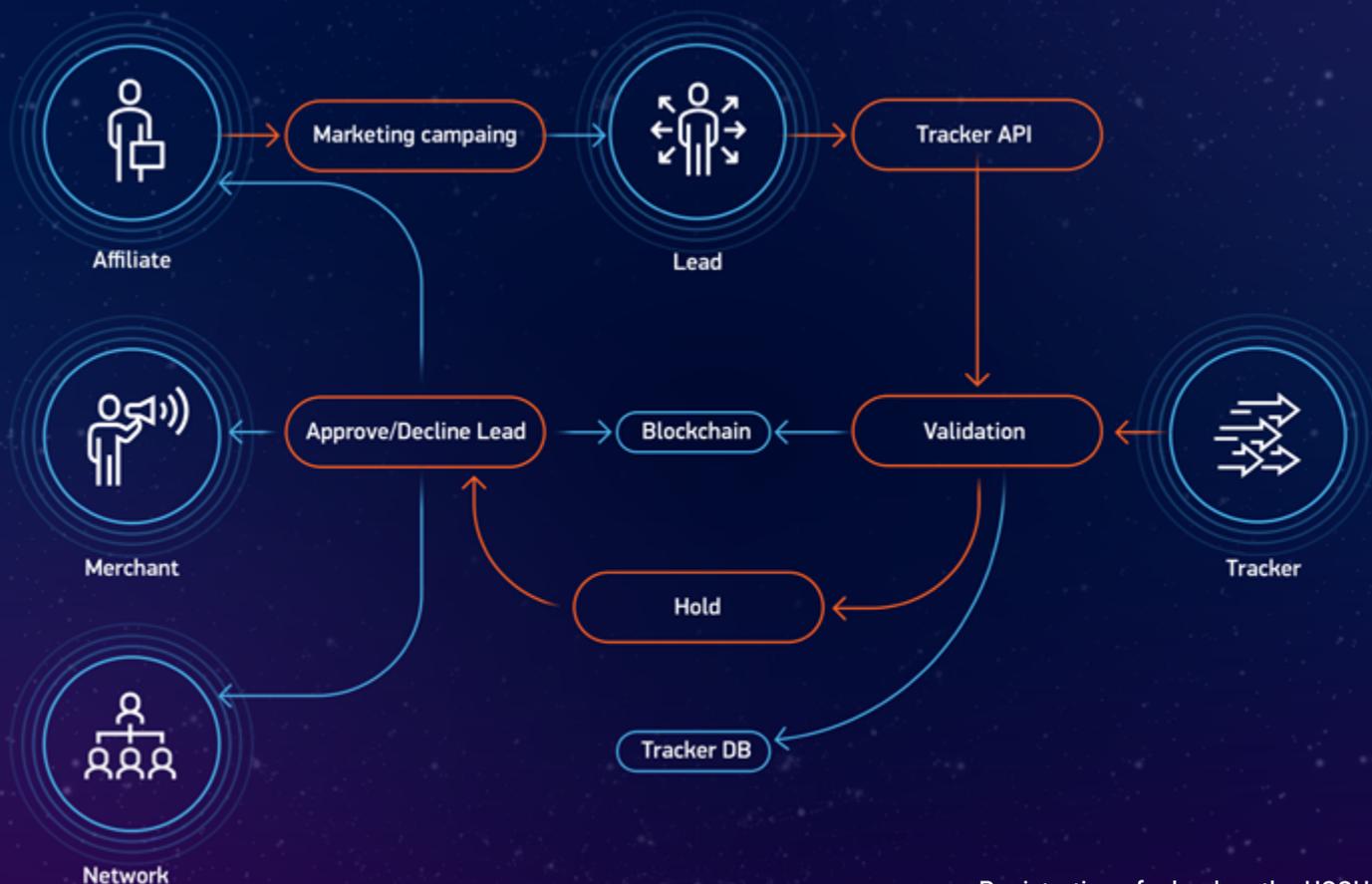
- HAM (HOQU Affiliate Management) - a system that allows affiliate members of a network to join different groups, assign them different ranks and influence the reputation of participants.
- HPD (HOQU Plugins Development) — each affiliate network can use different plug-ins for customization, and it is also possible to create custom plug-ins to be made available to affiliates.
- HSR (HOQU Statistic reports) — the system displays statistics with different data in real time and enables the creation of various user reports, and uploading of data to Excel.
- HDPN (HOQU Dedicated Phone Numbers) - a system allowing one to associate a different phone number with a specific affiliate's work (required when using the pay per call model).
- HOQU Support - a system for communication with affiliates and advertisers that includes a ticketing subsystem and chat with users.

An affiliate can start working with an affiliate network by becoming a member. To do so, they must meet the conditions of participation (territory, reputation, etc.) and apply through the public API of the affiliate network to obtain a private API key to access the affiliate network data. Public API credentials can be provided to an affiliate by the affiliate network itself, or obtained from blockchain by calling a special method in the smart contract. The request includes the logon credentials for the public API of an affiliate's web application, through which the affiliate network can obtain all required affiliate data. If approved, the collaboration will be recorded by the affiliate network on blockchain through the appropriate smart contract method.



In order to avoid mass registration of empty affiliates, the affiliate network can be given different auto-rejection criteria for submitted applications or manual confirmation of applications from the affiliate network administrator's office.

After the collaboration is recorded, an affiliate, through the affiliate network API, receives affiliate program data as well as widget data that is designed by the affiliate network to facilitate work with its affiliate programs. A ticketing and chat subsystem is also available for communication with the representatives of an affiliate network.



