sMile White Paper

September 2025

Version 1.1

www.ismile.io

Executive Summary

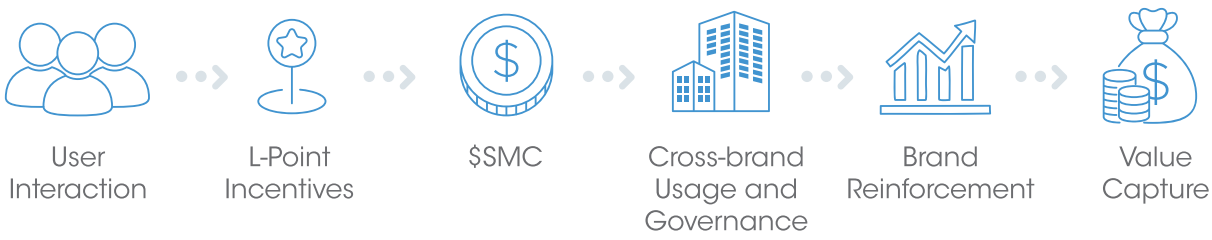
sMile is a new Web3 commercial ecosystem platform that redefines how consumer ("user") behavior is captured, tokenized, and exchanged across brands.

By leveraging a dual-token architecture with "L-Point" (short for Loyalty Point) on a permissioned consortium blockchain and the "sMile token" ("$SMC") on the public chain, alongside with a Decentralized Autonomous Organization ("DAO") governance framework, sMile enables the tokenization of user behaviors and facilitates the interoperability of utility points and the recognition of L-Points' value between brands.

Key Innovations:

- Behavior Verification Mechanism: Through a combination of Oracle verification and Zero-knowledge Proof (ZKP) privacy protection, authentic user interactions are securely validated and recorded onto the consortium blockchain as L-Points, creating a direct verifiable linkage between brands and customers.
- Assetization and Bridging Functionality: The $SMC on the public chain serves as the on-chain representation of the ecosystem value; enabling price discovery while establishing an interoperable liquidity bridge across multiple brand ecosystems.
- DAO Governance: Allows holders to manage the platform's key parameters and incentives, capital allocation, and ecosystem growth strategies.

sMile is designed to create a circular economic value



sMile stands as a benchmark for the digital transformation of commercial ecosystems in the Web3 era. This whitepaper will present the complete architecture of the sMile platform, detailing its tokenomics model, technology stack, and decentralized governance model.

1 Introduction

As an innovative Web3 commercial platform, sMile tokenizes verifiable real-world behavior into cross-ecosystem digital assets, introducing a tokenization solution for industrial ecosystems' Real World Assets (RWA) through a compliant, secure, and community co-built dual-token system.

Rooted in the principle of "**Behavior as Value**", sMile creates an economic relationship model driven by user actions, governed by community consensus, and supported by cross-chain infrastructure. Leveraging Web3 technologies, the platform accelerates the shift of real-world industries toward distributed commerce by enabling:

- The tokenization of user behaviors
- The tokenization of brand incentive systems
- On-chain community co-governed by holders

In traditional business, loyalty points have long played a role in brand-user engagement. But these systems remain isolated, unverifiable, and illiquid, limiting their potential to unlock further value. sMile addresses these constraints by leveraging L-Point, a brand powered behavioral-as-value system that serves as the fundamental value anchor for brand ecosystems. L-Points are non-transferable and non-purchasable behavioral incentive credits, issued solely in recognition of verified user actions. With user behavior validated on the consortium blockchain, these points can be bridged to the public chain as $SMC, enabling transparent value mapping and price discovery.

As the bridge between Web2 and Web3, between brands and the on-chain economy, sMile transforms users from passive consumers into co-builders and value stakeholders. It empowers brands to precisely incentivize desired behaviors, capture customer loyalty and re-purchase value to redefine growth through Web3-native tools.

The emergence of sMile is driven by a confluence of market forces: the establishment of regulatory sandbox programs across Europe and Asia; the supportive stance of U.S. regulatory policies; rising consumer demand for loyalty value transparency and data sovereignty; and the advancement of blockchain infrastructure and interoperability standards.

Ultimately, sMile offers a secure, transparent, co-built, and win-win commercial paradigm for brands, users, investors, and service providers, driving the next wave of Web3 commercialization and mainstream adoption.

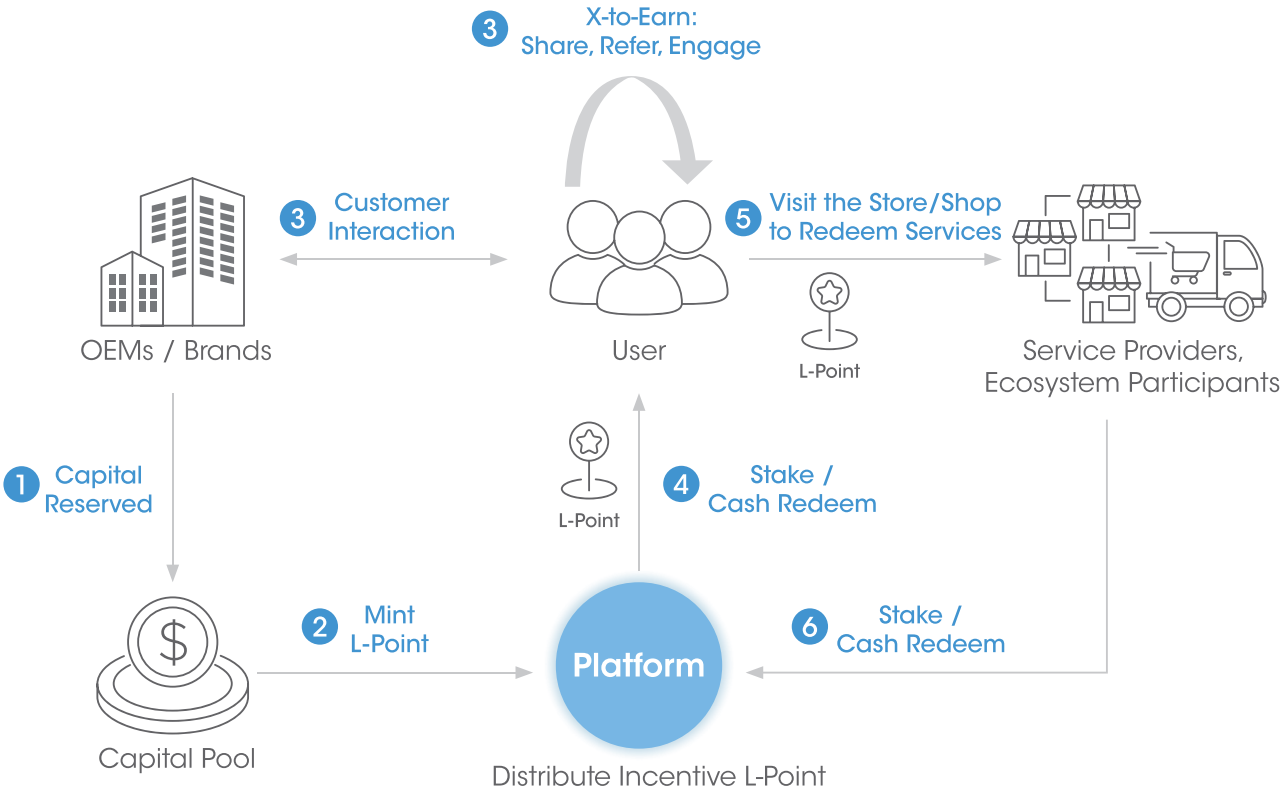
2 sMile Platform Overview

The sMile platform provides a comprehensive Web3 commercial network. It is built on verifiable behavioral data with a unified point management system, transparent token distribution, clear value flow pathways, and DAO-enabled community governance.

