

StarWORKS Whitepaper 3.0  
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# **A Blockchain-Based Membership Tourism Ecosystem**

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### Important Notice

This Whitepaper is issued by StarWORKS to explain the framework and design of its business. It is current as of its date and it is not anticipated that it will be amended or reissued unless there has been a significant change in the implementation and commercialization of the StarWORKS Ecosystem herein described.

This Whitepaper is not an offering memorandum. Separate disclosure will be provided in the event of any offerings.

This Whitepaper is not a contract. Statements about the intentions and undertakings of StarWORKS and StarWORLD do not confer legal rights.

For additional important notices about this Whitepaper, see the section of this Whitepaper entitled “**Legal Status of this Whitepaper.**” By continuing to read this Whitepaper, you confirm that you have read, understood, accepted, and agreed with the statements set out in that section.

## Abstract

StarWORKS Group Ltd and its subsidiaries (**StarWORKS**) have created and are continuing to develop an integrated Ecosystem for the **Tourism, Entertainment and Hospitality Sector** from StarWORKS' base in Bali, Indonesia. The StarWORKS Ecosystem consists of **StarWORLD Club** and the range of advanced technologies and services that support it. This Whitepaper addresses the function of and the interrelation among three types of Tokens used by the Ecosystem.

**StarPOINTS**, loyalty reward points awarded for spending at participating Merchants or as Membership promotions and benefits, are difficult to maintain on the Blockchain because of small and frequent transactions. This is addressed through StarWORKS' proprietary Proof of Stake Authority consensus algorithm that allows StarPOINTS to be transferred to a Member's StarWALLET in under 3 seconds and without gas fees.

**StarIGTs**, which are Blockchain-based evidence of StarWORLD Club Membership, have greatly enhanced functions compared with physical membership cards. It has therefore been decided to offer a range of privileges and benefits at a range of prices, requiring a range of different terms and conditions to be attached to StarIGTs, which is accomplished through the issuance of classes of fungible Tokens, Non-Fungible Tokens (NFTs), and fractional NFTs. Benefits conferred by StarIGTs may include a stake in the revenue generated by particular StarWORKS assets or businesses. This will foster a sense of community among Members, build on the loyalty created by StarPOINTS, and ultimately create a deep and lasting bond between StarWORLD Club and its Members.

**StarX Tokens**, the native currency of the Starworks Ecosystem, is a true cryptocurrency that does not confer direct or indirect rights to the capital, income, assets or governance of StarWORKS. It is not practical to list and create a liquid secondary market for StarPOINTS and each type of StarIGTs. StarX Tokens have therefore been created to form a bridge between the financial markets and the StarWORKS Ecosystem. Both StarPOINTS and StarIGTs are always redeemable for StarX Tokens at the current market price, and StarIGTs are also convertible into StarX Tokens at a premium conversion rate determined at the time of issue. The supply of StarX Tokens is strictly controlled through a deflationary policy and binding limitations on the release of StarX Tokens from StarWORKS Treasury.

StarWORKS Tokens are supported by **StarCHAIN**, the proprietary Blockchain technology of StarWORKS, and the **StarWALLET**, the exclusive way for members to hold StarPOINTS and StarIGTs. StarWALLET is easy to install and use, and is ERC-20 compatible so that it can hold other cryptocurrencies.

## Objectives and Design

StarWORKS and its predecessor entities have been operating in the Tourism, Entertainment and Hospitality Sector in Bali, Indonesia for over 20 years. StarWORKS is integrating its businesses with Blockchain technology and other cutting-edge technologies including Artificial Intelligence, Virtual Reality and Big Data.

The **StarWORKS Ecosystem** consists of:

- The **StarWORLD Club**
- **StarPOINTS, StarIGTs** and **StarX Tokens** (collectively, **StarTOKENS**)
- **StarCHAIN** and **StarWALLET** proprietary technologies
- The **StarPOINTS Loyalty Program**
- Supporting businesses operated by **StarHOSPITALITY, StarMEX** and **StarLABS**
- **Participating Merchants** not owned by StarWORKS

## StarWORKS Ecosystem





The Tokens of the StarWORKS Ecosystem consist of:

- **StarPOINTS** – StarPOINTS are loyalty reward points awarded for spending at StarWORKS supporting businesses and participating Merchants, or issued as benefits or promotions to Members and potential customers.
- **StarIGTs** – “IGT” in StarIGT stands for **Income Generating Token**, and StarIGTs represent each particular Membership in StarWORLD Club with its attendant privileges and benefits.
- **StarX Tokens** – StarX Tokens are the native currency of the StarWORKS Ecosystem.

The StarWORKS Ecosystem has been designed to maximize the benefits of cutting-edge technology in the Tourism, Entertainment and Hospitality Sector and to prepare for and anticipate the development of new technologies as they become ready for adoption. In order to achieve this, a number of issues must be addressed, whose solutions are embedded in the fundamental architecture of the Ecosystem.

Web 3.0 and Blockchain advances make it possible to create a Membership organization that maximizes the Members’ sense of community, and allows the delivery of personalized and highly targeted marketing messages, offers and promotions. These results can now be achieved through the creation of a platform open to participating Merchants, allowing the emergence of network effects reaching beyond the supporting businesses owned by StarWORKS.

A key element of any such Membership organization is to reward Members when they use the facilities and benefits of the club. Existing loyalty reward programs are problematic for a number of reasons that can now be addressed by offering Blockchain-based loyalty points.

However, loyalty programs are difficult to maintain on the Blockchain because of small and frequent transactions. This is addressed through StarWORKS’ proprietary Proof of Stake Authority consensus protocol that allows StarPOINTS to be transferred to a Member’s StarWALLET in under 3 seconds and without gas fees. The rationale for each feature of the StarPOINTS Loyalty Program is discussed below in **“Loyalty Through Membership.”**

One of the challenges in establishing a rich and attractive Membership program is to offer Membership benefits adapted to the commitment level and spending power of the Members. Technology now permits Membership benefits to be personalized almost without limit.

StarWORKS therefore created StarIGTs, which are Blockchain-based evidence of StarWORLD Club Membership, and have greatly enhanced functions compared

with physical membership cards. StarIGTs are issued in classes of fungible Tokens, NFTs, and fractional NFTs.