Registration of a lead on the HOQU platform

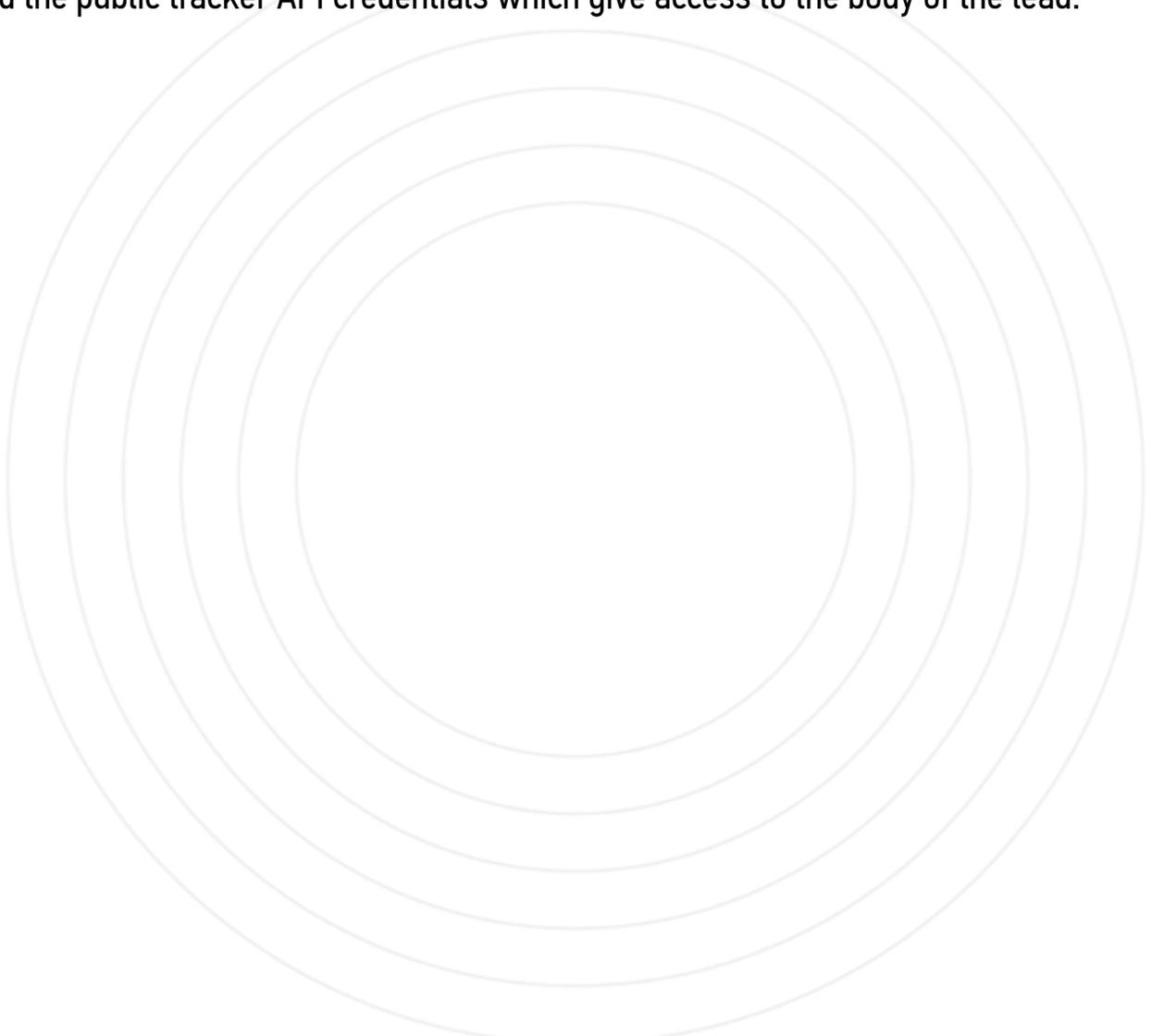
5.3. Registration of a lead on the HOQU platform

For lead registration, the platform uses special services known as trackers. A tracker has its own Ethereum address, a relational database, and special software registering different types of transactions (leads). Trackers have permission to determine the method of adding a lead in the smart contract. The tracker software can regulate not only the leads but also how these leads are sold — whether directly to the advertiser or auctioned.

Anyone who wants to register their tracker can do this by determining a special smart contract method, specifying the type of lead to be accepted, as well as access credentials to the public API of the tracker.

The approximate scenario for a typical tracker is as follows. The affiliate passes the lead through the tracker API, the tracker widget, JS of the tracker API, and so on, and primary processing of the lead is done without registering it on the blockchain. At this stage, the user is protected against mass lead-adding attack, which, if detected, can lead to blocking of the private API-key of an affiliate.

The lead is then registered on the blockchain by determining the special tracker smart contract method, which first checks for links between the affiliate and the affiliate program, and then adds the metadata to the blockchain. The lead approval event is added to the scheduler queue with a hold time (payment delay) if it is stipulated by the terms of the affiliate program that determines this smart contract method, which charges tokens to the address of the advertiser, and ensures all interested parties are paid. In the event of a successful sale, the advertiser receives a full access key to the data, and the affiliate and affiliate network have a restricted access key. The blockchain stores only the headers of the lead, the party identifiers and the public tracker API credentials which give access to the body of the lead.



6.

Placement Parameters

HQX tokens will be issued according to the ERC20 standard on the Ethereum blockchain. The total number of issued tokens will be 888,888,000 HQX, and no new tokens will be issued. Tokens assigned to the team will be frozen for 6 months, with a further gradual defrosting of 10% per quarter of the original quantity.

General Parameters:

Token: HQX

Total emissions: 888,888,000 HQX

Total amount to be sold: 65% of total token issuance or 577,777,200 HQX

— 4% Private-Sale of the tokens sold or 23,111,088 HQX

— 6% Pre-Sale of sold tokens or 34,666,632 HQX

— 22% Main Sale of the tokens sold or 137,777,640 HQX

Accepted currencies: Ethereum (ETH), Bitcoin (BTC), Litecoin (LTC)

Hard Cap: 32,790 ETH

Pre-Sale Parameters:

Pre-Sale Dates: 13.11.2017 — 20.11.2017

Sales Volume of Pre-Sale: 57,777,720 HQX

Hard Cap at Pre-Sale: 7,263 ETH

Pre-Sale Price: 1 ETH = 7,000 HQX (bonus included)

Minimum Buying Transaction: 0.1 ETH

Maximum Buying Transaction: Unlimited

Bonuses: The bonus is 40% of the price in the main sale

Main Sale Parameters:

Main Sale: 27.11.2017 - 26.02.2018

Sales Volume on Main Sale: 137,777,640 HQX

Hard cap on Main Sale: 25,527 ETH

Price on Main Sale: 1 HQX = 0.0002 ETH or 1 ETH = 5,000 HQX

Minimum Buying Transaction: 0.1 ETH

Maximum Buying Transaction: Unlimited

Bonus system during the Main Sale period

Bonus	Number of tokens
20%	13,777,764 HQX
15%	13,777,764 HQX
13%	13,777,764 HQX
11%	13,777,764 HQX
9%	13,777,764 HQX
7%	13,777,764 HQX
5%	13,777,764 HQX
3%	13,777,764 HQX
0%	27,555,528 HQX

Parameters Sale Round 2

Sale Round 2: Q2-Q3 2018

Sales Volume on Sale Round 2: 382,221,840 HQX

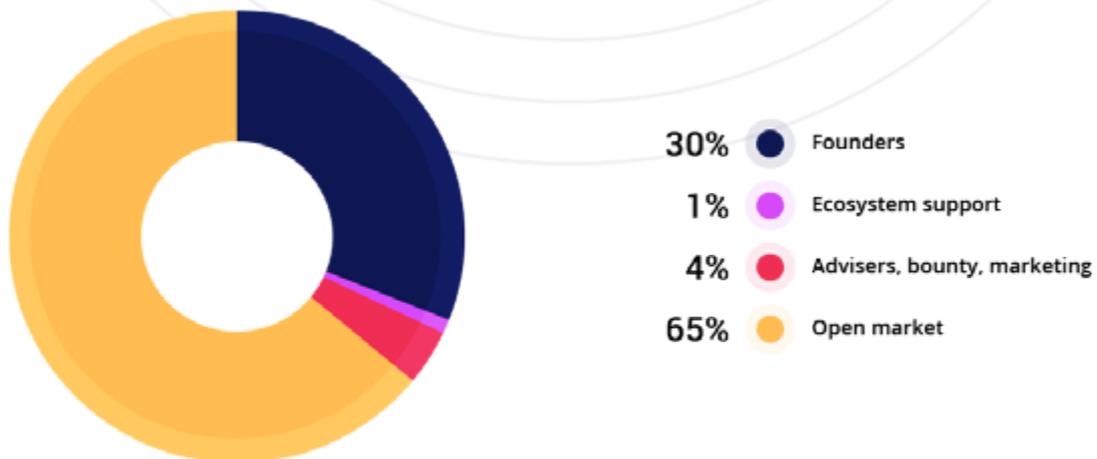
Hard cap on Sale Round 2: TBA

Price on Sale Round 2: TBA

Minimum Buying Transaction: 0.1 ETH

Maximum Buying Transaction: Unlimited

Token Distribution



Frequently Asked Questions

How to participate in the HOQU Token Sale?

