



CKS White Paper

CKS Intangible Cultural Heritage International art
platform RWA Digital Assets

White Paper Statement (Disclaimer)

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- * You do not rely on this white paper as any form of proposal.

1. Project overview

1.1 Project background and opportunities

As a treasure of the traditional Chinese silk weaving technique, the kesi technique has a long history of more than 2,000 years. It is famous for its unique technique of "passing longitude and breaking latitude" and is known as "the saint of weaving". However, under the impact of the wave of the digital era, the kesi technology, like many intangible cultural heritage techniques, is faced with the "inheritance dilemma" and the "marketization challenge". At present, the annual output value of the global intangible cultural heritage market reaches hundreds of billions of dollars, but the commercial value development of China's intangible cultural heritage skills is still in the initial stage, especially the high-end kesi art works, which lead to insufficient market circulation and imperfect value discovery mechanism due to their long creation cycle, high technical requirements and limited inheritance groups. At the same time, the real world asset (RWA) certification market is experiencing explosive growth. According to the latest forecast of Citibank, the market size of RWA will reach "\$16 trillion" in 2030, and the size of BlackRock's BUIDL fund has exceeded \$2.9 billion, highlighting the high recognition of asset certification by institutional investors.

In this context, we seize the historic opportunity to launch the RWA digital asset project, a kesi intangible cultural heritage international art platform based on Solana public chain, deeply integrate traditional kesi art works with blockchain technology, and create a "mature intangible cultural heritage digital asset ecology". Through the immutable and transparent traceability of blockchain technology, we are committed to solving the pain points in the confirmation, valuation, circulation and inheritance of intangible cultural heritage artworks, injecting new vitality into the millennium technology of kesi.

1.2 Project Vision and Objectives

The core vision of this project is to build the world's first "RWA digital asset platform" focusing on intangible cultural heritage, and to realize the value remodeling and global circulation of kesi art through blockchain technology. We aim to build an innovative ecosystem integrating art, technology and finance, transform kesi art from a traditional collection market to a new blue ocean of digital assets, and realize the mission of "making tradition live in the present and ensure that it has the future".

The specific objectives of the project include:

- ◆ Value remodeling goal: In three years, we will increase the market value of the

anchored kesi art works by 300%, increase the income of kesi art practitioners by 400%, and attract a new generation of young artists to participate in non-genetic inheritance.

◆ Market expansion goal: To establish a distributed kesi art exhibition and trading network covering major global art markets within five years, and increase the international market share of kesi art from less than 5% to 25%.

◆ Technology breakthrough goal: To build a high throughput and low latency digital asset infrastructure based on Solana public chain, supporting processing 65,000 transactions per second, with a single transaction cost less than \$0.0001, providing users with "institutional level transaction experience".

◆ Ecological construction goal: to build three core platforms —— CKS Intangible Cultural Heritage International Art Platform, CKS Art and creative IP e-commerce platform, CKS Art and creative RWA digital asset launch and trading platform, to form a "value-added flywheel effect" of mutually promoting and benign circle.

1.3 Technical advantages of Solana public chain

Solana Public chain, as a representative of high-performance block chain, has become the ideal technical basis of this project with its "excellent scalability" and "low transaction cost". Compared with other public chains, Solana uses the unique historical proof (PoH) consensus mechanism and the tower BFT algorithm to achieve

the processing capacity of "65,000 transactions per second". The average exit time is only 400 milliseconds, and the transaction confirmation speed is far beyond the industry average.

This technical feature perfectly meets the needs of intangible cultural heritage digital assets transaction: on the one hand, "high throughput capacity" supports large-scale users to participate in the subscription, transaction and circulation of digital assets, avoiding the congestion problem similar to Ethereum network at high load; on the other hand, "low commission" makes micro transactions possible, which greatly reduces the threshold for users to participate in the digital ecology of intangible cultural heritage. In addition, the rich DeFi protocols and cross-chain bridges within the Solana ecosystem provide technical support for multiple application scenarios of CKS tokens, such as decentralized exchanges such as Orca, Raydium, as well as lending agreements such as Solend and Port Finance.

The RWA digital asset system of the kesi international art platform for intangible cultural heritage built based on Solana will give full play to its "technological advantages", realize the efficient operation of the whole link of asset issuance, trading and clearing, and provide seamless and smooth intangible cultural heritage digital asset investment experience for global investors.

2. Asset structure and right confirmation mechanism

2.1 The underlying asset structure

This project innovatively designed a set of "composite asset anchor mechanism", which organically combines tangible assets and intangible assets, and jointly supports the value base of CKS token. The underlying asset structure is accurately designed, not only to ensure the stability of short-term value, but also has long-term value-added potential, providing multiple value guarantees for token holders.