Benefits conferred by StarIGTs may include anything from traditional Membership benefits such as discounts and free transportation, to stakes in the revenue generated by particular StarWORKS assets. This will foster a sense of community among Members, build on the loyalty created by StarPOINTS, and ultimately create a deep and lasting bond between StarWORLD Club and its Members. The rationale for each feature of the StarIGTs is discussed below in “**Partnership with Members**”

To take full advantage of the flexibility offered by ownership and transfer of StarPOINTS and StarIGTs on the Blockchain,

- StarPOINTS never expire, are transferrable among Members, and are reusable by Merchants
- The benefits attached to a particular StarIGT can be transferred from one Member to another
- StarPOINTS and StarIGTs are always redeemable at StarWORKS outlets

StarX Tokens have therefore been created to form a bridge between StarPOINTS and StarIGTs, and the global economy. StarX Tokens are a true cryptocurrency that does not confer direct or indirect rights to the capital, income, assets or governance of StarWORKS. StarX Tokens are used for redemption of StarPOINTS and StarIGTs, and StarIGTs are also convertible into StarX Tokens at a premium conversion rate determined at the time of issue.

The supply of StarX Tokens is strictly controlled through a deflationary policy and binding limitations on the release of the StarX Tokens from the StarWORKS Treasury. The details of and rationale for these policies are discussed below in “**StarX Tokenomics.**”

StarWORKS foresees the day when the Blockchain will be used on an everyday basis in our personal and business lives. Blockchain technology makes it practical to offer benefits to each customer that are specifically tailored to the interests of that customer. The StarWORKS Ecosystem is a platform that will accelerate personal and business wealth, health, growth and excitement.

StarWORKS believes that with its 20 years of experience in Bali’s Tourism, Entertainment and Hospitality Sector, together with its experience and depth of staffing in digital technology, it is well positioned to become an industry leader and profit from being an early market adopter.

## **Loyalty Through Membership**

The StarPOINTS Loyalty Program is used to engage customers and inspire customer loyalty. It is supported by the global distributed StarCHAIN ledger, which makes it easy to grant and redeem StarPOINTS and track transactions and balances. StarPOINTS can be redeemed to cover all or any part of any purchase at a participating Merchant, and can be redeemed for StarX Tokens directly on the StarWALLET, or for other currencies through StarMEX.

### **Existing Loyalty Programs**

The global system of loyalty and rewards points is fragmented and ineffective. People usually belong to many loyalty programs. While the most visible loyalty programs are offered by airlines, hotel chains, supermarkets and coffee shops, merchants in almost every retail sector (and many B2B service providers as well) offer some sort of loyalty rewards.

In most reward programs, accumulated points can be redeemed only for an entire purchase, through prior arrangement, and on specific products. If the opportunity never arises, the points may expire unused. The difficulty of the redemption process and blackout periods and other restrictions on redemptions are frustrating to consumers. Most focus their attention on just a few programs and ignores the rest.

For merchants, issued and unredeemed loyalty points are booked as a balance sheet liability. A significant portion of all loyalty points issued will never be redeemed, but all of them must be carried as a liability unless and until they expire, creating an uncertainty about future income and reducing the book value of the business.

Maintaining a conventional loyalty program is also an administrative burden for merchants. Detailed records must be kept because of the liability it represents and in order to validate redemptions, but little useful marketing information is generated. The goal of customer engagement often is not achieved despite the cost of the program.

One of the perceived advantages of many existing loyalty programs, ironically, is that rewards are seldom redeemed. Merchants do not wish to extend benefits to customers who are not quantifiably loyal, so they deliberately make redemption difficult. They do not wish the rewards they issue to be redeemed for cash or spent elsewhere, feeling that this is a subsidy for disloyal customers, and an incentive to patronize other outlets.

Merchants may also treat customers as second-class citizens when they redeem loyalty rewards, imposing limitations on seat or room selection, blackout periods, or limits on the overall supply made available for redemptions. Merchants who do this are trying to reduce the opportunity cost and administrative burden of loyalty reward redemptions, but in doing so they lose some of the good will that the program could generate.

## **The StarPOINTS Loyalty Program**

Blockchain technology presents an opportunity to solve problems associated with managing and tracking reward programs. It is widely reported that Blockchain technology represents the future of loyalty reward programs.<sup>1</sup> This is because of the ease of issue and redemption offered by Blockchain-based reward points, as well as the capability of such programs to gather data and tailor marketing messages and promotions.

StarPOINTS are issued to all customers as a reward for spending at participating Merchants. The base StarPOINTS award rate before promotions, special offers and premium Member discounts may be set at any level and currently is suggested at a rate of **7%** of the purchase amount for all participating Merchants.

StarPOINTS are sent to the customer's StarWALLET app at the point of sale. Customers who do not already have the app installed can download it at the point of sale, or receive a receipt with a **QR Code** that can be used to deposit the StarPOINTS to their StarWALLET if the app is downloaded within a fixed period of time after the sale.

The StarWALLET can be used both to receive StarPOINTS and to redeem them at the point of sale of any participating Merchant. StarWALLET also provides a simple mechanism by which to store and track accumulated StarPOINTS. Any number of StarPOINTS can be used at any time whenever a purchase is made. There is no requirement to accumulate a minimum number of StarPOINTS before they can be used.

As all StarPOINTS transactions are recorded on the Blockchain, balances are tracked and reports are generated automatically on the Merchant's dashboard. Starworks takes responsibility for maintaining the system and producing useful data for participating Merchants in exchange for a small service fee. The Merchant benefits from spending less administrative time, while achieving greater customer engagement, compared with traditional loyalty programs.

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<sup>1</sup> See, for example, [Crowdfund Insider, April 9, 2022](#); [Reloadly, March 21, 2022](#); [StreetFight, July 14, 2021](#); [Wired, June 2018](#).

**Reference Currency** – When StarPOINTS are redeemed for purchases, the amount credited toward the purchase price is equal to the value of the StarPOINTS in US Dollars on their date of issue. StarWORKS has chosen to tie StarPOINTS to the US Dollar because tourism is a cross-border industry, and US Dollars are currently one of the most common ways people think about value.