To take part in the Token Sale, you need to get whitelisted. Note that the Whitelist only has a limited number of spots. The Whitelist registration will be closed once we have received a pre-set number of requests. Each participant will have their personal account with a step-by-step instruction on how to buy HQX tokens.

Can I send ETH from an exchange to the token wallet?

No, you cannot. If you send ETH from an exchange to the token sale wallet, they will most likely be lost. You must send ETH from any Ethereum wallet: MyEtherWallet (no download needed), Parity (Desktop), Mist (Desktop), imToken (iPhone), imToken (Android).

What if not all HQX tokens are sold at the token sale?

If the hard cap is not reached by the end of the token sale, then all unsold tokens will expire.

Where can investors see their token sale balance?

The obtained tokens shall be visible immediately upon acquisition on the balance located on the user page. Two to three days after the end of the token sale, all HQX tokens shall be distributed onto Ethereum wallets.

Bounty program:

2% of total issuance (17,777,760 HQX) will be allocated to the bounty program, which will be distributed as follows:

39% Signature and Avatar campaign.

26% Content creation.

15% Translation and moderation.

20% Social media (<https://bounty.hoqu.io> - bonus is available if KPI is reached):

Including Twitter, Facebook, Medium, Telegram, YouTube, Reddit, Instagram and WeChat.

Affiliate Program:

HOQU has used a performance marketing model since the very beginning of the project. We offer an affiliate program to which 0.5% of the total issuance will be allocated (4,444,440 HQX). Tokens will be distributed among affiliates according to their invested amounts. The affiliate program will be launched from the beginning of the pre-sale and will run until the end of the main sale.

7.

Token Function and Project Economics

A key component in the economy of the HOQU project will be the HQX token, which will perform an infrastructural function and is required for transactions between platform members. The rewards for affiliate networks and affiliates will have a fixed price in US dollars as well as a floating price in tokens.

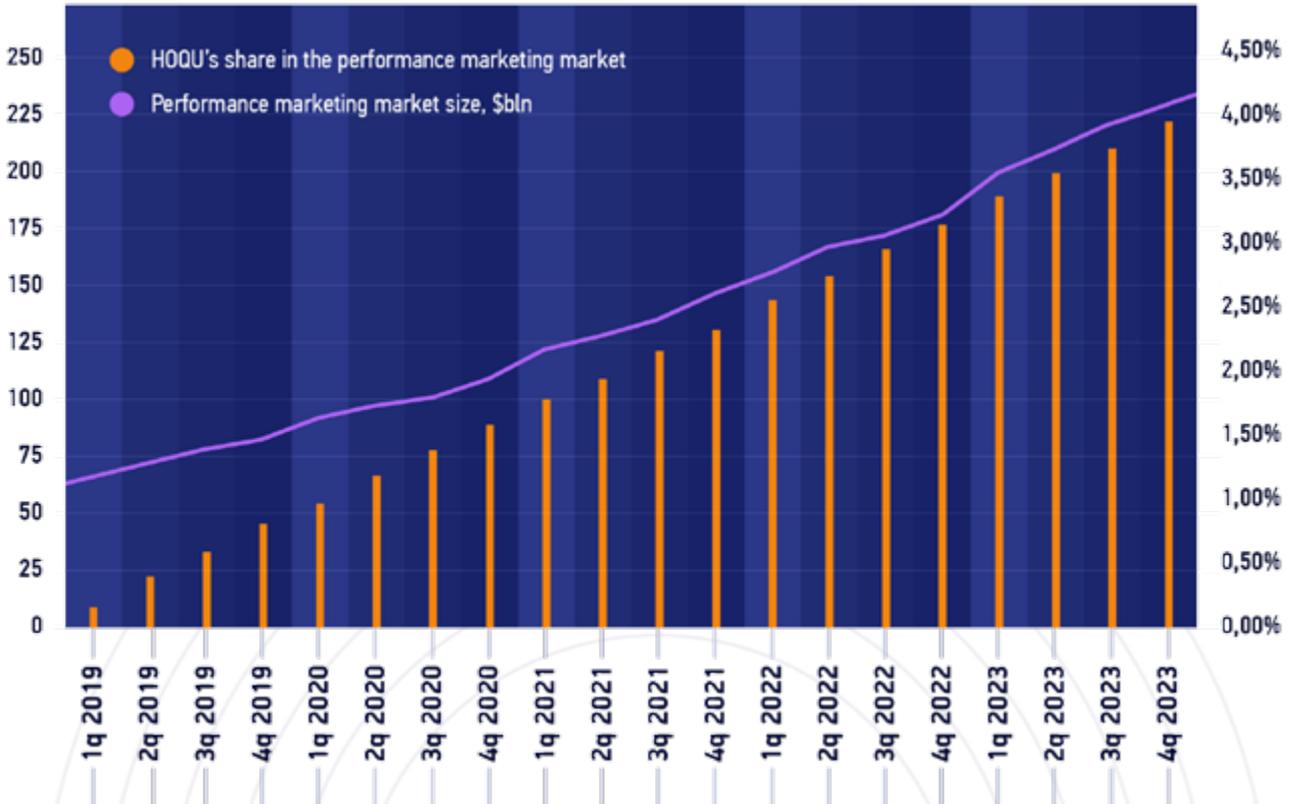
HQX tokens will receive turnover via:

- Payment for affiliate network services by advertisers.
- Payments from affiliate networks.
- Payments from advertisers to affiliates.
- HQX will be exchanged on platform-independent exchanges.