The "tangible assets part" is composed of 7,000 rare kesi works (Song Dynasty flower and bird series) authorized by — Cao Meijie, Ki Culture Co., Ltd. registered in BVI. These works are all written by the kesi master Cao Meijia and his inheritance team, and belong to the level works in the collection. According to the international authoritative art evaluation agency, the total value of the works is ">\$100 million". This valuation is based on the transaction data of kesi works in the international auction market in the past five years, using the income present value method and market comparison method, and conservatively considers the factors of depreciation of artworks and market fluctuations. All the physical works will be stored in the designated professional art storage warehouse, with constant temperature and humidity, all-weather security and full insurance conditions.

The intangible assets are composed of four core sectors, forming the value amplifier of the kesi art ecosystem:

◆ Cao Meimei International Company Brand IP: including the brand of "Cao Meimei", an international famous kesi master brand, and its related trademark rights and design patents. The brand will complete trademark registration in the European Union, the United States, Japan and other countries and regions, and will be valued at \$120 million, based on the net present value of the brand's expected earnings over the next five years.

◆ CKS Intangible Cultural Heritage International Art Platform: The platform is a comprehensive digital platform integrating online exhibition, education promotion, craftsman courses and art circulation. It plans to sign 120 top kesi artists in the world, and is expected to exceed 1 million registered users. The 25% usufruct of the platform will be used as the underlying asset to support the value of the token, with an expected compound growth rate of 60% in the first three years.

◆ Some proceeds of CKS Art and creative IP e-commerce platform: Focus on intangible cultural heritage IP and cultural and creative IP authorization and derivatives development, and will successfully launch co-branded products with international brands such as GUCCI and LV. With 20% of the platform's proceeds injected into the token asset pool, it is estimated that the annual return alone can reach

\$10 million.

◆ CKS Art, Cultural and Creative RWA Digital Asset Launch and trading Platform: IP digital asset issuance and trading platform based on blockchain technology, 15% of the usufruct is included in the asset package, which is expected to generate \$20 million of income in the first year.

2.2 Legal right confirmation and compliance framework

To ensure the global compliance of the project, we have designed a "compliance framework across jurisdictions" to effectively address the legal risks in the issuance and trading of digital assets. This project draws lessons from the successful experience of intellectual property protection of Chuxiong Yi embroidery, combines the legal advantages of Virgin Islands, Singapore and Hong Kong, and builds a solid legal foundation.

In terms of asset right confirmation, we adopt the "double SPV structure": Special Purpose Vehicle of the Virgin Islands as the asset holder, receive the asset authorization of Cao Meimei Ki Culture Co., Ltd., and then realize asset confirmation and isolation through the Hong Kong trust structure. This design not only meets China's requirements for the exit supervision of cultural artworks, but also meets the needs of international investors for legal transparency. Specifically, 7,000 kesi works

are authorized to BVI special purpose companies through the export license of cultural artworks, while the proceeds are distributed to the token holders through smart contracts.

In terms of intellectual property protection, the project introduces the "four rights of separation" right confirmation model, which systematically separates and organically integrates the holding right of digital collection, the use right of digital collection processing, and the management right of digital collection with copyright and its derivative rights. This model not only guarantees the right of authorship and the right of modification of the original creator, but also gives the property right of the digital asset holders, which is perfectly in line with the relevant provisions of the Berne Convention and the Copyright Law of China. The copyright registration of all kesi works is verified through blockchain technology and connected with the registration system of the National Copyright Administration, forming a "dual-track right confirmation mechanism".

In terms of compliance supervision, the project has started the SFC's filing application for the issuance of securities certificates, and plans to complete the compliance adjustment as soon as the EU MiCA regulations come into effect. At the same time, the project will reach a strategic cooperation with licensed digital asset exchanges such as Hong Kong HashKey Exchange to ensure that CKS tokens are traded in a regulated environment. For US investors, we are exempt from registration under

RegD Regulation 506 (c) and are only issued to qualified investors.

2.3 Asset Valuation and Risk Control

The valuation of the underlying assets adopts the "multi-dimensional dynamic evaluation model", which comprehensively considers the three dimensions of artistic value, market value and technical value, and introduces the internationally recognized art evaluation standard system.in this regard:

- ◆ Art value evaluation: based on the artist's popularity, historical origin of works, process complexity, aesthetic value, scarcity and other indicators, the weight of 40%.
- ◆ Market value evaluation: refer to the auction records of similar works, market liquidity, collectors' preference, macroeconomic cycle and other factors, with a weight of 35%.
- ◆ Technology value evaluation: considering the technology value-added, ecological application scenarios and network effect factors after digital assets, with a weight of 25%.

In order to ensure a fair valuation, we will employ an authoritative third-party independent agency (such as the Pricewaterhousecoopers valuation department) to reevaluate the underlying assets every year, and the evaluation results will be uploaded to the blockchain through the decentralized prediction machine as the basis

for asset value adjustment.