However, StarXP Tokens are not US Dollar-denominated. Rather, the US Dollar is the **Reference Currency**, meaning that the exchange rate between the US Dollar and the Merchant's functional currency (say, the Indonesian Rupiah) is used as a reference for determining what amount is to be credited when StarPOINTS are redeemed.

If in the future US Dollars are no longer the way people think about value, StarWORKS may change the Reference Currency used for StarPOINTS redemptions. Any such change will be announced to Members and will take effect across the Ecosystem.

**StarPOINTS Have Real Value** – The StarPOINTS Loyalty Program will not appeal to all merchants, and there are many, who wish to maximize the amount of loyalty rewards that are never redeemed. StarWORKS expects that a substantial majority of all StarPOINTS will be redeemed, and should be treated accordingly in the business strategy and accounting records of participating Merchants.

StarWORKS believes that market trends support the rise and eventual dominance of loyalty programs that are easily redeemable, including redemption at multiple merchants and redemption for cash. Loyalty points that can only be redeemed for a purchase at the issuing merchant will rapidly become a thing of the past.

Over the coming years, Blockchain technology will make it easier and more common for ownership of all asset types, including rights to discounts and rebates, to be tracked and held securely. Merchants who do not make this ease of use available to their customers will be increasingly perceived as doing so knowingly because of a lack of care and commitment toward the customer. Negative customer reactions to conventional loyalty program redemption options and processes will only increase as other merchants begin adopting more useful and valuable loyalty programs.

StarWORKS also believes that giving something of real value to all customers, regardless of their perceived loyalty, is good business. Customers will perceive the demonstration of concern toward them as an advance commitment by the merchant, which is more likely to be reciprocated with loyalty.

**Accounting and Balance of Payments** – Recognizing reward points as equivalent to cash has a positive impact on the accounting treatment of the rewards program. Instead of as a contingent liability, the issue of StarPOINTS to a customer

is booked as negative revenue. When negative revenue is booked, it is charged against the StarPOINTS held as inventory on the Merchant's balance sheet.

Knowing the cost of loyalty rewards is booked immediately, Merchants will consider this as part of their cost structure when prices are set. Customers will value loyalty points that are useful and might pay a premium to obtain them, which would effectively cover the cost of the reward program.

Depending on the tax regulations of the Merchant's jurisdiction, it may be possible to defer the payment of sales tax or value added tax on the portion of the purchase price equal to the amount of StarPOINTS issued. If this is achieved, redemption of loyalty rewards would correspondingly be a sale on which sales tax or value added tax is due.

A Merchant whose issue and redemption of StarPOINTS are in equilibrium will receive StarPOINTS into inventory when it redeems them, and will draw from that inventory when it issues them. In effect, a portion of every cash sale is allocated to the sale of StarPOINTS, and the revenue realized from this portion of every sale is later used to cover the cost of redeeming StarPOINTS.

A Merchant that redeems more StarPOINTS than it issues will realize a balance of payments surplus. Redemptions will more than cover the StarPOINTS awarded on purchases, and the accumulating balance of StarPOINTS can be held as a financial asset, spent at other participating Merchants, or redeemed for cash at StarMEX.

A Merchant that issues more StarPOINTS than it redeems will not have to spend all of the cash that it effectively generates from the sale of StarPOINTS on future redemptions, but it will have to spend the excess cash generated on replenishing its inventory of StarPOINTS by purchasing them from StarWORKS.

Because the US Dollar is the Reference Currency of StarPOINTS, the inventory of StarPOINTS carried on a Merchant's balance sheet should be marked to its value in the Merchant's functional currency based on that currency's US Dollar exchange rate, potentially generating a forex gain or loss in the income statement of the Merchant.

**Redemption for Cash** – StarPOINTS can be redeemed for StarX Tokens, which in turn can be sold or exchanged for a fiat or crypto currency. Customers can thereby receive value for their StarPOINTS without making a purchase at a participating Merchant.

The StarMEX business of StarWORKS has been established to facilitate these redemptions. For redemption of StarPOINTS for StarX Tokens, the holder pays a fee currently set at **15%**. (The StarMEX fee payable by Merchants redeeming a

StarPOINTS surplus may be less.) In the redemption transaction, StarPOINTS are valued at their value in US Dollars on the date of issue, and StarX Tokens are valued at their current trading value on a recognized cryptocurrency exchange. For onward conversion into fiat or crypto currency, normal exchange rates and commissions apply. Like any bank or money changer, StarMEX may calculate the “current trading value” of StarX Tokens daily or more often, and may disregard or average out recent fluctuations in trading value.

StarWORKS intends to open StarMEX “money changer” branches where there is a concentration of participating Merchants, and at airports and transportation hubs. Tourists can visit a StarMEX outlet at the airport to redeem their accumulated StarPOINTS on their way out of the country, much as tourists now do in many countries to collect VAT refunds. StarMEX will also provide redemption for Members through the StarWALLET, either creating a currency balance in the StarWALLET or transferring proceeds to the Member’s linked bank account.

Because the US Dollar is the Reference Currency of StarPOINTS, the number of StarX Tokens into which StarPOINTS are redeemed (before any onward conversion into another currency) will be based on the number of US Dollars represented by the StarPOINTS and the value in US Dollars at which StarX Tokens are trading on a recognized cryptocurrency exchange.

**Customer Engagement Opportunities** – Information generated by the StarPOINTS Loyalty Program can be used by Merchants to enhance customer engagement, such as by offering and announcing sales and discounts through the StarWALLET. The most loyal Customers will be known to the Merchant and can be singled out for additional discounts or special offers.

One of the banes of the Tourism, Entertainment and Hospitality sector is what are known as “comps.” Merchants show appreciation of regular customers by treating them to free drinks, meals, spa visits and room nights. This is often done haphazardly and may destroy the profitability of some large customers. Shareholders and managers may comp their friends, causing irritation to other stakeholders.

With an orderly and data-rich loyalty program, comps may be controlled by bringing them under the umbrella of the loyalty program. Good customers will know they are receiving the same proportionate loyalty points as everyone else, plus discounts and promotions extended through the StarWALLET with appropriate corporate approvals.