2.1 W3-D2C Framework

sMile has established a strategic collaboration with the W3-D2C (Web3 Powered Direct-to-Customer) ecosystem built on a consortium blockchain. sMile enables the direct transfer of L-Points between different brands, thereby establishing a circular value chain as follows:

User Behavior → Community Synergy → Brand Engagement → Commercial Conversion → Token Issuance → DAO Governance

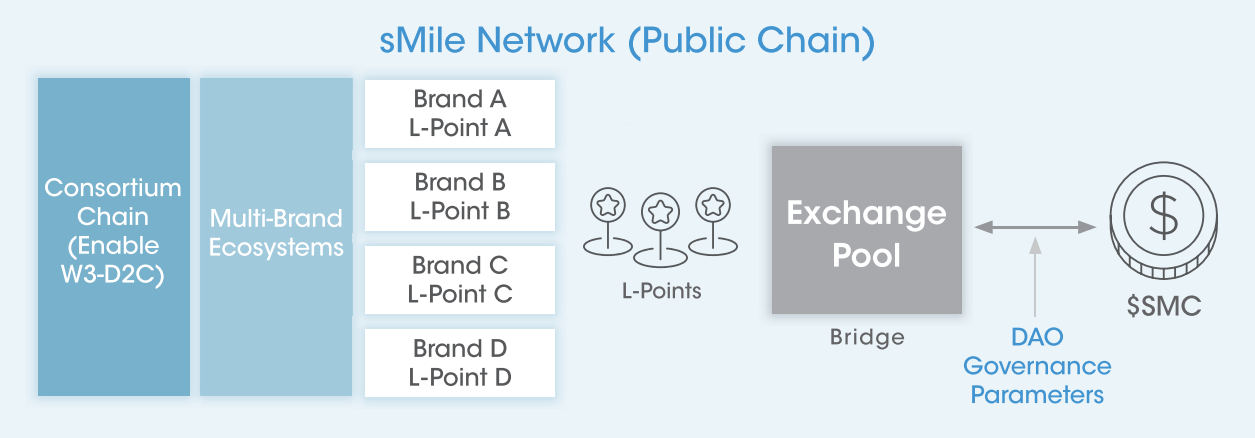


W3 - D2C Ecosystem

2 sMile Platform Overview

2.2 Dual-layer Architecture

In sMile's dual-layer architecture, users earn brand-specific L-Points through verified interactive behaviors with brands (e.g., store visits, purchases, content sharing, and referrals etc.). L-Points as an incentive credit record users' behavioral value of interaction with the brand. Each brand autonomously manages its own L-Point system under a unified technical and compliance framework, enabling customized incentive programs while sharing infrastructure and maintaining interoperability. L-Points can be bridged and converted to the public chain token, $SMC, in accordance with platform rules. Converting L-Points to $SMC unlocks additional ecosystem rights for users, including participation in DAO governance and other network-level utilities.



Dual-layer Architecture

The L-Point layer is deployed on the consortium blockchain for user behavior records, incentive distribution, and verifiable records, utilizing a Proof-of-Authority (PoA) consensus mechanism with participation from brands, the platform operator, and service providers to ensure data compliance and auditability.

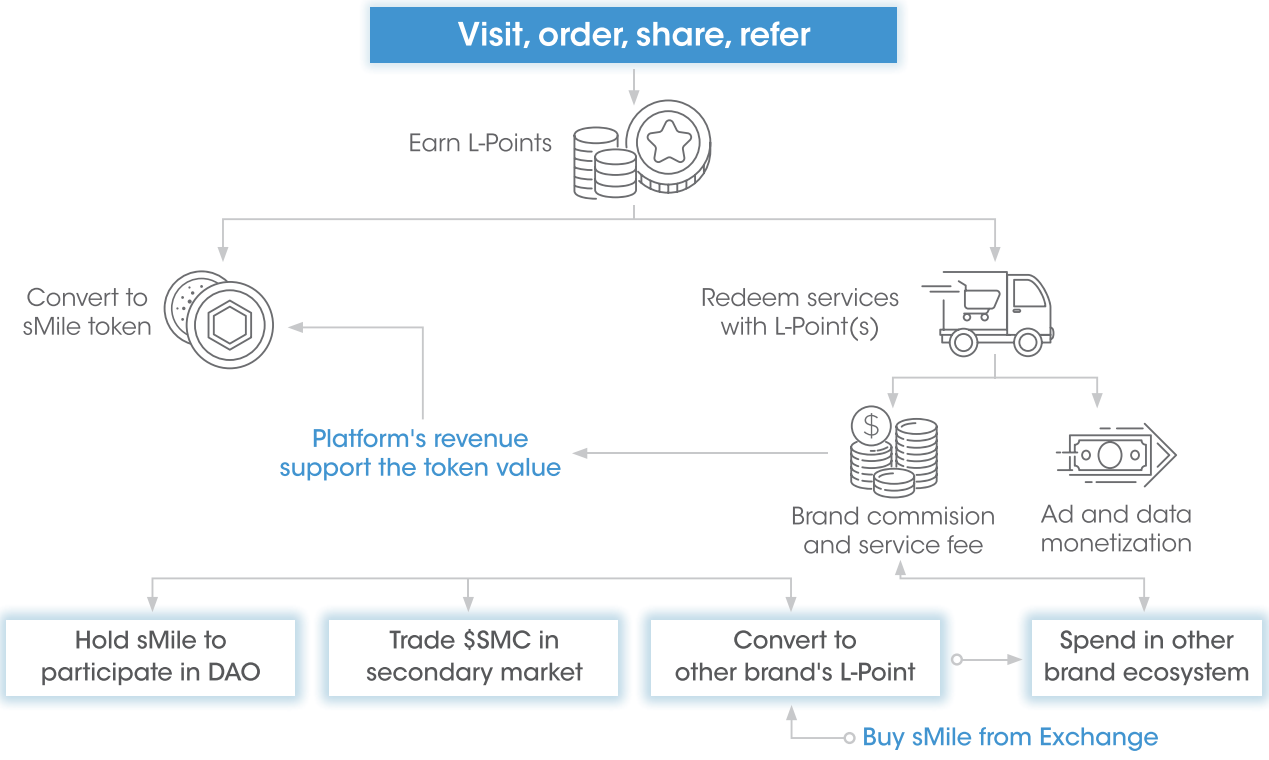
The $SMC layer operates on the public blockchain for token issuance, governance, and asset circulation. Token conversions are dynamically adjusted by DAO parameters, integrated with distribution and redemption rules. Converted $SMC can be used for participation in governance, trading, and potential DeFi applications. The platform, based on W3-D2C, integrates key Web3 modules (including W3-D2C, cross-chain bridging systems, the $SMC, and DAO governance), transforming the traditional seller-buyer relationship into collaborative partnerships built on trust, co-built, and value reciprocity. This drives comprehensive integration of behavior economics and digital assets.

3 Dual-Token Architecture

Core Components:

- **Consortium Blockchain (GenoChain):** Operates on a Proof-of-Authority (PoA) consensus mechanism, supporting the high-frequency, compliance-ready operational loyalty points, "L-Points" (Loyalty Points).
- **Public Chain Token:** Issues the $SMC featuring governance rights and financial utility.
- **User Incentivization:** Users earn brand-specific L-Points via "X-to-Earn" activities (e.g., store visits, purchases, content sharing, referrals), which is exchangeable for $SMC upon meeting criteria.
- **Dynamic Conversion Mechanism:** Exchange ratios of L-Point and $SMC are dynamically calibrated through DAO governance.
- **Transparency Dashboard:** sMile platform data dashboard displays key operational metrics, including L-Point distributions within a given cycle, $SMC conversions, K-factor adjustments, brand weightings, and parameter adjustment logs on the DAO.