In terms of risk control, we have constructed a "five-layer protection system":

1. Excess mortgage of assets: tangible assets are issued at 70% of the assessed value, reserving a safety margin of 30% to resist the risk of market fluctuations.
2. Dynamic value adjustment: establish an asset value stability fund, accounting for 5% of the total issued amount, and make reverse adjustment when the market price fluctuates abnormally.
3. Smart contract circuit breaker: When the predictor reports a price deviation of 30% from the baseline, the trading suspension mechanism is automatically triggered to prevent panic selling.
4. Legal risk isolation: achieve remote bankruptcy through SPV architecture to ensure that the underlying assets are not affected by the operational risks of the project party.
5. Insurance protection mechanism: Full property insurance is purchased for physical art, insured by an international first-line insurance company, covering major risks such as fire, water stains and theft.

Through the above measures, the project builds a "safe and reliable asset base" to provide a solid guarantee for the long-term value of the CKS tokens.

3. Technical implementation plan

3.1 Smart Contract design

This project builds a set of "advanced intelligent contract system" based on Solana public chain, and comprehensively manages the core functions of CKS token, such as issuance, circulation, deflation and income distribution. Smart contracts, written in the Rust language, benefit from Solana's parallel processing capabilities to achieve "high throughput and low latency in high-frequency trading scenarios".

Certificate contract design " follows SPL standards while introducing innovative mechanisms:

- ◆ Dynamic supply mechanism: the initial issuance of 10 billion CKS tokens, through the smart contract embedded circulation supply automatically reduce the deflation function, according to the preset rules, the final target of 100 million. Contract set verifiable numbers of seeds to ensure that the deflation process is open and transparent.

- ◆ Licensing grading mechanism: a multi-signature administrator account, jointly managed by the project party, the technology community and the third party regulatory agency. Any modification of key parameters requires the consent of more

than 3 of 5 signatures to prevent single point operation risk.

◆ Income distribution mechanism: the smart contract will automatically transfer the proportion of the platform revenue to the designated repurchase address, and perform the repurchase destruction operation regularly every day, and all transaction records can be checked immediately on the chain, to ensure that the execution process is not subject to human intervention.

The "Asset mapping contract" is responsible for realizing the value anchor of the off-chain asset and the on-chain token, which is the core innovation of the technical architecture of this project. The contract adopts a hybrid architecture, including both Solana-based light client and integrated Chainlink prediction machine network, to realize the trusted upper chain of asset data under the chain. The specific process is as follows:

1. Asset status monitoring: The physical kesi works are equipped with IoT sensor, which instantly monitors the temperature, humidity, light and other environmental data, and are transmitted to the cloud database through GSM network every 60 minutes.
2. Dual verification mechanism: PwC, as an independent third party, conducts a monthly on-site inspection of the physical assets and anchors the hash value of the verification results to the Solana chain.
3. Dynamic value update: Chainlink The prophet obtains the price index of kesi

artworks from authoritative auction houses such as Sotheby's and Christie's every 24 hours, triggering the smart contract to dynamically adjust the value of the underlying assets.

"Governance contracts" support community decentralized autonomy, allowing CKS currency holders to participate in key decisions. The currency holder can initiate proposals including adjusting the deflation parameters, changing the repurchase ratio, upgrading the platform function, and enter the voting process with the support of more than 5% of the total currency token. The voting weight is positively correlated with the number and time of coins held, and the second power voting mechanism is adopted to prevent the giant monopoly. The contract also has a "cooling-off period" and a "objection period" to ensure that decisions are prudent and rational.

3.2 Asset mapping and cross-chain interoperability

In order to realize the accurate mapping of kesi art works to digital assets, we have designed a set of "digital twin system" to create a corresponding mirror image of digital assets for each kesi work. The system contains three core components:

- ◆ Digital identity (DID): generate a unique digital identification word for each kesi work, including the metadata of basic information of the work, creation background,

artistic characteristics, identification certificate and other metadata. All data is stored through IPFS and its hash value is anchored to the Solana chain to ensure that the information cannot be tampered with.

◆ Traceability module: build a trusted digital traceability system based on blockchain services, recording the whole life cycle information of works from creation, exhibition, transaction and authorization. Drawing on the experience of Chuxiong Yi embroidery, the Merkel tree structure is adopted to optimize the storage efficiency.

◆ License management: through zero-knowledge proof technology, to achieve the balance between data privacy protection and verification requirements. For example, collectors can verify the authenticity of their works without exposing specific possession information, meeting the requirements of the General Data Protection Regulation (GDPR).

In terms of cross-chain interoperability, the project adopts Wormhole and LayerZero dual protocol architecture to ensure that CKS tokens can be freely circulated between the mainstream public chains of Solana, Ethereum, BNB Chain and other technologies. In terms of technology implementation, we make CKS a native multi-chain asset through the "full chain homogeneous token standard", rather than through encapsulating token model. Specific advantages include:

- ◆ Unified liquidity: avoid the common liquidity fragmentation problem in multi-chain deployment and improve capital efficiency.
- ◆ Simplify user experience: Users can hold and trade CKS on any support network without worrying about the risk of cross-chain bridge.
- ◆ Reduce Gas cost: Solana, as the settlement layer, processes most transactions and only synchronizes the final status to other networks.