The following assumptions were made when building the financial model:

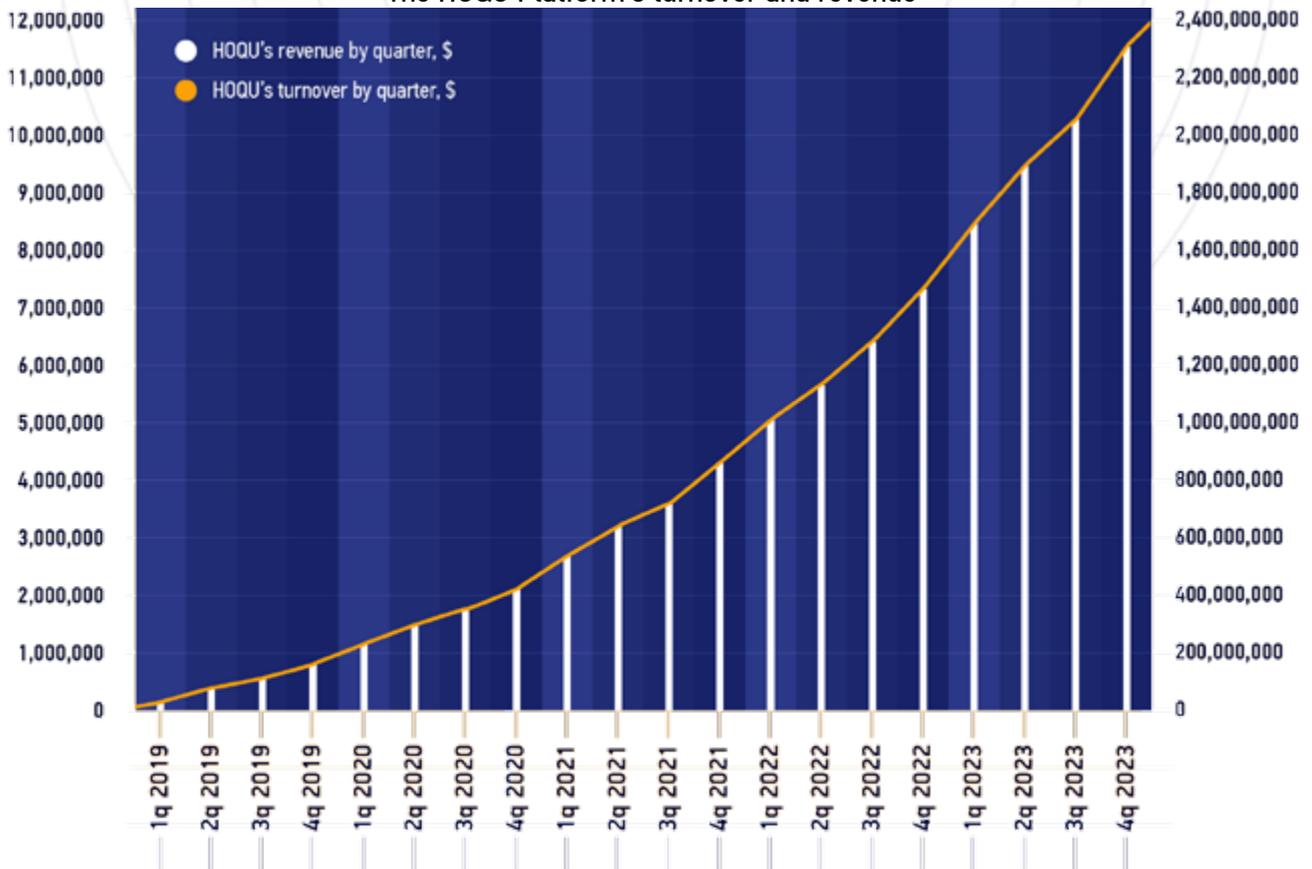
- According to the Statista portal, the internet advertising market in 2017 will amount to almost US \$228 billion.
- Internet advertising market volume grew by 15-22% annually over the last seven years. According to the financial model, the growth of the internet advertising market for the next six years (from 2018) will be 15% annually.
- The market for performance marketing in different countries is 10-35%, and in the financial model this figure is 20%.
- Performance marketing is growing faster than the internet advertising market. According to some estimations, the share of performance marketing within the internet market share of advertising will be increasing by 4% annually in the next six years.

Performance marketing market size and HOQU's share of it



It is estimated that the market size for performance marketing by the end of the year 2023 will have grown from the current US \$46 billion to US \$232 billion, and in six years HOQU could occupy a 2% share of the internet advertising market.

The HOQU Platform's turnover and revenue



With 2% of the market share, the quarterly turnover on the HOQU platform will exceed US \$2.32 billion by the end of the year 2023, and the quarterly revenues from the platform's commissions will be US \$11.60 million, reaching US \$87.13 million within six years.

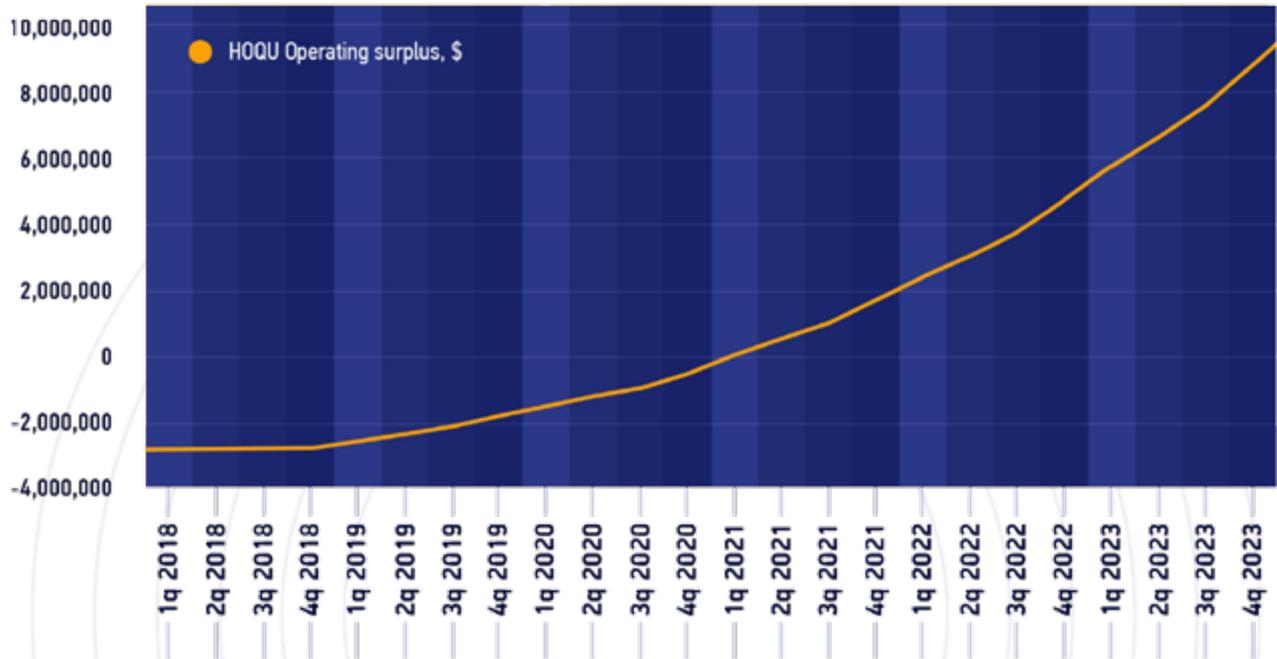
But HOQU is not purely a platform for CPA marketing, it is also an affiliate platform in a broader sense, because HOQU is not limited to internet marketing. It is possible to use other media for advertising, such as television, outdoor advertising, printing, radio, advertising on transport and others. Potential revenue from these directions for the HOQU platform is not taken into account in the financial model, but it will be present in the actual operation of the platform.