Users can access their personal records of point earnings, conversion, and governance participation. Key data snapshots are regularly anchored on-chain for guaranteed auditability.



Core Flow of the Dual-Token Mechanism

3 Dual-Token Architecture

Comparison chart:
sMile dual-token model, conventional loyalty points, and Web3 tokens

Model	Traditional Loyalty Points	Common Web3 Tokens	sMile Dual-Token Mechanism
Value	Defined by brand with no external value	Primarily dependent on secondary market liquidity	Derived from real-world commercial behaviour and platform-based business revenue
Usage Scenarios	Limited to in-brand consumption	DeFi/NFT - mainly virtual use cases	Real-world use in sales, services, referrals, advertising, etc.
Value Recirculation	No revenue recirculation	Lacks sustainable cash flow	Brand reinforcement → token value

3.1 L-Point

L-Point is a behavior-based point system deployed on the consortium blockchain. It is designed to record user interactions within the brand ecosystem, such as in-store visits, purchases, social media content sharing, referrals, and community participation.

L-Points are non-transferable, non-tradable, non-purchasable, can only be earned and used within the brand ecosystems.

The rules and operation of the L-Point system are jointly managed by both the brand and the platform. Key parameters, including behavior criteria, reward algorithms, and point tiers, are dynamically adjusted, forming a trinity incentive framework of "**Behavior → Data → Value**".

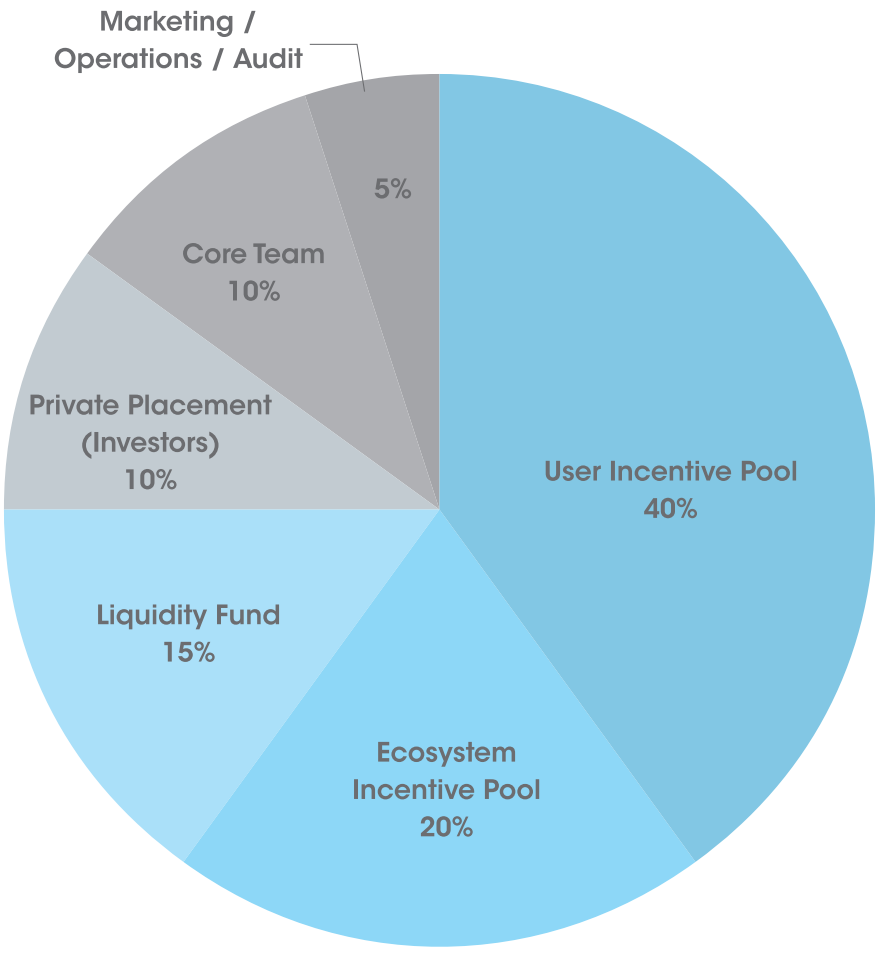
- **Function:** Operates as an incentive point system derived from user behaviors (e.g., store visits, purchases, shares, referrals, community participation) in accordance with the behavioral verification mechanism.
- **Nature:** Non-financial instrument, used exclusively within the brand ecosystem, non-transferable, with utility value endorsed by the brand.
- **Use Cases:** To redeem brand services and exclusive privileges, tier upgrades, events invitations, and to convert to $SMC via a bridge system under qualifying conditions
- **Technical Foundation:** consortium blockchain, for example, GenoChain, leveraging Oracle verification and zero-knowledge proof (ZKP) for privacy protection.
- **Transparency:** The platform publishes unified incentive rules. All users can view their L-Point balance and behavior records in their wallet. Each issue includes detailed metadata (behavior type, point amount, timestamp, rule version, etc.), enabling both self-verification and platform-level traceability.

3 Dual-Token Architecture

3.2 sMile Token Economic Model

$SMC is a utility token issued on a public blockchain with a total supply of 1 billion tokens. Among these, 40% of the supply is allocated for conversions from L-Points, thereby assetizing behavioral data.

- **Function:** Serves as a utility and governance token for users, ecosystem participants, and token buyers.
- **Type:** Utility token
- **Total Supply:** 1 billion tokens (subject to adjustment through DAO governance)
- **Listing Plan:** To be listed on major centralized exchanges at the appropriate time, subject to regulatory compliance. The platform will also establish official liquidity pools on decentralized exchanges (DEXs).



3 Dual-Token Architecture

Allocation Category	Percentage	Total Allocation	Description	Governance Mechanism
User Incentive Pool	40%	400,000,000	For the redemption of L-Points earned through user interactions, subject to a linear halving mechanism every 4 years	Linear release into the redemption pool
Ecosystem Incentive Pool	20%	200,000,000	Incentives for ecosystem merchants and partners	Subject to approval by the Ecosystem Incentives Committee
Liquidity Fund	15%	150,000,000	TGE + Liquidity(CEX+DEX)	TGE + Liquidity
Private Placement	10%	100,000,000	Locked for 24 months, followed by 25% annual vesting, fully vested in 4 years	With reference to a vesting mechanism
Core Team	10%	100,000,000	Locked for 24 months, followed by 25% annual vesting, fully vested in 4 years	With reference to a vesting mechanism
Marketing / Operations / Audit	5%	50,000,000	6-month lock-up	With reference to a vesting mechanism

3 Dual-Token Architecture

3.3 sMile Release Mechanism

User Incentive Pool (40% of Total Supply) – Release Mechanism

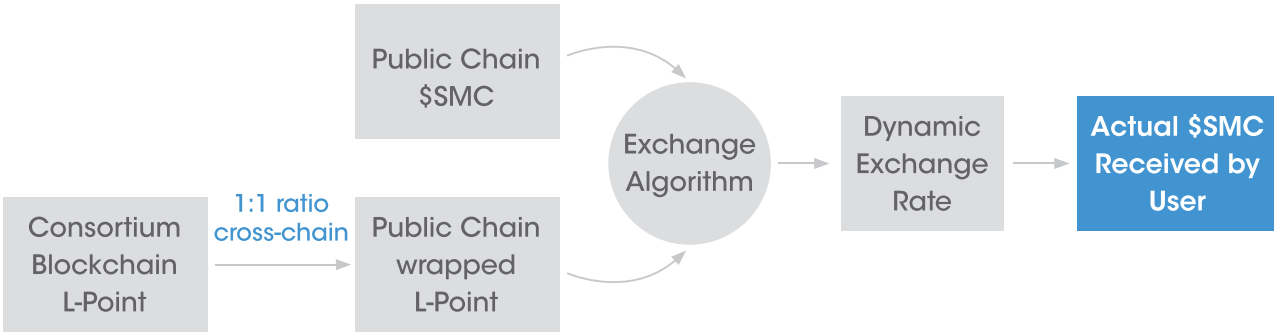
$$R_{\max}(t) = R_0 \cdot 2^{-\frac{t}{T}}$$

In each cycle, the maximum release amount decreases to 50% of the previous cycle, and this halving continues in subsequent cycles. The released portion is allocated to the User Redemption Pool, serving as the liquidity source for user conversions through the bridging system.