In addition, we cooperate with THORChain and other cross-chain DEX agreements to integrate its cross-chain liquidity pool, so that CKS currency holders can directly exchange between assets in different chains, such as BTC and ETH directly converted into CKS, greatly reducing the transaction threshold and cost.

3.3 Technical realization of the deflationary mechanism

The deflation mechanism of the CKS token is the core innovation of the project economic model, which ensures the long-term and stable growth of the token value through the "multi-dimensional deflation path". Smart contracts set up three deflation pipelines, respectively for market circulation, ecological consumption and special scenarios:

- ◆ "Platform income repurchase deflation" is the main driver of deflation. The smart contract automatically converts 25% of the revenue of CKS Intangible Cultural

Heritage International Art Platform, 20% of the revenue of CKS Art and Creative IP e-commerce platform and 15% of the revenue of CKS Art and Creative RWA Digital Asset Launch and Trading platform into USDT / USDC stablecoin on a daily basis, and performs CKS repurchase in the open market, and the repurchase token is directly sent to the destruction address. To realize this function, we integrated Birdeye API to instantly obtain the price and liquidity data of CKS in different DEX's, and selected the optimal execution path through the performance algorithm to minimize the influence of sliding points. All repo transactions are publicly available on the chain to ensure transparency of the process.

◆ "Ecological consumption destruction mechanism" has designed a fine combustion ratio performance algorithm. When users use CKS to exchange physical goods, digital content or services on the CKS International platform, the smart contract will automatically destroy the corresponding amount of CKS according to 5% -20% of the consumption amount. Dynamic adjustment of the specific proportion: the basic proportion is 10%, increased to 20% when the network transactions are frequent, and reduced to 5% when the network activity is low, so as to balance the deflation target and ecological activity.

◆ "Special deflationary activities" are triggered by community governance contracts to enforce one-time large-scale deflation under certain conditions. For example, when the platform's quarterly revenue exceeds 50%, or important festivals, additional

deflation can be enforced through smart contracts by community votes. At the same time, we have innovatively designed a "deflationary option" mechanism to allow long-term currency holders (locked up for more than 180 days) to participate in accelerated deflation voting, further enhancing the scarcity of tokens.

*Table: Trigger condition and effect prediction of deflation mechanism

Deflation type	Trigger conditions	The annual deflation rate is expected	Technology implementation	Transparency guarantee
Return repurchase destruction	Platform average daily earnings > \$100,000	15% in the first year and 25% in the following year	Automatic market-maker integration	The chain can be checked immediately
Ecological consumption destruction	User exchange behavior	8% in the first year and 12% in the next year	Dynamic proportion adjustment	Consumption is the proof of destruction
Special deflationary activity	Community voting passed	Irregular, 5% -10%	Smart contract scheduling	Public notice 7 days in advance

All deflation operations produce "verifiable chaos vouchers", and users can instantly check the deflation execution status in real time through the official block viewer. In

addition, we publish monthly deflation reports detailing the effects of various deflation pipelines and their impact on future supply to provide complete information on investor decision-making.

4. Economic model design

4.1 Permit Distribution and Release Plan

The initial issuance of CKS tokens is 10 billion pieces, which is distributed in accordance with the principle of "fair, transparent and sustainable". The accurately calculated token distribution scheme not only ensures the resources needed for the initial operation of the project, but also ensures the maximum interests of the community, and reserves sufficient space for long-term development. The specific allocation proportion is as follows:

- ◆ Private investors: accounting for 5% of the total (500 million pieces), priced at 0.01U / piece, and raised us \$5 million. This fund is mainly used for technology development, marketing and team building at the initial stage of the project. The release mechanism is 10% for the first release, and then linear unlock for 6 months.

- ◆ Public offering: accounting for 5% of the total (500 million pieces), priced at 0.1U

/ piece, for public investors. The public offering funds are mainly used for international market expansion and compliance construction, and the release mechanism is unlocked when TGE is TGE.

◆ Ecological development fund: accounting for 25% of the total (2.5 billion pieces), which is used to support the continuous construction of the kesi intangible cultural heritage ecology, including artist incentive, platform operation, cooperation and expansion, etc. This part of the token is managed by the community governance contract, and any use must be approved by the currency holder, with a release period of four years and an average quarterly release.

◆ Community incentive: accounting for 30% of the total (3 billion pieces), used for user incentive within the ecology, including pledge mining, transaction mining, marketing and promotion activities incentives, market incentives, creation incentives, community construction, etc. It is automatically released according to the rules through smart contracts, with a period of 5 years.

◆ Team: 15% of the total (1.5 billion), reward project team and core contributors. Set a 36-month lock-up period, fully lock for the first year, and then linear early for 24 months to ensure the long-term interests of the team and the project.

◆ Consultants and partners: 10% of the total (1 billion units), and reward project

consultants and consulting teams, core partners, etc. Set a lock-up period of 36 months, the first year, and the next 24 months.