## Adoption

Adoption of StarPOINTS has begun with its adoption by StarWORKS-owned StarHOSPITALITY outlets. From there, the program will first be extended to the Bali market, particularly local Merchants in the Tourism, Entertainment and Hospitality Sector with one or a small number of outlets. Because the distributed ledger is borderless, the Ecosystem can be seamlessly expanded to other geographic regions without significant marginal cost.

Participation in a loyalty program by more Merchants will have network effects, particularly in the Tourism, Entertainment and Hospitality Sector. Tourists wish to patronize a variety of outlets and will seek out Merchants where the loyalty rewards, they have already earned can be spent. Merchants who do not participate will find themselves increasingly isolated from the flow of walk-in business. With more participating Merchants, StarPOINTS become more useful to Members, increasing the number of Members and further incentivizing participation by Merchants.

The growth of the StarWORKS Ecosystem is underpinned by an integrated marketing strategy. In addition to other marketing channels, StarWORKS utilizes **Affiliate Marketing** and incentivizes marketers through the issue of StarTOKENS. Members will also receive payment in StarTOKENS for adding Members and Merchants to the Ecosystem.

## Partnership with Members

StarWORKS has established **StarWORLD Club** as a business and social organization that is owned and managed primarily for the benefit of its **Members**. One of the challenges in establishing such a Club is to offer Membership benefits that are adapted to the interests and spending power of the Members. Technology now permits Membership benefits to be personalized almost without limit.

StarWORKS has therefore created **StarIGTs**, which represent each Member's Membership in StarWORLD Club with its attendant privileges and benefits, and which have greatly enhanced functions compared with physical membership cards. StarIGTs are issued in classes of fungible Tokens, NFTs, and fractional NFTs.

"IGT" in StarIGT stands for **Income Generating Token**. StarIGTs confer benefits ranging from access to special offers, discounts and free transportation, to stakes in the revenue generated by particular StarWORKS assets. Members may purchase additional benefits by buying more than one StarIGT.

The tailoring of cost and benefits to the commitment level and spending power of the Members will foster a sense of community among Members, build on the loyalty



created by StarPOINTS, and ultimately create a deep and lasting bond between StarWORLD Club and its Members. The work of identifying the features of interest to each Member will be undertaken using Affiliate Marketers, who receive commissions on sales of Memberships.

## **Basic Membership Privileges**

Membership in StarWORLD Club is available to anyone who has registered and paid a one-time joining fee for a StarIGT. Installing the StarWALLET app and receiving StarPOINTS does not automatically make someone a Member. Both Members and Non-Members are able to earn StarPOINTS and redeem them at participating Merchants or for cash at StarMEX outlets, and may receive special offers, advertising and announcements on their StarWALLETS.

Benefits available to Members generally include the ability:

- To hold and transact all StarTOKENS on their StarWALLETS
- To redeem StarPOINTS and StarIGTs for StarX Tokens
- To top up their StarPOINTS balance by transferring money from their linked bank account
- To redeem StarPOINTS and StarIGTs for cash transferred to their linked bank account
- To convert their StarIGTs into StarX Tokens as described below
- To upgrade their Membership by purchasing additional StarIGTs

Memberships are color-coded with names such as Green, Gold, Platinum and Diamond. Higher level Memberships may confer additional Membership privileges such as free transportation, enhanced discount levels, and free room nights and entry passes. Promotions and special offers may be distributed based on Membership level. The Membership level of Members who own more than one StarIGT is based on the total issue price of all StarIGTs owned throughout all of the preceding calendar month.

StarWORKS plans to develop additional Membership benefits including an online booking and reservations platform offering special Member discounts and accepting payment in cryptocurrencies, a “**DeFi**” Decentralized Finance platform offering traditional financial services using Blockchain technology, virtual online participation in StarWORLD online events and contests, and live streaming from selected StarHOSPITALITY venues.

## Common Financial Terms

All paid Memberships, represented by StarIGTs, mature in **10 Years** at a value in US Dollars which is double the initial selling price. This embeds a guaranteed return of **7.17%** per annum over the 10-year period in the form of **Original Issue Discount**. Memberships may be extended at maturity at then-prevailing terms, with the maturity value considered to be the purchase price of the new Membership.

All StarIGTs may be redeemed for cash at their issue price at any time through StarMEX in the same manner as StarPOINTS. This means that every StarWORLD Club Membership comes with a money-back guarantee. As with StarPOINTS, the Member pays a fee currently set at **15%** and receives StarX Tokens valued at their current trading value which can then, at the Member's option, be converted onward into another fiat or crypto currency, on which normal exchange rates and commissions apply.

Each StarIGT is also convertible at any time into a fixed number of StarX Tokens at a conversion rate set by StarWORKS at the time of issue. The conversion rate is set at a level that requires considerable appreciation of StarX Tokens before the value of StarX Tokens received will exceed the price originally paid for the StarIGT, causing the StarIGT to be "in the money." The StarX Tokens into which every StarIGT is convertible are set aside in a **Treasury Account** and reserved by StarWORKS for transfer to the StarIGT holder at the time of conversion.

StarWORKS Group Ltd, the parent company of StarWORKS, is **50%** owned by a company called the **StarWORKS Global Trust Company Ltd**, which has been established for the benefit of Members to secure the financial benefits of StarIGTs. The Directors of StarWORKS Group serve as members of the Board of the Membership Trust Company, which may also include one or more representatives of Members in the future.

The dividends, if any, and voting rights of the Trust are assigned to the other StarWORKS shareholders so long as StarWORKS performs substantially all of its financial obligations to Members conferred by the StarIGTs. In the event of a material default in performance by StarWORKS, these shares may be sold, used to raise financing, or if legally permitted, distributed to Members. The benefits of this collateral security mechanism are allocated among the Members in proportion to the value of the StarIGTs they hold.