The distribution model for token sale funds is as follows:



According to calculations, the attracted funds are sufficient to fully develop and maintain the functioning of the platform for at least 3 years. This period is sufficient for the project to achieve positive operating profit, even under a conservative scenario. With a more optimistic scenario for the development of the platform and the market, the project shall achieve positive operating profits after 1.5 years.

Operating surplus of HOQU



8.

Marketing Strategy

In its activities HOQU will rely primarily on the team's long experience, as well as its relations, affiliates and clients. The **Marketcall** project launched by HOQU in only two years has become a leader among CPA networks in the CIS countries with respect to calls. The **Marketcall** system has already more than 1000 advertisers and more than 50,000 affiliates: From professional marketers with large teams to affiliate-owners of small themed sites. The entire business of the **Marketcall** project will be transferred to the HOQU platform.

HOQU plans to focus on the following markets:

- **North America:** United States, Canada.
- **South America:** Brazil, Argentina, Chile.
- **Europe:** Germany, Great Britain, France, Netherlands.
- **Asia:** China, India, Japan.

Performance marketing is gradually gaining popularity among advertisers, especially in the countries listed above. The following information is provided on potential markets for HOQU:

1. E-commerce

One of the first markets where the performance marketing model has been actively applied is e-commerce. E-commerce sales in 2016 amounted to US \$1.86 trillion worldwide and and US \$354 billion in the United States.^{[26][27]}

2. Tourism and Travel

Tourism and travel is a large market, with proportionate advertising budgets. Companies selling tickets, tours and that receive income from hotels can only benefit from paying for the marketing of their services. The cost of internet advertising for one of the world's largest travel companies, the Priceline Group, was US \$2.74 billion in 2015.^[28] The volume of online sales in the tourism industry in 2016 was US \$564 billion.^[29]

3. Mobile Applications

Affiliate marketing is often used to distribute mobile applications that can only be advertised through the internet. Paying publishers for each application install by the CPA model is one of the most popular ways of promoting mobile applications. The total marketing costs of application installs in the United States in 2016 amounted to US \$5.7 billion, according to Statista.^[30]

4. Financial Services

The financial services sector is considered to be highly promising for the implementation of performance marketing technologies. Growing competition in the industry is making traditional payments for clicks and ads less profitable for financial institutions.^[31] According to eMarketer, the total cost of internet advertising in the financial sector in the United States will be US \$10.1 billion in 2017.^[32]

5. Vehicles and Real Estate

At the moment, performance marketing is practically non-operational in automobile sales and in 2016, 88 million cars were sold worldwide.^[33] Analysts from CBRE believe that online real estate sales will continue to grow,^[34] and 80% of real estate buyers use internet searches.^[35] However, large purchases such as automobiles or real estate can be mutually beneficial for the performance marketing advertiser and the affiliate, for example, in the CPS (cost per sale) model. This model allows one to increase rewards for affiliates and effectiveness of advertising for advertisers at the same time, because affiliates will have an interest in actual sales.

21% of the funds attracted (the hard cap is \$6.595 million) will be allocated to HOQU platform marketing, and expansion (opening additional offices) to the countries mentioned above is planned, which will require 17% or US \$5.338 million of attracted funds if the hard cap is reached.

9.

Development Strategy and Roadmap

HOQU has significant competitive advantages over centralized affiliate platforms. The main strategy for the development of the project is to realize these advantages.

Comparison of HOQU with centralized affiliate platforms

Centralized platform



High commissions

Up to 45% of advertisers' funds are allocated to the payment of commissions to intermediaries: Banks, payment systems, advertising agencies and platforms.



High cost

Affiliate networks pay for the use of existing platforms on a monthly basis or invest in developing proprietary systems.



Difficult start

The traditional platform operating model has a high entry threshold for affiliate networks.



Work instability

When a centralized platform fails, all affiliate networks stop working, until the cause is identified and the problem is resolved.

HOQU Platform



Low commissions

0.5% commission for transactions and the lack of intermediaries make the platform more profitable for advertisers and affiliates.



Free use

HOQU provides the facility for using its blockchain platform to all affiliate networks at no additional cost.