◆ Liquidity reserves: 10% of the total (1 billion units), used to establish initial liquidity pools in decentralized exchanges, and to work with market makers to ensure trading depth. This part of the token is once injected into the liquidity pool and permanently locked in.

*Table: CKS token allocation and release plan

Assign categories	scale	Total (100million)	releasing mechanism	Use description
Private equity investors	5%	5	First release of 10% A linear release at 6 months thereafter	Project at the beginning Development and operation
public placement	5%	5	The TGE is fully unlocked	International market expansion
Ecological development fund	25%	25	Linear release for 4 years	Ecological construction, community governance, and

				artist incentive
Community incentives	30%	30	Five years of dynamic release	User growth, Community activity
team	15%	15	Lock warehouse for 1 year After 2 years of linear release	Team motivation and retention
Consultants and partner partners	10%	10	Lock warehouse for 1 year After 2 years of linear release	Cooperative incentives and retention
Liquidity reserve	10%	10	One-time injection Permanent lock	Exchange liquidity provide

Pass release is a linear unlocking mechanism that strictly implements smart contract control, and any modification must be approved by a community governance vote. This kind of design avoids the risk of "centralized smashing plate" and guarantees the steady development of the market. At the same time, we publish a monthly token circulation report to transparently and openly display the token release and destruction, so as to provide accurate supply and demand information for market participants.

4.2 Ecological incentive and value-added mechanism

In order to build an active kesi intangible cultural heritage ecosystem, we designed a set of "diversified ecological incentive model", which guided all participants to create value together and forms a positive circle. The incentive model covers three core groups: creators, consumers and investors, and designs differentiated incentive strategies for different roles:

- ◆ "Creator Incentive" is designed for kesi artists and cultural and creative developers, allocating 5% of the total tokens through the "creative mining" mechanism. Artists who release kesi works, develop cultural and creative IP, or record teaching courses on the platform can receive CKS rewards according to the market feedback. The evaluation indicators include work sales volume, user rating, community heat, etc. The data is automatically collected through the decentralized prediction machine and settled quarterly. At the same time, we introduced the "Project Inheritor Program" to provide additional rewards to users who recommend new artists to join the platform, and to expand the kesi heritage group.

- ◆ "Consumer Incentive" targets the end-users who buy goods and services within the ecosystem, adopting the "consumption is mining" model. When purchasing physical art, digital collection or course services on the CKS International Art

Platform, users can receive CKS rewards of 1% -10% of the actual consumption amount; when purchasing kesi art works through the officially designated e-commerce platform, they can also receive additional CKS airdrops after public offering. In order to prevent brushing behavior, smart contracts have set up an anti-fraud algorithm to identify abnormal trading patterns and automatically deduct the corresponding rewards.

◆ "Investor incentive" is mainly aimed at long-term currency holders, designing a set of "equity superposition mechanism". Users who hold coins for more than 90 days can enjoy the privileges of weighted dividends, increased governance voting rights, and preferential purchase of scarce collections. At the same time, we cooperate with Solana ecological mainstream DeFi agreement to launch CKS pledge mining products, with an annual return rate of 8% -15%, guiding users to hold long-term rather than short-term transactions.

The core of the ecological value-added mechanism lies in the "synergistic effect of the three major platforms":

◆ "CKS Intangible Cultural Heritage International Art Platform", as the flow entrance, attracts art lovers from around the world through immersive online exhibition, master studio live broadcast, AR / VR experience and other content, forming a user base.

◆ "CKS Art, Cultural and Creative IP E-commerce Platform" is responsible for deepening the value, such as combining the traditional kesi patterns with modern design, developing derivatives such as clothing, home furnishing and digital art, and expanding the application scenarios. At the same time, we will expand the cultural and creative IP categories beyond kesi, and build a colorful e-commerce platform for artistic and creative IP creation and value realization.

◆ "CKS Art, Cultural and Creative RWA Digital Asset Launch and Trading Platform" realizes value transformation, and certifies art and cultural and creative IP assets through blockchain technology, providing a convenient global launch, investment and trading pipeline.

A "two-way value flow" mechanism is set between the three platforms. For example, the consumption on the art platform can obtain the transaction fee discount of the digital asset platform, and the purchase of derivatives on the IP platform can unlock the exclusive content of the art platform, forming a closed-loop ecology.

4.3 Repurchase and destruction mechanism

This project sets up a "multi-dimensional repurchase and destruction mechanism" to create a long-term appreciation expectation of token value by continuously reducing the supply of CKS in circulation. Repurchase funds come from the multiple benefits

generated by the ecosystem, ensuring that there are sufficient funding sources to support deflation schemes:

◆ "Platform revenue buyback": CKS Intangible Cultural Heritage International Art Platform uses 25% of the revenue to CKS buyback, mainly from art sales revenue, membership subscription fee and content payment, etc. The art and creative IP e-commerce platform will inject 20% of the authorization income, transaction commission income and derivative sales income into the repurchase capital pool. Digital asset platforms use 15% of their transaction fees on repo operations. Smart contracts automatically convert platform revenue into USDT / USDC stablecoins every month, and perform batch repurchases on different decentralized exchanges to minimize market shocks.