The purpose of the common financial terms of StarIGTs is fourfold:

- To assure that StarWORKS is operated as a **Membership Organization** for the benefit of its Members

- To make StarWORLD Club Membership a revocable financial commitment that is as nearly cost-free as possible
- To gamify Membership so that Members participate in the growth in value of StarWORKS, profit from holding the Membership, and enjoy tracking the performance of the Ecosystem and supporting the community
- To give all Members a natural stake in the success of StarX Tokens

## Partnership Opportunities

Beyond basic Membership privileges, higher valued StarWORLD Club Memberships, known as **Asset-Backed StarIGTs**, will confer on Members the right to share in the profits or revenue generated by particular assets or businesses of StarWORKS and participating Merchants.

Blockchain technology presents an opportunity to tailor interests in anything and memorialize it in a token. StarWORKS believes that ownership of and participation in unconventional assets will be increasingly common as adoption of asset tokenization spreads throughout the global economy. StarWORKS intends to be at the cutting edge of this trend by offering a diverse range of asset participation options to Members. Asset-Backed StarIGTs may, in the discretion of StarWORKS, be Sponsored not only by StarWORKS business entities, but also by participating Merchants.

Examples of StarWORKS assets that may be made the subject of an IGT include:

- A particular corporation or other legal entity
- A particular outlet, such as a StarHOSPITALITY restaurant or StarMEX Money Changer
- A chain of outlets operating under the same brand name
- A location within an outlet such as a room at a resort, a table at a restaurant, or a private room or seating area at a nightclub
- A product or category of products offered by an outlet or chain of outlets such as a particular flavor of margarita, or all soft tacos

The StarIGT will earn a revenue share as specified in the terms of the particular StarIGT, payable in StarPOINTS. Taking advantage of modern technology, the performance of the asset can be viewed on the Member's dashboard in real time (or no less often than daily), and StarPOINTS earned will be deposited to the StarIGT holder's StarWALLET no less often than monthly.

The legal entity sharing its revenue with a StarIGT holder is considered the **Sponsor** of that StarIGT. The Sponsor receives a majority of the proceeds of sale of the StarIGT, it is responsible for the StarPOINTS issued to the StarIGT holder, and it is

responsible for paying a portion of the maturity value or redemption price of the StarIGT that is comparable to the portion of the sale proceeds which it received.

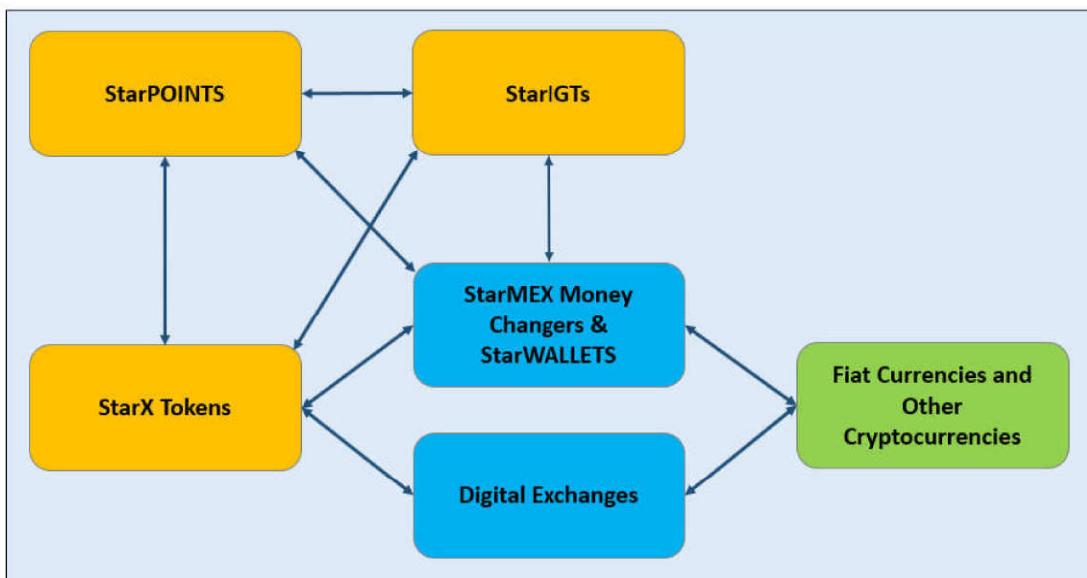
If a StarIGT is converted into StarX Tokens, StarWORKS delivers the StarX Tokens it has reserved for this purpose in its Treasury. The StarIGT remains outstanding but is owned by StarWORKS, and the Sponsor must pay the same number of StarPOINTS, and the same percentage of the value at maturity, as it would if the StarIGT had not been converted.

Asset-Backed StarIGTs give Members an opportunity to participate in the performance of their favorite restaurants, spots in nightclubs or menu items. Because of the diverse and specific nature of potential assets, some Asset-Backed StarIGTs will be NFT's or fractional NFT's. Members and Affiliate Marketers are invited to propose participation in particular assets, and if accepted by StarWORKS management, terms and conditions are drawn up and a StarIGT is issued to the Member.

## StarX Tokenomics

StarX Tokens are exchange-listed and are the native currency of the Starworks Ecosystem. There is no intention to list StarPOINTS and StarIGTs on any exchange. Convertibility of StarPOINTS and StarIGTs into StarX Tokens is governed by rules established by StarWORKS. Therefore, StarX Tokens are considered as a **Bridge** between the StarWORKS Ecosystem and the financial markets, as shown in the following graphic:

### Relationship Among Starworks Tokens



Members are encouraged to use StarX Tokens as a medium of exchange within the StarWORKS Ecosystem. Because the Tourism, Entertainment and Hospitality Sector operates internationally, the functional currency of the Member will often be different than the functional currency of the Merchant, and the number of StarX Tokens required for the purchase will be calculated by StarWORKS, and if necessary, converted by StarMEX into the Merchant's functional currency, based on the current trading value of StarX Tokens on a recognized cryptocurrency exchange.

## **StarX Token Liquidity Policy**

StarWORKS would like the value of StarX Tokens to increase over time in line with the success of its Ecosystem. As a cryptocurrency, the value of StarX Tokens is not inherently linked to the value of StarWORKS or its Ecosystem. As with any currency, its value is a function of supply and demand. If a linkage between the value of StarX Tokens and the value of the StarWORKS Ecosystem is desired, it must be created.