3.4 L-Point to $SMC Conversion Mechanism

Users exchange L-Points for $SMC via the bridge system. The exchange conditions, ratios, and parameters are governed by DAO.

3.4.1 Dynamic Exchange Rate Mechanism



3 Dual-Token Architecture

3.4.2 Calculation Formula

$$SMC_{out} = wLPoint_{in} \times BaseRate \times K_t \times W_{brand} - Fee$$

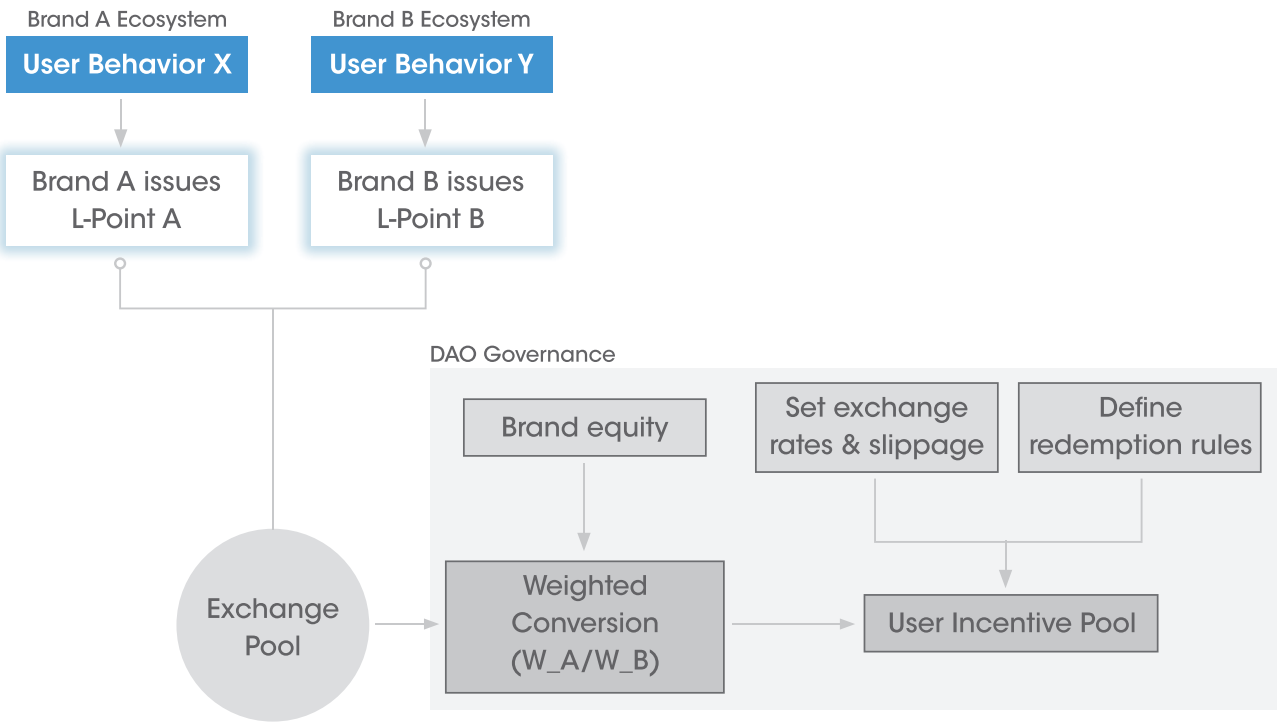
$BaseRate$: DAO governance adjustments

K_t : is a dynamic adjustment coefficient influenced by market factors, user behavior, and ecosystem variables

W_{brand} : Weights of brand, adjustable through DAO governance

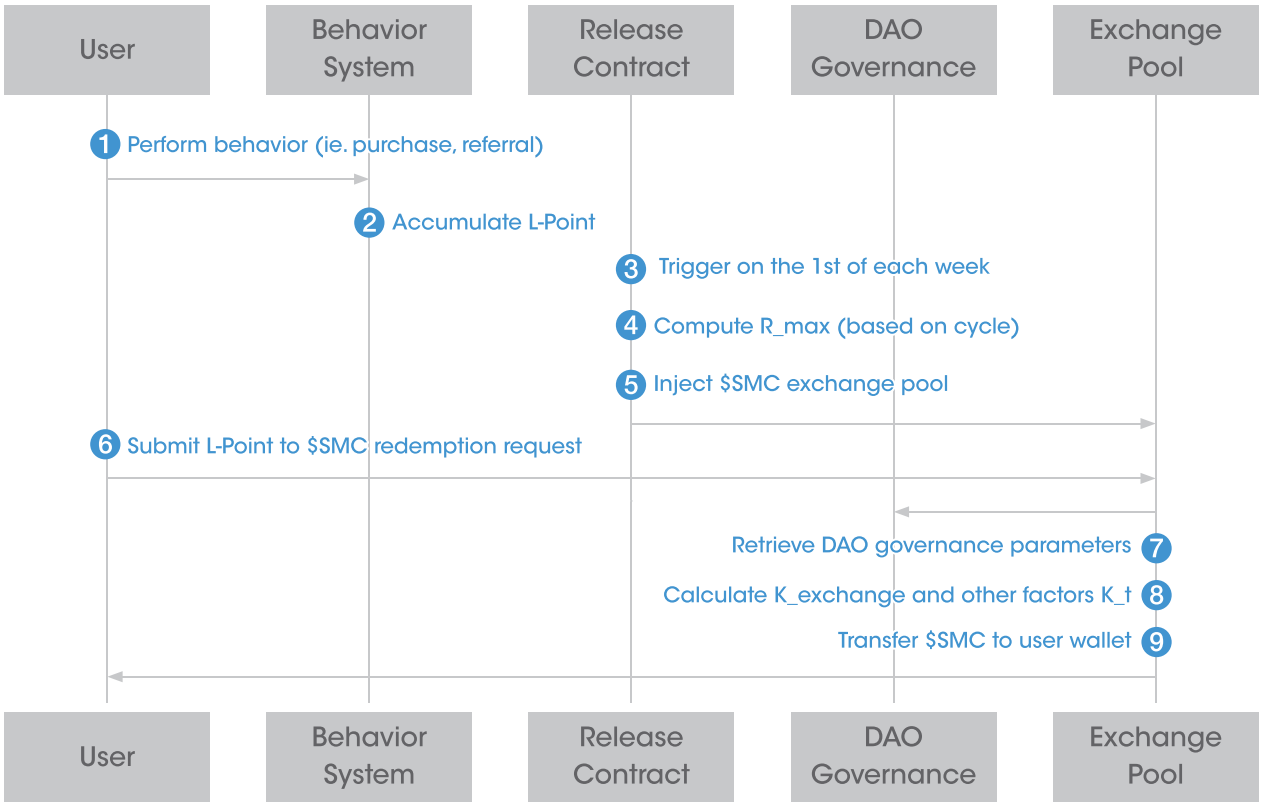
Fee : Exchange fee, adjustable through DAO governance