◆ "License revenue sharing": When Ki IP jointly cooperates with well-known brands (such as GUCCI, LV, etc.), 20% of the authorized revenue will be used for CKS repurchase and destruction. This design allows the token holders to share the benefits of the brand premium and enhance the value support of the tokens.

All repo operations are automatically executed through smart contracts, and transaction records can be checked immediately on the chain. The CKS tokens obtained from the repurchase will be sent directly to the destruction address and permanently withdrawn from circulation. We publish monthly repurchase reports, disclosing in detail the quantity, average price and the use of funds to ensure that the

process is completely transparent.

In addition to the automatic repurchase mechanism, we have designed a "community vote destruction" campaign to start accelerated deflation under special market conditions. For example, when the CKS field price is below 0.8 of the network value ratio (NVR) for 30 consecutive days, a certain amount of CKS can be destroyed through the ecological development fund to stabilize market confidence. In addition, on the annual "Black Friday" and project anniversary, we will organize special destruction activities to destroy the repurchase token accumulated in the early stage to create deflation milestones.

Through the above combination mechanism, we expect the CKS token in circulation to be reduced from an initial 10 billion to a target value of 100 million within 10 years, achieving the "99% deflation target" and creating substantial value returns for long-term currency holders.

5. Compliance and risk management

5.1 Legal and Compliance Framework

This project attaches great importance to the construction of compliance, and adopts the "cross-jurisdiction compliance strategy" to ensure that the business development meets the requirements of relevant national and regional laws and regulations. The compliance framework design draws on the successful experience of the Hong Kong Monetary Authority in certified green debt and intellectual property protection, and builds a comprehensive compliance system based on the characteristics of the project:

◆ "Issuance compliance", we strictly follow the financial regulatory requirements of the issuing place. The SPV entities registered in BVI have been authorized by the local Financial Services Committee to act as a vehicle for issuing digital assets. The token issue document follows the Appendix CRA-1 model and contains complete project information, risk disclosure and legal advice to ensure that "the information is fair, clear, accurate, comprehensive and not misleading". For investors in different jurisdictions, we implement the Qualified Investor Certification: RegD Regulation 506 (c) for American investors, the MiCA regulations, and Asian investors, especially mainland Chinese users, strictly follow the local laws and regulations and do not issue certificates to mainland Chinese residents.

◆ In terms of "securities attribute identification", we have hired an international law firm to conduct Howey test and analysis of CKS tokens to ensure that its functional design focuses on practicality and consumption attributes rather than expected investment returns. The rights of token holders mainly include intra-ecological consumption discount, community governance participation and platform service access, excluding the bonus rights or liquidation rights related to traditional equity, so as to minimize the possibility of being identified as securities.

◆ "IP protection" is another important dimension of project compliance. We have established the whole-chain protection mechanism of intangible property heritage: firstly, to clarify the right of authorship, the right of modification and the integrity of the works; secondly, to generate "digital fingerprint" for each kesi work, and the whole process of creation, modification and authorization through cross-chain certificate record with the authorization agreement; finally, to establish an IP authorization system in line with international standards to ensure that cross-border cooperation complies with the requirements of the Berne Convention and the Trade-related Intellectual Property Agreement.

◆ In terms of "tax compliance", the project will cooperate with pricewaterhousecoopers to design an optimized tax structure, which will not only meet the tax neutral requirements of BVI, but also comply with the tax collection and management regulations of the country where the investors are located. The smart

contract has a built-in "transaction tax calculation module", which automatically deducts the tax payable and transfers it to the regulatory account to achieve on-chain tax compliance.

5.2 Risk analysis and coping strategies

This project comprehensively identifies all kinds of potential risks, and formulates corresponding countermeasures, and constructs a "multi-level risk defense system":

◆ Technical risks: mainly including smart contract vulnerabilities, cross-chain bridge attacks, private key management, etc. Countermeasures include: hiring CertiK and other security agencies to conduct smart contract audit; using multi-signature and MPC wallet technology to manage project assets; integrating security protocols such as cross-chain communication LayerZero, using zero-knowledge proof to improve security; establishing vulnerability bounty programs to encourage white hat hackers to discover and report potential vulnerabilities. In addition, we plan to set up a \$1 million security insurance fund totaling up to Lloyd's to cover possible security incidents.

◆ Market risk: covering asset price fluctuations, insufficient liquidity, macroeconomic changes, etc. We adopt the following countermeasures: establish an asset value stabilization fund, accounting for 5% of the total issuance amount, reverse

operation when abnormal market fluctuations; cooperate with Jump Crypto and other market makers to ensure that the CKS trading spread is lower than 0.5%; set up smart contract circuit breaker mechanism, automatically suspend trading when the report price deviates from the baseline; the underlying asset allocation is diversified, including antique silk with strong value preservation and contemporary works with great value-added potential to spread market risks.