StarWORKS has minted a total StarX Token supply of **1 Billion Tokens** and is the holder in its Treasury of the reserve supply (currently approximately **875 Million Tokens**) that has not yet been Issued to third parties. This puts StarWORKS in the same relationship to StarX Tokens as a central bank has to its fiat currency. If the value of StarX Tokens is to appreciate, the supply of StarX Tokens must be managed so as to achieve this.

Therefore, StarWORKS has adopted a policy governing the supply of StarX Tokens. This policy, referred to as the StarX Token Liquidity Policy, is embedded in the terms of StarIGTs, which are convertible into StarX Tokens, for the benefit of StarWORLD Club Members. The StarX Token Liquidity Policy has two principal pillars.

**Buyback & Burn Policy** – First, StarWORKS will spend **10%** of its prior year's **Net Cash Flow** on the purchase of StarX Tokens on a recognized cryptocurrency exchange, followed by the burning of the Tokens purchased, until 50% of StarX Tokens have been retired. Transactions that take Tokens out of circulation will be independently verifiable, and will be made irreversible by transferring the Tokens to a **Burn Address**, which is an unusable wallet with a publicly disclosed address.

In the monetary context, currency appreciation is **Deflation**. Deflation is generally avoided by central banks, for the principal reason that deflation makes the principal amount of debt more valuable when it is repaid than it was when it was borrowed.<sup>2</sup> To alleviate the harmful effects of deflation on the StarWORKS

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<sup>2</sup> In the US in 1896, there was no institution to manage the money supply, and a deflationary environment prevailed. The iconic populist William Jennings Bryan delivered his famous "Cross of Gold" speech, claiming that the effect of the gold standard was to "crucify mankind," and arguing that inflation be created by changing in the gold standard.

Ecosystem and avoid creating incentives to drive down the value of StarX Tokens, StarWORKS will not borrow, lend or promote borrowing and lending in amounts denominated in StarX Tokens.<sup>3</sup> No one should be harmed by appreciation of StarX Tokens, except short sellers.

**Net New Supply Policy** – Second, the StarX Token Liquidity Policy places overall restrictions and transparency requirements on the net new supply of StarX Tokens, independent of the Buyback & Burn Policy. Each type of StarX Token Issue is covered, based on their classification as **Conversion Tokens, Redemption Tokens, Incentive Tokens, Contractor Tokens, Investor Tokens, Promotional Tokens** or **Market Operations** (as defined below).

The complete terms of the StarX Token Liquidity Policy are set out below.

### StarX Token Liquidity Policy

Subject	Policy
<b>Buyback &amp; Burn Policy</b>	During each year, starting in 2024, <b>StarWORKS</b> will spend <b>10%</b> of its prior year's <b>Net Cash Flow</b> on open market buying and burning of StarX Tokens, until <b>50%</b> of all StarX Tokens have been retired. StarWORKS will not burn StarX Tokens except pursuant to this Buyback & Burn Policy.
<b>StarX Token-Denominated Debt</b>	StarWORKS will not borrow, lend or promote borrowing and lending of <b>StarX Token-Denominated Debt</b> , provided that StarWORKS will not prohibit or interfere with peer-to-peer debt transactions denominated in StarX Tokens.
<b>Conversion of StarIGTs</b>	StarX Tokens may be Issued to StarIGT holders upon conversion of StarIGTs ( <b>Conversion Tokens</b> ), provided that <b>30%</b> of the then-current market value of the StarX Tokens issued must be spent on buyback of StarX Tokens in the open market within <b>12 months</b> .
<b>Redemption of StarPOINTS &amp; StarIGTs</b>	StarX Tokens may be Issued in redemption of StarPOINTS and StarIGTs ( <b>Redemption Tokens</b> ), provided that: <ul style="list-style-type: none"> <li>The StarX Tokens are valued at market value, the StarPOINTS are valued at no more than their face value in their Reference Currency, and the StarIGTs are valued at no more than their Issue price in their Reference Currency</li> </ul>

<sup>3</sup> Under the principles of DeFi, market participants may freely transact on a peer-to-peer basis without intermediaries. StarWORKS does not prohibit or interfere with peer-to-peer debt transactions denominated in StarX Tokens.



Subject	Policy
	<ul style="list-style-type: none"> <li>• <b>30%</b> of the then-current market value of the StarX Tokens issued in redemptions to Members must be spent on buyback of StarX Tokens in the open market within <b>12 months</b></li> <li>• <b>50%</b> of the then-current market value of the StarX Tokens issued in redemptions to Merchants (outside of StarWORKS) must be spent on buyback of StarX Tokens in the open market within <b>12 months</b></li> </ul>
<b>Incentive Tokens</b>	<p>StarX Tokens may be Issued to staff, Affiliates or advisors of StarWORKS as compensation, for services rendered or as a performance incentive (<b>Incentive Tokens</b>), provided that:</p> <ul style="list-style-type: none"> <li>• The Tokens are <b>Restricted Tokens</b></li> <li>• The number of such Tokens Issued may not exceed <b>10,000,000</b> per calendar year, OR</li> <li>• If and to the extent this limitation is exceeded, <b>50%</b> of the then-current market value of the StarX Tokens issued must be spent on buyback of StarX Tokens in the open market within <b>12 months</b></li> </ul>
<b>Contractor Tokens</b>	<p>StarX Tokens may be Issued to contractors in lieu of cash for goods or services (<b>Contractor Tokens</b>), provided that:</p> <ul style="list-style-type: none"> <li>• The total Value of all such Issues per year (measured based on the Value of StarX Tokens in December of the preceding calendar year) shall not exceed <b>US\$5,000,000</b> per calendar year, OR</li> <li>• If and to the extent this limitation is exceeded, <b>50%</b> of the Value of the StarX Tokens Issued must be spent on buyback of StarX Tokens in the open market within <b>12 months</b></li> </ul>
<b>Promotional Issues</b>	<p>The number of StarX Tokens Issued in “airdrops” or at a promotional rate to Members or unrelated parties for the purpose of seeding the market (<b>Promotional Tokens</b>) shall not exceed <b>2,000,000</b> in any calendar year.</p>
<b>Private Placements of StarX Tokens</b>	<p>StarX Tokens may be Issued to investors in private placements (<b>Investor Tokens</b>), provided that</p> <ul style="list-style-type: none"> <li>• The Tokens are Restricted Tokens</li> <li>• The Issue price is discounted no more than <b>10%</b> from the Value of StarX Tokens in the month preceding the closing of the placement</li> <li>• The amount placed to each single investor is at least <b>US\$100,000</b></li> </ul>