3.4.3 Multi-brand Mechanism



3 Dual-Token Architecture

3.4.4 Process Overview



3.4.5 Risk Control

Mechanism	Function Description	Industry Application Scenario: Example Parameters
Time Window Limit	Exchange only allowed during specific periods to prevent arbitrage	Each week
User Tier Quota	Exchange limits based on user behavior tier	Basic tier: 1,000 $SMC per time
Exchange Fee	A certain percentage of value is lost during the bidirectional conversion between $SMC and L-Point.	1–5% loss applied
Slippage Protection	Exchange rate increases automatically for large transactions	If >2,000 $SMC → +5% cost

4 $SMC Value Support

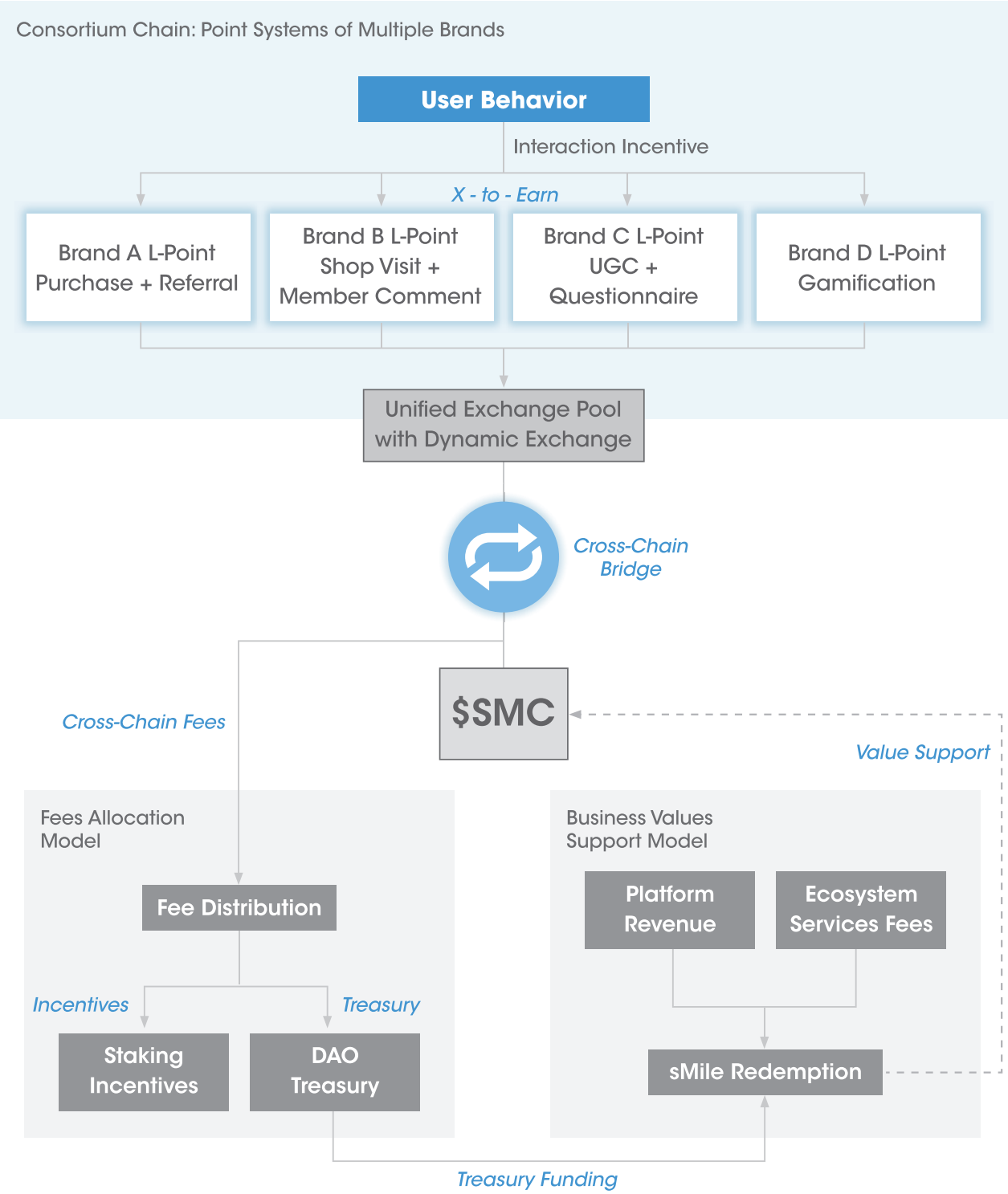
$SMC's value is anchored in business ecosystems with a high-performing value that generates verifiable user interaction and brand engagement through the L-Point incentive system. These ecosystems consistently produce substantial cash flows and operational value. $SMC's value stems not only from the multi-dimensional release of behavioral assetization, but more critically from transforming actual commercial returns with token value backing into a verifiable, governable pathway.

The utility of L-Points is endorsed by the brand. As L-Point consolidates the operational value of the underlying assets, it improves cash flow, streamlines processes, and improves marginal efficiency. Bridging L-Points with the public chain token $SMC further enables price discovery of operational value and creates greater value appreciation potential for brands, service providers, ecosystem developers, and users.

$SMC is therefore more than a redemption proxy. It is a tokenized asset that captures the brand ecosystem value. It establishes a sustainable value loop where verified user activity drives L-Point accrual, L-Points map to $SMC issuance, and a portion of ecosystem revenues is to support brand reinforcement for long-term value.

Value Source	Description	How It Supports Token Value
User Behavior Value	Users complete real-world actions (e.g., test drives, purchases, referrals), generating brand conversion value	Token issuance is strictly tied to the redemption of behavior-based points (L-Point), ensuring no emission of valueless token
Ecosystem Use	Users use L-Points within brand ecosystems (e.g., services, upgrades), creating platform commission revenue	A portion of platform revenue supports the brand reinforcement for long-term value
Brand Advertising / Partnerships	New brands pay to access advertising placement and user behavior analytics	Fees are partially allocated to supports the brand reinforcement for long-term value
DAO Governance	$SMC serves as a governance token for decision-making on ecosystem rules and allocations	Tokens carry governance rights and access to long-term upside in network development
Cross-Brand Utility	$SMC functions as the central bridge between multiple brand ecosystems and point systems	Enables interoperability and universal value circulation across the ecosystem

4 $SMC Value Support



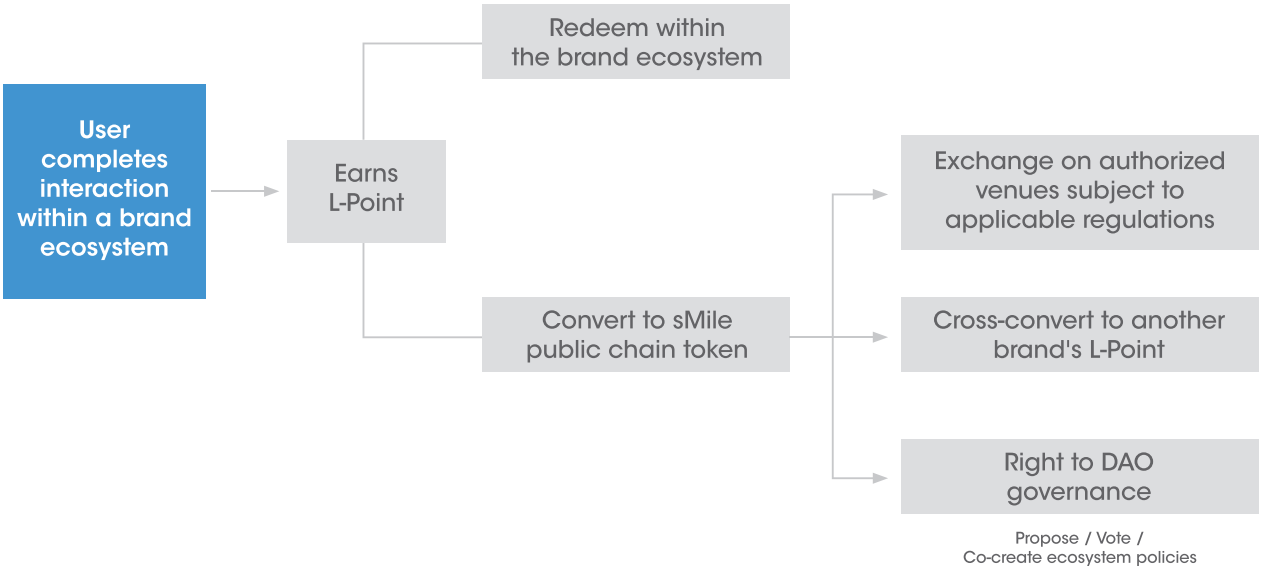
Value Sustaining and Impacting

5 Core Use Cases

5.1 User-Centric Scenarios

On the sMile platform, users earn L-Points by interacting in brand ecosystem such as visiting stores, placing orders, referrals, and content sharing.