◆ Operational risks: including team execution ability, platform operation security, user education, etc. We introduce "escrow" to manage most assets and implement the multi-person signing system; the platform operation adopts bank-level security protection, including multiple verification, biometric identification, separating hot and cold wallets; establish a perfect user education system to reduce user operation errors through simulated trading, risk warning and knowledge base.

◆ Compliance risk: mainly from regulatory policy changes, cross-border legal conflicts, differences in securities identification, etc. We adopt the compliance strategy of proactive: set up a full-time compliance team to monitor the regulatory dynamics of 15 major jurisdictions around the world; participate in regulatory innovation projects such as "Ensemble sandbox", and maintain positive interaction with regulators; design a flexible token economic model to meet the requirements of different regulatory environments; and reserve regulatory API interface to meet the investigation needs of law enforcement agencies.

◆ Non-genetic inheritance risk: As an intangible cultural heritage project, it also faces special risks such as skill loss, cultural misreading, and the balance between tradition and innovation. Through the "non-genetic inheritors program", we systematically train young kesi artists; establish a kesi pattern database, use AI technology to assist analysis and protect traditional crafts; and establish an art committee composed of senior inheritors, art critics and cultural scholars to review the cultural appropriateness of innovative works.

6. Ecological development and road map

6.1 Construction of the three core platforms

Through the coordinated development of the three core platforms, this project builds a complete intangible cultural heritage art ecosystem and forms a "self-reinforcing value circle". All platforms have clear positioning and complementary functions to jointly promote the inheritance and innovation of intangible cultural heritage skills:

◆ "CKS Intangible Cultural Heritage International Art Platform", as the ecological flow entrance, is a digital art exhibition and transaction space for global users. The platform adopts Web3.0 technology architecture, integrates NFT digital collection, yuan-universe exhibition, social interaction, video courses and other functions, providing users with an immersive kesi art experience. Core functions include: AR / VR online museum, users can enjoy the kesi works 360 degrees; master live studio, directly watch the kesi creation process; social creation community, lovers can exchange learning experience; video course, learn the kesi intangible cultural heritage technology knowledge. The profit of the platform mainly comes from the sales of kesi art, digital collection sale, IP authorization cooperation, membership subscription fee and content payment, etc. It is expected to achieve a revenue of us \$5 million in the first year.

◆ "CKS Art, Cultural and Creative IP E-commerce Platform" focuses on the commercial development and value release of art, cultural and creative IP, and connects the connection channel between traditional art and modern consumption through IP authorization and derivative design. The platform has built a complete IP development system: the basic layer is the art and creative design style / pattern database, including more than 10,000 design styles and completing the block chain storage certificate; the middle layer is the designer alliance, gathering 200 + new designers around the world to re-create traditional styles / patterns; the application layer is a product matrix, covering multiple categories such as clothing, household, cultural creation, digital content and so on. The platform adopts the "1 + 1 + N" operation mode: authorized by 1 state-owned cultural institution + supported by 1 state-owned enterprise + diversified market players participate in creative design and market application development, and fully stimulate the market vitality. The platform will reach cooperation with a number of international brands, and IP licensing revenue is expected to reach \$10 million in the first year.

◆ "CKS Art, Cultural and Creative RWA Digital Asset Launch and Trading Platform" is the ecological value transformation hub, responsible for the issuance, trading and management of RWA digital assets. The platform is based on Solana public chain construction, integrates cross-chain exchange, liquidity mining, asset pledge and other DeFi protocols, to provide investors with convenient digital asset services. Technological innovations include: integrating Chainlink prediction machine

to realize the trusted upper chain of off-chain asset data; developing zero-knowledge proof KYC module to balance privacy protection and regulatory compliance; providing one-click launch function to realize the fast casting and launch of token and NFT; having cross-chain function to realize the cross-chain circulation of digital assets such as token and NFT. The platform's profits mainly comes from transaction fees, asset management fees and financial services commissions. It is expected to handle more than \$500 million in the first year and achieve revenue of \$20 million.

6.2 The Five-year Development Roadmap

This project has formulated a clear five-year development plan, and realizes the construction and maturity of CKS intangible cultural heritage art ecology in three stages:

◆ Phase 1 (year 1): Infrastructure construction period

- Complete Solana smart contract development and security audit, main network online
- Establish a kesi digital museum, including 7,000 + fine kesi works
- Signed 50 kesi artists to train the first batch of digital creators
- Realize the basic functions of the platform, with 200,000 registered users
- CKS launched three mainstream exchanges, with an average daily turnover of more than \$1 million

◆ Stage 2 (2-3 years): ecological expansion period

- Expand to the European Union, North America, Southeast Asia market, international users accounted for more than 50%
- Develop 100 + categories of kesi IP derivatives, with an annual authorized revenue of us \$10 million
- Launch of kesi digital creation tools to lower the threshold of creation
- Establish the physical intangible cultural Heritage workshop 2.0 model to create the experience space of "front shop and back workshop"
- To realize the data exchange of the three platforms and form synergistic effects