Subject	Policy
	<ul style="list-style-type: none"> <li>If any of the StarX Tokens purchased are subsequently retransferred by the investor as Redemption Tokens, Incentive Tokens, Contractor Tokens or Promotional Tokens, they will be counted as Issues by StarWORKS and subject to applicable limitations</li> </ul>
<b>Market Operations</b>	<p>StarWORKS will not Issue <b>Treasury Tokens</b> directly into the open market (<b>Market Operations</b>), except in Market Operations in which, cumulatively since inception of this Policy, the number of StarX Tokens sold does not exceed the number of StarX Tokens purchased. Buyback &amp; Burn buybacks and buyback requirements associated with the Issue of Conversion Tokens, Redemption Tokens, Incentive Tokens and Contractor Tokens are not counted toward the number of StarX Tokens purchased in Market Operations. All Issues of StarX Tokens which are not Issues of Conversion Tokens, Redemption Tokens, Incentive Tokens, Contractor Tokens, Promotional Tokens or Investor Tokens, or which would be Issues of these types but are in excess of applicable limitations, are counted as Issued in Market Operations.</p>
<b>Temporary Suspension of New Issue Buyback Obligations</b>	<p>The buyback requirements associated with the Issue of Conversion Tokens, Redemption Tokens, Incentive Tokens and Contractor Tokens are deferred and carried forward at all times when the market price of StarX Tokens is more than <b>US\$0.50</b> from the effective date of this Policy until the end of <b>2024</b>, and thereafter when the market price of StarX Tokens is more than <b>45%</b> above the average Value of StarX Tokens in the preceding calendar year.</p>
<b>Transparency</b>	<p>The <b>Burn Address</b> will be publicly disclosed so that the burning of StarX Tokens can be confirmed. The net number of Treasury Tokens Issued in each category (Conversion Tokens, Redemption Tokens, Incentive Tokens, Contractor Tokens, Investor Tokens, Promotional Tokens and Market Operations) will be publicly disclosed annually.</p>
<b>StarIGT Conversion Rate</b>	<p>The <b>Conversion Rate</b> of newly Issued StarIGTs will be adjusted from time to time based on StarX Token market conditions, and will always be at least <b>6 times</b><sup>4</sup> the Value of</p>

<sup>4</sup> StarIGTs are issued at 50% of their maturity value, and are convertible at their maturity value. Therefore, if the conversion rate is set at 6 times the market value of StarX Tokens, the value of StarX Tokens would have to increase by 200% in order for the StarX Tokens into which a StarIGT is convertible



Subject	Policy
	StarX Tokens during the calendar year ended between 3 and 15 months before the Issue date.
<b>Changes in This Policy</b>	This Policy is subject to change upon one-year advance notice disseminated to Members. StarWORKS may in its sole discretion poll or seek consent of Members regarding any Policy change.
<b>Binding Effect</b>	This Policy will be embedded in the terms of StarIGTs so that it is binding on StarWORKS for the benefit of Members (not StarX Token holders generally).
<b>Definitions</b>	<p>Some of the capitalized terms used above are defined as follows:</p> <ul style="list-style-type: none"> <li>• <b>“Net Cash Flow”</b> is the full year consolidated net cash flow from operations of StarWORKS after tax and debt service, disregarding any mark-to-market of Treasury Tokens and other unrealized gains on investments, as disclosed by StarWORKS based on financial statements which shall be released no later than 4 months following the end of the year for which results are reported.</li> <li>• An <b>“Issue”</b> is a transfer of Treasury Tokens from within StarWORKS to outside of StarWORKS.</li> <li>• <b>“Restricted Tokens”</b> are StarX Tokens that cannot be moved from the StarWALLET into which they were Issued for a period of at least one year from the date of Issue unless released by StarWORKS. Restricted Tokens can be released if the transfer does not involve a sale of the Tokens in the open market and the restriction is carried over to the transferee StarWALLET. StarWORKS in its discretion may waive the restriction entirely in special cases.</li> <li>• <b>“StarWORKS”</b> is Starworks Group Ltd and its subsidiaries. StarWORKS may treat a minority-owned subsidiary as either part of StarWORKS or outside of StarWORKS so long as it does so consistently and transparently.</li> <li>• <b>“Treasury Tokens”</b> are StarX Tokens owned by StarWORKS companies regardless of their origin.</li> <li>• <b>“Value”</b> of StarX Tokens during a particular period of time is the weighted average price of all StarX Token</li> </ul>

to be worth more than the issue price, and by 500% in order for the StarX Tokens into which a StarIGT is convertible to be worth more than the maturity value.

Subject	Policy
	trades on all recognized cryptocurrency exchanges on which they are listed during that time period. To reduce short-term fluctuations in the application of the Policy, all Value calculations are measured over a period of at least one calendar month.

## The Buyback & Burn Policy

StarWORKS not only wants the value of StarX Tokens to increase, it would like the market value of StarX Tokens to be correlated with the financial performance of StarWORKS. In the equity markets, stock prices are linked to enterprise value by dividend policy and ownership rights. This linkage is actually quite weak, because many companies do not pay dividends, and holders are unlikely to sell their shares to someone who cares about the shares' voting rights. But it works anyway. The linkage does not have to be strong; it only needs to be believed.<sup>5</sup>

In modern corporate finance theory, stock buybacks are considered similar to dividends in that both deliver a portion of the company's cash to its owners. Buybacks leave the underlying enterprise value unaffected (except for the reduction of cash on its balance sheet), while reducing the number of units into which it is divided, thereby increasing the value of one share. The stockholders who sell are those who place the lowest subjective value on owning the shares, increasing the average commitment to buy-and-hold among the remaining population.