L-Points can either be used directly within the brand's ecosystem or be exchanged for $SMC on the public chain, unlocking access to a broader range of on-chain applications. Upon acquiring $SMC, users can trade the token on secondary markets, hold it, or redeem it for other brands' L-Points. Additionally, $SMC holders can participate in DAO governance by submitting proposals, participating in voting, and co-defining the platform's ecosystem rules.



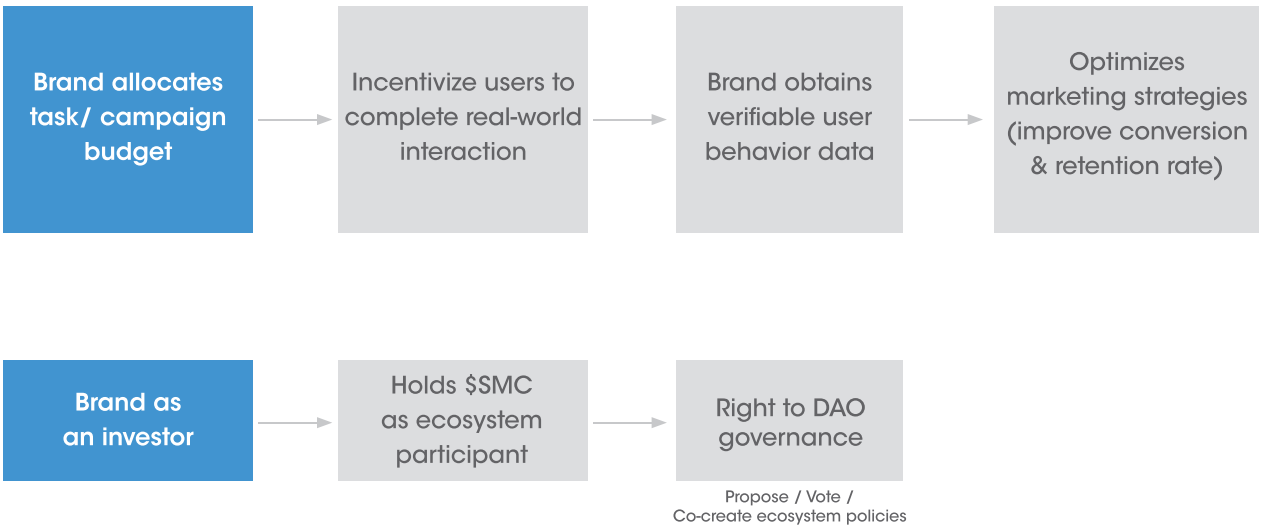
5 Core Use Cases

5.2 Brand Scenarios

On the sMile platform, brands can participate in ecosystem development through two primary pathways:

Brand Engagement and Governance:

Brands allocate campaign budgets to incentivize verifiable user behaviors (i.e., purchases, referrals, and interactions that are recorded on the consortium blockchain). Leveraging this data, brands can optimize marketing strategies while improve conversion and repurchase rates. In addition, brands may choose to hold $SMC as governance node within the ecosystem, participate in DAO proposals, voting, and co-define community rule.



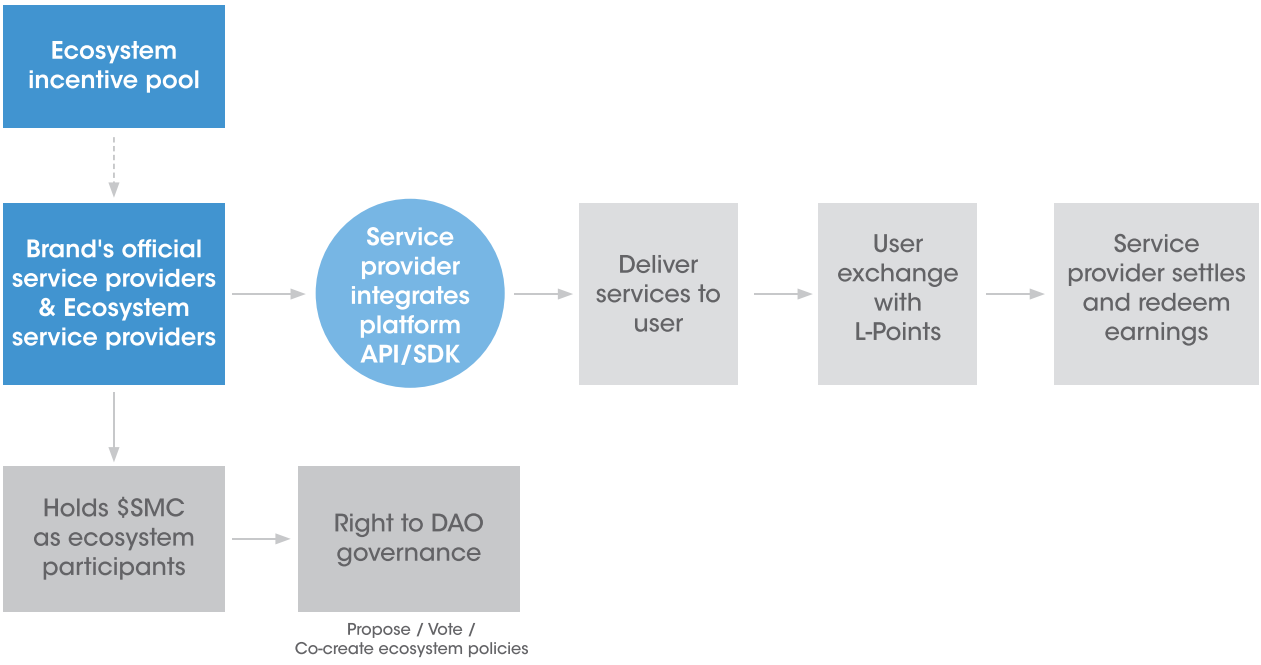
5 Core Use Cases

5.3 Ecosystem Service Provider Scenarios

Ecosystem service providers onboard the L-Point and $SMC systems via the platform's APIs/SDKs, enabling alignment between their business operations and the platform economic model.

- **Business Integration:** Service providers connect to the platform system through APIs/SDKs to deliver services to users within the brand ecosystems.
- **L-Point Settlement:** Users can directly redeem for services with their L-Points, forming a closed-loop point consumption within the ecosystem.
- **Ecosystem Incentive:** Outstanding service providers will be incentivized with $SMC from the ecosystem incentive pool (20% of the total token supply).
- **Governance and Value Appreciation:** Service providers holding $SMC can participate in DAO governance, propose or vote on ecosystem rules, and achieve token value appreciation through long-term holding or secondary market circulation.

This dual-benefit mechanism allows service providers to benefit from both operational revenue and governance-based value creation, creating returns from business revenue and community governance.