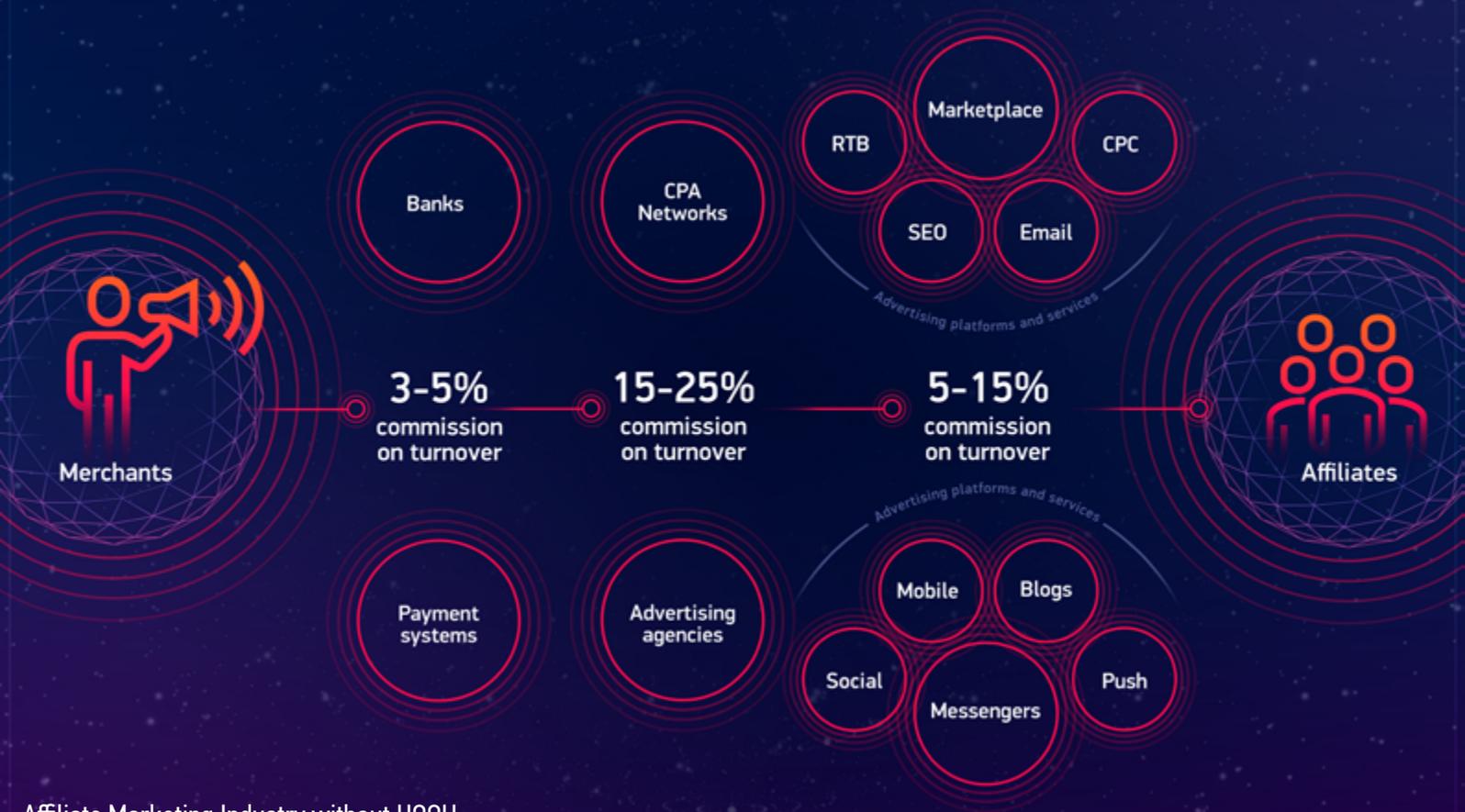
Easy start

After the simple registration of an affiliate network on the platform, each affiliate and advertiser gains access to the platform for work.



Module Independence

Other modules do not influence work on the platform in any way, and work continues even if a neighboring module has failed.



Affiliate Marketing Industry without HOQU

- The commission of banks and payment systems for affiliates and advertisers makes up 3-5% of turnover.
- The advertising agencies and CPA network fees make up 15-25% of turnover.
- Advertising sites and services commission makes up 5-15% of turnover.



Affiliate Marketing Industry with HOQU

HOQU realizes that traditional affiliate networks currently function with fiat currencies only. However, possibilities for buying goods and services for cryptocurrencies are rapidly growing. The crypto industry is a new and fast-growing market, and HOQU can offer new possibilities to its participants. Of course, the existence of Ethereum wallets and the need for the use of smart contracts impose certain restrictions on participants of the system, requiring them to have a sufficient level of technical expertise and resources. HOQU will accommodate network participants who are not ready to build their own technical solutions using the HOQU SDK.

HOQU will offer a simpler, more intuitive web-based application (for which both desktop and mobile versions will be available), the server aspect of which realizes all of the above logic and addresses smart contract methods using the service API. This does not violate the principles of openness and decentralization, as all operations will continue to be performed through the blockchain, but via the HOQU API. Platform participants will then be able to simply obtain an account on the HOQU system, add the required budget using any convenient currency and start work using the system.

- Using HOQU, advertisers work directly with affiliates and save around 44% of their advertising budget.
- The HOQU commission for the deal constitutes 0.5%.

The emergence of such blockchain projects as AdEx, qChain, adChain and Papyrus attests to the great potential of the blockchain industry. However, transfer of traditional advertising exchanges to blockchain systems, which these projects offer will not fundamentally change the way the market works. Sooner or later, classical models will yield to performance marketing and one of the most effective models, namely - affiliate marketing.

In 2018, HOQU plans to continue active development of the project and update its releases. There is great potential for using HOQU in the areas of cryptocurrency retail and e-commerce, cryptocurrency exchanges and services, as well as in affiliate programs for ICOs and tokensales. The team's further plans for platform development will be announced subsequently. A more detailed description of development phases can be found at <https://www.hoqu.io>. So far, the main planned stages of the project's development are:

Development of the CPL smart contract prototype and the decentralized affiliate application

1

November 2017

January 2018

2

Development of smart contracts for all payment types (CPA, CPL, CPC, CPS, CPI)

Trackers by payment type

3

February 2018

March 2018

4

Release of the decentralized affiliate/advertiser application

Decentralized Affiliate Network Application

5

May 2018

September 2018

6

Launch of the world's first decentralized affiliate network on the HOQU platform

Release of the appeal center operator and administrator decentralized application

7

October 2018

February 2019

8

Decentralized platform mobile application

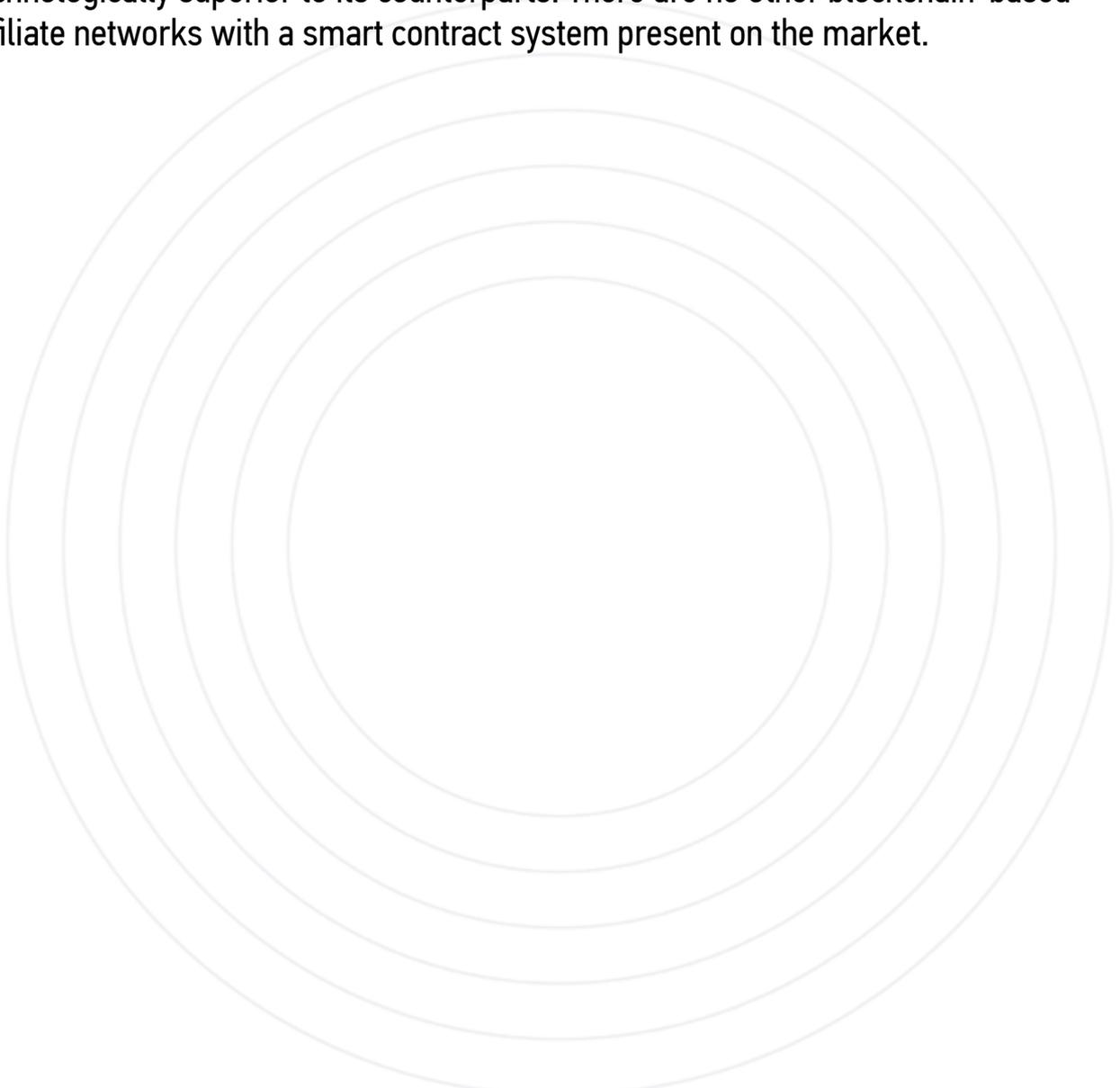
Developer Tool Kit (SDK)