◆ Stage 3 (4-5 years): Value release period

- To become the world's leading intangible cultural heritage digital asset platform, with an annual turnover of over us \$10 billion
- Establish a standard system for kesi art and lead the formulation of industry standards
- Incubate 100 + non-heritage cultural creation brands, and promote the employment of 10,000 people +
- Launch the transformation of decentralized autonomy, and gradually lead the ecological development by communities
- To achieve cultural export and set up exhibition centers in Paris, New York, Tokyo and Hong Kong

6.3 Forecast of token value

Based on a detailed financial model and market analysis, we make scientific predictions about the long-term value of the CKS token. The prediction model takes into account the deflationary effect, platform growth, market expansion and macroeconomic factors, and uses Monte Carlo simulation to generate the probability distribution:

*Table: CKS token

Time nodes	Remaining token quantity (one hundred million pieces)	forecast price (American dollar)	Forecast market value (billions of dollars)	Number of currency addresses	The number of community
At the end of the first year	90	0.2	18	200,000	600,000
At the end of the second year	70	1	70	500,000	1,500,000
The end of the third year	40	5	200	1,000,000	3,000,000

At the end of the fourth year	20	25	500	2,000,000	6,000,000
At the end of the fifth year	10	100	1000	5,000,000	15,000,000

The core basis of value prediction includes:

◆ Deflation drive: With the continuous promotion of platform revenue repurchase and ecological consumption destruction, CKS circulation will decrease from the initial 10 billion to 1 billion in the fifth year, reducing the supply by 90%. This extreme deflationary model will create a significant scarcity effect, supporting the long-term rise in token prices.

◆ Value support: the value of the underlying assets increases with the appreciation of the kesi art market, with an estimated annual increase of 12%; the repurchase funds brought by the growth of the platform income increase, forming a virtuous circle. By the fifth year, the total annual revenue of the three platforms is expected to reach \$1 billion, and the repurchase funds can reach \$200 million.

◆ Network effect: With the expansion of the user scale, the ecological application scenarios of CKS are constantly enriched, and the demand side continues to grow. By the fifth year, the total annual volume of ecological transactions is expected to exceed

\$10 billion, the annual turnover rate of CKS will exceed 100 times, and the strong demand for use will drive value discovery.

◆ Market expansion: With the increase of the acceptance of digital assets and the increasing popularity of intangible cultural heritage, the target market of the project has expanded from the initial crypto enthusiasts to art investors, cultural consumers and institutional allocation, and the market boundary continues to expand.

We conducted a sensitivity analysis using the "risk adjustment discount method", and the results showed that even in the conservative scenario (platform revenue growth was only 50% as expected and deflation was 30% slower), the token price could still reach \$100 in the fifth year, 1,000 times the public offering price. This reflects the CKS token "strong value base" and "risk resistance".

7. Conclusion and outlook

This project innovatively combines the kesi intangible cultural heritage art with the block chain technology, and provides a new paradigm for the inheritance and innovation of the traditional intangible cultural heritage skills through the RWA digital asset path. The digital ecology of kesi art based on Solana public chain has realized the organic unity of cultural value and market value through the synergistic effect of the three platforms and the token economic incentive.

The core innovation of the project is: first, design the "composite asset anchoring mechanism" to combine tangible assets and intangible assets and usufruct to provide multiple value support for the token; second, create the "multi-dimensional deflation model", and ensure token scarcity through platform income repurchase, ecological consumption destruction and special deflation activities; third, establish the "cross-jurisdiction compliance framework" to solve the legal problems of cross-border circulation of intangible cultural heritage art through double SPV design; fourth, propose the "separation model of intangible cultural heritage", and skillfully balance the creator rights and interests with the circulation demand of digital assets.

From a broader perspective, this project provides a replicable and successful experience for the digital transformation of intangible cultural heritage. Kesi art is also expected to realize the transformation from "embroidery into commodity,

embroidery into business card and show into market" through the path of digital assets. After the completion of the project, it is expected to directly increase the income of more than 10,000 kesi practitioners by 400%, attract 10,000 young artists to devote themselves to the non-genetic inheritance, and truly realize the industrial revitalization goal of "carrying children, embroidering flowers and supporting their families".

In the future, we will continue to explore the deep integration of art, technology and finance, actively embrace cutting-edge technologies such as zero-knowledge proof, AI generated content and yuan-universe, and constantly enrich the expression forms and application scenarios of kesi art. We firmly believe that in the near future, blockchain-based digital cultural assets will become an important carrier of global cultural exchange and value exchange, and this project will become a benchmark and model in this wave of change.

"Let the tradition live in the present, to ensure that it has the future."We look forward to through this project, the thousand-year kesi technique will bring new vitality in the digital era, provide Chinese solutions for the protection and inheritance of global intangible cultural heritage, and contribute Chinese wisdom to the protection of human cultural diversity.