6 Governance Mechanism

6.1 Decentralized Autonomous Organization (DAO) Positioning & Governance Principles

The sMile DAO serves as the platform's supreme governing body. Token holders are the sovereign participants of the ecosystem, collectively managing and making decisions on key economic parameters, incentive mechanisms, capital allocation, and ecosystem expansion strategies.

Core Principles:

- **Decentralization:** Prevents single-entity control. Decisions are made through token-weighted voting.
- **Transparency:** All proposals, discussions, votes, and executions are fully on-chain verifiable.
- Manipulation Resistance: Minimizes manipulation through multi-signature control, staking requirements, and proposal thresholds.
- **Upgradability:** Parameters can be adjusted dynamically, but require DAO consensus approval.

6.2 DAO Governance Participants

Token Holders (Governance Entities)

- **Roles:** Users, contributors, investors, and ecosystem partners.
- **Rights:** Vote on DAO proposals.
- **Scope of Governance Includes:**
  - Token release policies (e.g., 4-year linear halving, release caps)
  - Exchange parameter adjustments (K-factor, slippage, limits, fees, redemption prioritization mechanisms, etc.)
  - Platform treasury usages (e.g., define ecosystem rewards, ecosystem funds, liquidity provider incentives)
  - Token functionality expansions (e.g., staking, access control, governance rewards)

6 Governance Mechanism

6.3 DAO Governance Process

Stage	Description	Tools
Proposal Stage	Whitelisted members or users who stake sufficient sMile tokens can submit proposals	DAO Proposal Contract
Discussion Stage	Proposals are discussed on community forums and platforms like Snapshot to build consensus	Off-chain Forum / Snapshot
Voting Stage	On-chain voting with quorum and majority rule enforcement	On-chain Governance
Execution Stage	Upon approval, proposals are executed automatically via smart contracts	Smart Contract

6.4 DAO Governance Scope

The DAO holds authority over $SMC's core economic parameters, including:

Release Parameters

- Update or modify the 4-year linear halving rule

L-Point Conversion Parameters

- Conversion from L-Point to $SMC
- Brand weighting (W_A / W_B)
- Upper and lower bounds of the dynamic K-factor (to prevent market speculation)

Market Adjustment Parameters

- Parameters to balance market supply and demand
- Exchange caps and slippage limits

Treasury Management

- Define ecosystem rewards
- Distribution of community incentive funds and partner grants
- LP (liquidity provider) incentive programs

6 Governance Mechanism

6.5 Governance Security Mechanisms

Proposal Threshold:
Requires staking a fixed amount of $SMC to submit proposals, preventing spam.

Multi-Sig Protection:
The DAO treasury is secured via multi-signature wallets; execution of proposals requires multi-party authorization.

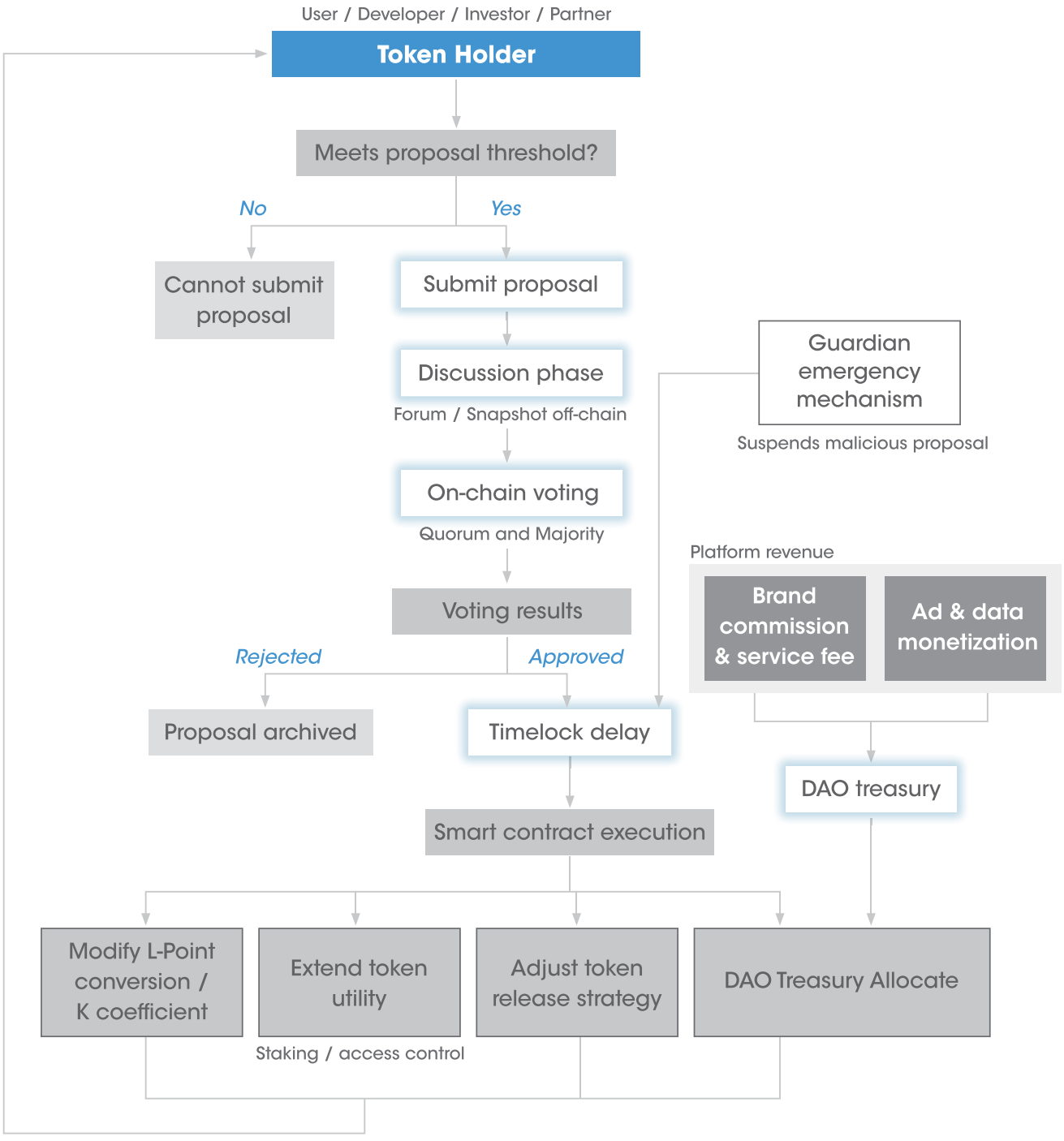
Delayed Execution:
Key parameter changes are subject to a time lock, allowing the community sufficient time for review.

Anti-Sybil Mechanism:
Governance voting weight is tied to the duration of token staking, deterring vote manipulation by short-term speculators.

Guardian Mechanism:
Core team members and investors may serve as Guardians via multi-signature authority, limited solely to intervene and suspend proposal execution in emergency situations.

6 Governance Mechanism

6.6 Governance Process



Technical Architecture

sMile employs a "**Consortium Blockchain + Public Chain Hybrid Layered Architecture**" that balances commercial data privacy and processing efficiency with blockchain's openness and tradability.