9

March 2019

HOQU focuses on effective interaction with professional marketers and industry experts, with whom HOQU will create one of the best marketing blockchain platforms in the world. Advertisers will be able to increase the effectiveness of their advertising campaigns, and affiliates and affiliate networks will gain direct access to the customer base.

We provide affiliate networks with an inexpensive infrastructure that is technologically superior to its counterparts. There are no other blockchain-based affiliate networks with a smart contract system present on the market.



10.

Team & Advisors

We started working in the internet marketing field in the early 2000s. Gradually developing our expertise, in 2006 we were among the first in Russia to establish our own agency for SEO promotion — [PromoPage](#), and in 2008 we created the real estate aggregator [Move.ru](#) and a number of other projects.

As professionals in the advertising industry, we have noticed how poorly advertising campaigns are sometimes realized. Many advertisers and advertising agencies have faulty objectives, which lead to ineffective budgeting. Unsurprisingly, advertisers are increasingly dissatisfied with the payment mechanism used by publishers and webmasters when paid ads or clicks are not converted into sales.

In 2015, we set up an affiliate network for calling — [Marketcall](#), which works using the performance-marketing model, where an advertiser pays only for results: targeted calls from clients. In two years of work we have become leaders in the number of attracted targeted calls in the CIS market.



Alexey Shmonov

HOQU CEO and Co-founder

Online advertising expert and entrepreneur. Co-founder of one of Russia's first affiliate networks Marketcall, the Move.ru real estate website, and multiple e-commerce projects. In 2011-2013, Alexey integrated PayPass into TurkPay as the company's COO.



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<https://twitter.com/liveeye>



Ralph Liu

HOQU Advisor

Ralph is an investment banker, and a venture investor in the field of blockchain technologies. In 2009, he developed and headed the program for the joint management of real estate - Farjho, and in 2015 - a program for the joint ownership and lease of works of art. Ralph is Founder and Managing Director of Advanced Risk Management Solutions, former Vice President of UBS, Managing Director of JPMorgan Chase and Morgan Stanley, Executive Vice President and Investment Director of China Everbright Bank.



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



Maxim Anikeev

HOQU CMO and Co-founder

Online marketing expert and entrepreneur. Co-founder and CEO of Promopage. Has more than 14 years' experience in IT. Partner at several Promopage-related projects. Co-founder and marketing head of the East Lines transportation company (Top 3 in Moscow). In 2008 established the LifeSpain.com website.



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Dr. Moe Levin

HOQU Advisor

Chief Executive Officer (CEO) of Keynote, an investor in high-tech startups, and an advisor to governments, regulators, banks, and venture-backed companies.

Moe is also the Co-Founder of the first accredited Blockchain Academy, an early investor in RSK Labs, Labfresh, Dropbox, and others. Prior to founding Keynote, Moe was responsible for launching a venture-backed startup in Europe which raised \$30m from Richard Branson, Index Ventures and others.



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Alexander Duzhnikov

HOQU COO and Co-founder

12 years' experience in online entrepreneurship, co-founder of Russia's largest real estate website Move.Ru, co-founder of PPC affiliate network Marketcall, co-founder of multiple e-commerce projects, including top party costume online store Vkostume.Ru. Frequently participates and speaks at CPA events in CIS countries. Organizer of annual Move Realty Awards.



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Alex Shifrin

HOQU Advisor

Proven advertising professional with a solid history of successful entrepreneurship and international experience. Currently active as Managing Partner at LP/AD, a Toronto-based creative agency boutique, focusing on revenue growth and market development. Previously served as Regional CEO at Saatchi&Saatchi. Prior to that held the post of Managing Director. Previous to this position, was Managing Partner and Founder of TCF, an advertising boutique, which was acquired by Saatchi&Saatchi.



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<https://youtu.be/ZJp5TUFrpZI>



Andrey Duzhnikov

HOQU CTO

Head of HOQU's development team. Andrey has 13 years' experience in IT. Has expertise in high-load services and neural networks. Co-founder of Marketcall and Move.ru. Manages IT and web development at Marketcall and Move.ru.



Kenneth A. Goodwin Jr.

HOQU Advisor

Kenneth is a globally dynamic executive with over 20 years of banking and capital markets experience, a former U.S. White House Business Council/Business Forward member, college adjunct professor and lecturer on International Trade, Forensic Investigation methodology, and an entrepreneurial C-suite executive for FDI projects in US, Asia (China, Japan) and Africa.



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<https://youtu.be/qAC2e4ObsHA>



Roman Kaufman

HOQU CVO

Has expertise in digital economics and blockchain technology. Co-founder of IBCG, the largest blockchain community in Russia and Eastern Europe with over 15,000 members. One of the major blockchain specialists. Frequent speaker at high-profile blockchain-themed events. Builds and maintains relationships with investor communities and venture funds.



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<https://twitter.com/1RomanHQ>



Abdelrahman Younis

HOQU Business Development @ IR Middle East

The delegate of the future of marketing in Arab countries, such as the UAE, Saudi Arabia, Kuwait, Egypt, Jordan, Qatar. Participates in multiple thematic conferences, builds relationships with local companies and investors. Has a B.A. in English Studies and an M.A. in translation.



Mike Zarubin

HOQU Business Development @ IR Asia

The top-manager of a large distribution business of Chinese vehicles in Russia. He has successful experience in development of international projects on government level since 2005. He is an expert on IT, trade & industry relations with China. Graduated from EMBA IMISP'2016.



Rouben Alikian

Communications Specialist and Editor-in-Chief

Has extensive experience in written communications and linguistics services after having worked for many years in such global communications firms as ABBYY Language Services, Neotech and others. He has also worked as an internal and external communications specialist at KPMG and another prominent legal firm as a PR Director. Rouben is fluent in five languages and is the author of multiple books. Has a B.A. in marketing and a B.A. in English language.



Pankaj Mondal

HOQU Associate Editor

Conducts editorial operations within the organization. Writes on blockchain and digital marketing topics for a host of publications. Expert content marketer.