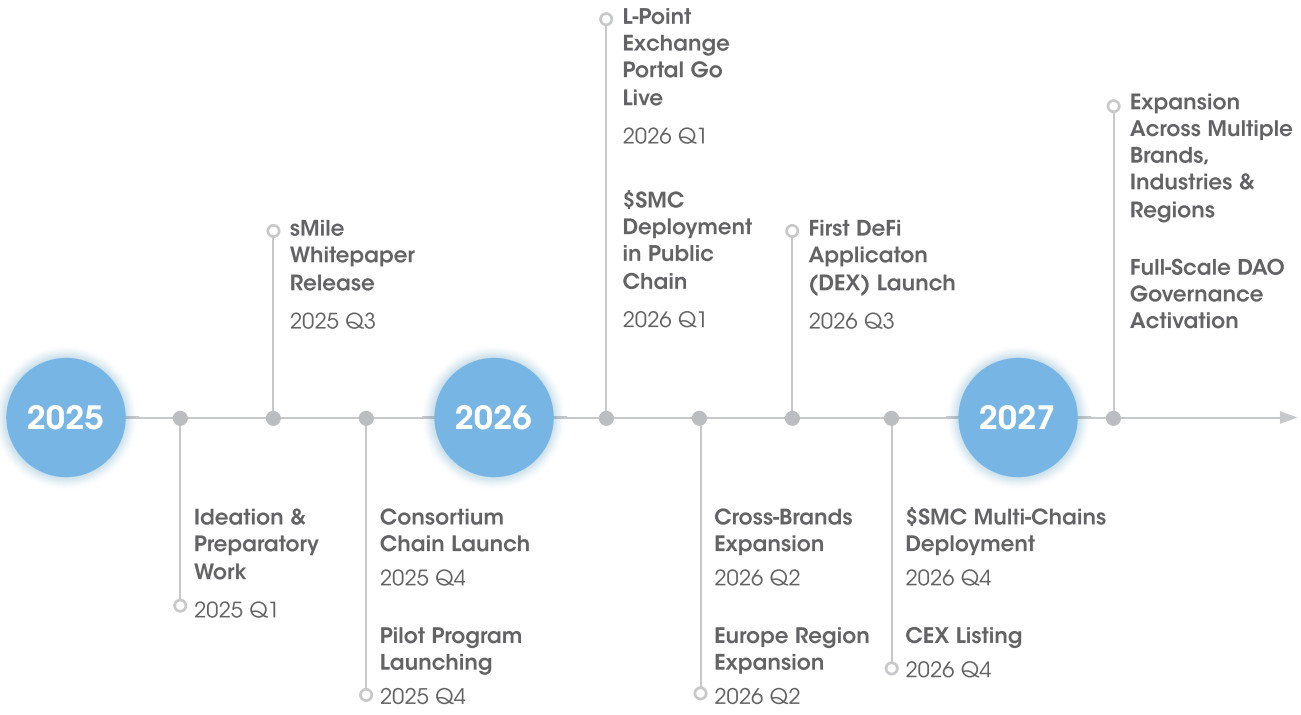
The foundational architecture includes the following core components:

- **L-Point Consortium Blockchain**
  Serves as the non-tokenized asset ledger layer - not a payment system - handling behavior data recording, linked with incentive credits, reward calculation commercial management.
- **Public Chain**
  Deployed on mainstream chains such as Polygon, Base, and zkEVM. Handles token issuance, on-chain transactions, and DAO governance.
- **API / SDK Layer**
  Powers brand DApps and community routing, enabling point circulation, rule invocation, and business integration.
- **W3-D2C Layer**
  Encodes and tags user behavior data, facilitating decentralized reward configurations and personalized engagement.
- **DAO Governance Platform**
  Facilitates community proposals, voting, resource allocation, and rule adjustments for decentralized operations.

sMile Smart Contract System is deployed on the public chain and includes the following functional modules:

- **Token Release Contract**
  Issue $SMC in accordance with DAO resolutions and release rules, based on the volume of qualified user behavior.
- **Linear Halving Contract**
  Implements "4-year cyclical linear halving" of total $SMC supply for predictable release.
- **Point Conversion Module**
  Converts L-Points into $SMC, factoring in user behavior value, market volatility, and point pricing models.
- **K-Factor Adjustment Contract**
  Dynamically adjusts exchange rates and releases strength based on market pressure, token price, and annualized demand.
- **DAO Governance Contract**
  Fully supports decentralized governance, including proposal submission, voting, and execution, enabling the community to manage key economic parameters.
- **On-Chain Data Module:** Periodically writes platform data snapshots to the public chain.

Roadmap Overview



Conclusion

sMile bridges real-world business value with decentralized technologies solutions to deliver long-term, sustainable growth for users, brands, and investors. Through verifiable behavior incentives, tokenized value, and community-driven governance, sMile creates an integrated ecosystem where traditional commerce and Web3 meaningfully converge.

We envision a commercial future where consumption is participatory, ecosystems are interoperable, and value flows across brand networks. sMile is turning this vision into reality. We believe this is how the next generation of commerce will be built: open, shared, and co-built.

Editorial

Contributing Team

Ian Zhang
Aleksandar Bijelic
Aleksandar Dimitrijevic
Trevor Leung
Nikola Mandic
Peter Dellhage

Advisors

Julian Sevillano
Marko Kovacevic
Li Ming
Steen Jakobsen

Business Partners

GENO
PRO-NET PROTON NEW ENERGY TECHNOLOGY SDN BHD
memo.law
LEXR
W3SA

Endorsing Organizations

THE CENTER FOR GLOBAL ENTERPRISE
DSCI DIGITAL SUPPLY CHAIN INSTITUTE

For more details or to discuss further, please contact us at contact@ismile.io or visit our website at www.ismile.io.

Legal Notice and Disclaimer

Important Notice

Please read this section carefully. This whitepaper is published solely for general informational purposes and does not constitute legal, financial, investment, or tax advice of any kind. No part of this document should be considered a recommendation to purchase any tokens or engage in any investment activity. You are strongly advised to consult your own legal, financial, tax, or other professional advisors regarding any matters related to this document.

No Offer or Solicitation: This whitepaper does not constitute a prospectus or offer document of any kind and is not intended to constitute an offer of securities or a solicitation for investment in any jurisdiction. The publication, distribution, or dissemination of this document does not imply compliance with applicable laws, regulatory requirements, or rules.

No Guarantees or Commitments: All information contained herein is provided "**as is**" and without any warranties of any kind, whether express or implied. The iSmile Tech, its affiliates, developers, advisors, or any associated parties (collectively, the "Team") make no representations or warranties as to the accuracy, completeness, or fitness for any particular purpose of the information contained herein.

Nothing in this whitepaper constitutes a promise or representation about the future development, availability, utility, or value of any features or tokens associated with the sMile platform. All plans, projections, or forward-looking statements are subject to change without notice.

Token Nature and User Acknowledgment: The sMile and L-Point tokens are designed solely for use within the sMile ecosystem. L-Points are non-transferable, non-purchasable, and do not serve as payment instruments. Both sMile and L-Point are not intended to represent any investment, security, or ownership interest. The tokens do not provide any rights to dividends, profit sharing, or voting outside the DAO governance framework explicitly described in this document.

Legal Notice and Disclaimer

By accessing or using the whitepaper, you acknowledge and agree that:

- You will not rely solely on the information herein when making any decision related to sMile token or any token.
- You are responsible for complying with all applicable laws in your jurisdiction.
- You understand that token value may fluctuate and there are no guarantees of liquidity, price stability, or future utility.
- You are not a citizen, resident, or entity in a jurisdiction where token transactions are prohibited or would require registration as security.

Regulatory and Jurisdictional Considerations: No regulatory authority has reviewed or approved any of the information set forth in this whitepaper. The distribution of this document may be restricted by law in certain jurisdictions, and persons in possession of this document should inform themselves about and observe such restrictions.

Risk Disclosure: Participation in blockchain-based projects and token economies involves significant risk, including but not limited to the risk of total loss. Potential participants should carefully consider all risks and uncertainties associated with blockchain technologies, cryptographic tokens, regulatory developments, and market volatility.

Intellectual Property and Distribution Restrictions: All content in this document is the intellectual property of The iSmile Tech or its licensors and may not be copied, distributed, or reproduced in any form without prior written consent.

By continuing to access or use this whitepaper, you confirm that you have read, understood, and agreed to be bound by the terms of this disclaimer.