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Ko Sugimori

Asian Market PR & Digital Marketing Consultant

Has worked in the Personal Media International web consultancy, one of the leading Japanese consultancies, as a localization manager, business developer and bespoke website creation server facilitator. Has also worked with major airlines, travel agencies, IT & telecommunications companies.



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Xu Wei

HOQU Sales Management Officer

Responsible for interaction with key clients and expanding the HOQU client base in China. Wayne has extensive experience in the electronics industry after having worked at Kontech Electronics, establishing successful trade relations between Russia and China.



Alex Tsanev

HOQU Brand Identity Designer

Specializes in branding and logo design development. His works and achievements on design are published and featured on major design related platforms, and some can be seen in printed editions. Currently works as an independent consultant helping various businesses from all over the world to have a competitive visual style.



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Timur Poltorykhin

International Business Developer and shareholders board advisor

Entrepreneur, expert and business coach in internet marketing, forex industry and project management. Former CEO at Leadmonster.com, COO at Move.ru, Marketcall. For the past 2 years was deeply in Internet of Things (IoT) industry. CEO at Rtlservice.com



Sergey Skunov

HOQU Senior Developer

IT Director of Marketcall since 2015. Sergey is involved in developing and maintaining a whole array of Marketcall services. Keen on innovative technologies, neural networks, and mining.



Sergey Bakhmet

HOQU Full-Stack programmer

Sergey was involved in developing and maintaining Novostroyki.org, a real estate website on Russia's new housing. Contributed to maintaining a few major e-commerce projects (Vkostume.Ru, Vipbikini.Ru, Military.Ru).



Andrey Grishin

HOQU Full-stack programmer

Full-stack programmer. Since 2016, Andrey has been involved in developing new services and maintaining major e-commerce projects (Vkostume.Ru, Vipbikini.Ru, Military.Ru).



Alexander Zosimov

HOQU Full-stack programmer

Since 2014, Alexander has been involved in developing and maintaining the Move.Ru real estate website. Takes an interest in PHP, Yii, Laravel, Lumen, Doctrine, ZF, JS, Webpack and Vue.



Vladimir Kamensky

HOQU Project Manager

Since 2014, Vladimir has worked as a project manager for the real estate website Move.Ru, the new housing website Novostroyki.org, and the online stores Vkostume.ru, Military.ru, and Vipbikini.ru. Since 2016, he has managed the development of an e-commerce management system for Ec-crm.ru. Was involved in designing the Marketcall affiliate system. Keen on high-load projects and big data.



Alexander Krivtsun

Senior Developer, HOQU Smart Contract Developer

Since 2014, Alexander has been involved in developing and designing the first version of Marketcall affiliate system. Takes interest in new programming skills, neural networks, and development of blockchain-based decentralized apps.



Denis Degterin

Senior Developer, HOQU Smart Contract Developer

Denis developed and designed the first version of the Marketcall affiliate system. Takes interest in neural networks and development of blockchain-based decentralized apps.



Konstantin Lozhkin

Senior Developer, HOQU Ad-tech Developer

Konstantin was involved in designing and developing a discount system for Groupon.uz. He has worked as web developer at Oi.uz and Seon.asia. Since 2014, he has been involved in developing and maintaining Novostroyki.org, a real estate website on Russia's new housing. Contributes to maintaining the Move.Ru and Marketcall websites. Keen on high-load projects, enterprise development, and VR/AR.

Thanks to performance marketing and blockchain technology, we are now on the verge of establishing a new market for internet advertising, where budgets are most efficiently spent on effective customer engagement at greater profit for those involved in facilitating the transition. HOQU's pioneering entry into the market will lead to radical changes in the industry. Our expert analysis has shown that the changes are in line with the needs of market participants, and that new technologies have made it possible to technically organize the process on an entirely new level of quality.

Advertising is an integral part of our lives and a critical component of the economy. It drives business and helps customers make quality choices. With the unstoppable introduction of blockchain technology into more areas of business (finance, tourism, real estate, etc.), new multi-billion dollar markets will be made available. HOQU is pioneering the creation of a profitable platform that will help realize new opportunities for all involved by making marketing an accessible and more attractive venture.

By investing in the establishment of HOQU on the market, participants shall automatically gain access to the vast, untapped profit potential of decentralized marketing.

11.

Risks

Regulatory risks

The adoption of new laws regulating cryptocurrency turnover and the implementation of token sales worldwide is just beginning. HOQU warns investors that it is not responsible for possible changes in the project in the event of a possible restriction on cryptocurrency projects and tokensales in different jurisdictions.

As China and the United States prohibit their citizens from participating in investments in high-risk projects related to the cryptocurrency market, we cannot accept investments from the citizens of the aforementioned countries and jurisdictions. Blockchain technology is a recent development, and the technical and legal issues associated with it are virtually unregulated or nonexistent.

HOQU notes that it is not responsible for possible adoption of laws regulating blockchain technology by any country that would adversely affect the development of the project or the entire crypto industry.

Technological risks

An open protocol creates additional risks for the development of HOQU. A platform can be a target for cyberattacks that will have a negative impact on its cost, reputation, tools, and customers' personal data. The team will engage every resource at its disposal to ensure the project's safety, but notes that it is not impervious.

The creation of a blockchain platform in the area of internet advertising is a new challenge requiring human resources and the necessary material and technical resources.

There is a risk that HOQU will require more investment to develop than is anticipated at the current stage. In addition, there is a risk that the necessary expertise to successfully launch the project could not be attracted.

Financial risks

Investments in companies, cryptocurrency and various tokensales are considered high-risk. Investments in HOQU do not guarantee income. There is a risk of incurring serious losses.

The HQX token is used as an exchange tool between all members of the HOQU platform to pay for advertising content. It does not provide the right to vote or the right to property in HOQU Inc. The platform does not translate HQX tokens into fiat currencies and is not responsible for the fluctuation of the HQX token if it is listed on third-party exchanges.

Cryptocurrencies currently have a high volatility. Financial losses are possible in the event of acute fluctuations in cryptocurrency or fiat currencies.

If any jurisdiction implements a law with adverse effects on the crypto industry, translation of tokens to fiat currency could become difficult or impossible.

When tokens are exchanged to fiat, the relevant services could charge a commission and the government of the relevant jurisdiction could mandate payment of taxes.

If new laws are enacted in any of the world's jurisdictions, there is a risk that investors be obliged to pay taxes or additional charges against any funds invested in HOQU.

After investing in the token sale and before the launch of the project, investors could lack the ability to use tokens in any way or sell them.

Industry risks

The HOQU team does not guarantee successful project development or a return on investment. Competition in the field of internet marketing continues to grow. Alternative projects could be successful, which will have a negative impact on the position of HOQU investors.

The performance marketing model also has critics among publishers. Many publishers currently do not work with the performance marketing model, and some use irrelevant traffic. Such publishers would not be interested in the HOQU platform. Publishers not using a performance-marketing model are likely to ignore HOQU and criticize it.

12.

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