As a cryptocurrency, StarX Tokens have no "issuer." Either paying dividends to StarX Token holders from StarWORKS profits, or granting StarX Token holders ownership rights over the business and assets of StarWORKS, would negate the status of StarX Tokens as a cryptocurrency, and thus are not available as a means of linking the value of StarX Tokens to the performance of StarWORKS. However, buybacks are still possible. Cryptocurrency buybacks deliver value to holders collectively, not only to those who sell, but to all holders through their effect on the secondary market.

Cryptocurrencies inherently may have a fixed supply imposed by the original coding of the Blockchain which cannot be changed. This eliminates the possibility of issuing newly created tokens. Where additional tokens cannot be created, the entire supply must be minted at the outset, and those not immediately distributed

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<sup>5</sup> In the case of General Motors H Class shares, for example, the H Class does not have any legal rights different from those of other stockholders, only a non-binding company policy that links the amount of dividend to the performance of its Hughes Aircraft Company subsidiary.

must be held in reserve by the developer. The creates a monetary policy issue as to how the developer will manage the supply of tokens in the market.

Faced with this issue, it has become common for cryptocurrency developers to manage supply by periodically reducing the number of tokens in circulation through buyback-and-burn.<sup>6</sup> Consistent with the principles of DeFi, the transaction that takes tokens out of circulation should be independently verifiable and irreversible. This is done by transferring the tokens to a Burn Address.

Any perceived overall value which is reflected in the aggregate market capitalization of a cryptocurrency will be left unaffected by buybacks, while the number of units into which this overall value is divided is reduced, thereby increasing the value of one unit. Buyback-and-burn may also have a positive effect on market sentiment.<sup>7</sup>

Since the size of the Buyback & Burn to be undertaken by StarWORKS is measured in the currency of its financial statements and not as a number of Tokens, it is difficult to predict how many StarX Tokens will be taken out of circulation each year. The total supply of **1 Billion** StarX Tokens will eventually be reduced to **500 Million** Tokens, assuming StarWORKS is profitable. The Buyback & Burn Policy will only continue until the number of StarX Tokens is reduced by **50%**.<sup>8</sup> StarWORKS may extend or modify the Policy if and when this occurs.

Since burning tokens will have a greater effect on the market if it is announced and can be anticipated by investors, StarX Tokens will not be burned except pursuant to the Buyback & Burn Policy. The size of the Buyback & Burn Policy, like other terms of the Policy, can be adjusted by StarWORKS upon one-year advance notice disseminated to Members.

The amount of the Buyback & Burn in each year will be announced no later than April 30 of that year, together with the release of financial statements.<sup>9</sup> StarWORKS has opted to base the size of the Buyback & Burn on its own net Cash Flow instead of its accounting net income for two reasons. First, it is crucial that StarWORKS operations must generate actual cash flow, and not just unrealized net income, to

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<sup>6</sup> Buyback-and-Burn is to be distinguished from “Proof of Burn,” a consensus algorithm for verification of transactions used an alternative to proof of work, proof of stake and proof of authority. When proof of burn is in use, miners must burn tokens as the price of admission to the mining business ([Motley Fool, August 31, 2022](#)). This is similar to proof of stake except that the the staked coins are not returned to the miner when mining activity ends. Proof of burn does not reduce the aggregate supply of a cryptocurrency because the net number of coins issued to miners remains positive overall.

<sup>7</sup> See [Social Science Research Network, September 30, 2022](#); [Medium, May 27, 2022](#).

<sup>8</sup> This figure is the same as in the Buyback & Burn Policy of Binance Coin.

<sup>9</sup> Negative Cash Flow will imply no Buyback-and-Burn in the following year.

fund the Buyback & Burn Policy. Second, accounting standards may change over time, and such a change might cause variations or a dramatic change in the scope of the Buyback & Burn. If accounting standards require Treasury Tokens to be marked to market, for example, StarWORKS net income could vary widely in a way not directly related to the performance of the business, or in a way that does not generate cash flow.<sup>10</sup>

Some buyback-and-burn policies are fully automated using smart contracts. This may be practical when the business entity buying the tokens is itself an exchange on which the tokens are listed. While buyback-and-burn policies may be automated to enhance their credibility, automation does not necessarily increase their impact. To maximize the positive effect of the Buyback & Burn Policy, StarWORKS will allow the exercise of human judgment in the execution of the market purchases. In the opinion of StarWORKS, human input in market execution is not a weakness in the Policy and does not need to be avoided.

## **The Net New Supply Policy**

Even with the Buyback & Burn Policy, considerations of StarX Token supply will remain a dominant consideration for investors in the market for StarX Tokens. The supply of StarX Tokens, and particularly the addition of new supply to the market, must be limited, and must be perceived by the market to be limited in an effective manner, in order for StarX Tokens to appreciate in the market.

The approach of the Net New Supply Policy is to limit the **Rate** at which Tokens can be added to the money supply. Other cryptocurrency developers, in their Tokenomics, often allocate the total token supply among various purposes, without mentioning the timing of token issues. This disclosure is typically accompanied by a pie chart. StarWORKS expects that limiting the Rate of Issue will be a more effective way of imparting confidence to the market than describing an overall allocation of the token supply, to be achieved over a period of many years.

As outlined in the Net New Supply Policy, the ways in which StarX Tokens can be released into the market are Conversion Tokens, Redemption Tokens, Incentive Tokens, Contractor Tokens, Investor Tokens, Promotional Tokens and Market Operations. Market Operations include not only direct participation by StarWORKS in the market for StarX Tokens in which Treasury Tokens are delivered in settlement of sales, but also any other Issue of StarX Tokens that does not fall into one of the

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<sup>10</sup> Warren Buffett stated in his [2018 letter to shareholders](#): “a new accounting rule ... will severely distort Berkshire’s net income figures and very often mislead commentators and investors. The new rule says that the net change in *unrealized* investment gains and losses in stocks we hold must be included in all net income figures we report to you. That requirement will produce some truly wild and capricious swings in our GAAP bottom-line. For analytical purposes, Berkshire’s ‘bottom-line’ will be useless.”



other categories. The manner of restriction of each of these new sources is set out in detail in the Policy above, and is summarized below.

### Sources of New StarX Token Supply

Type of Issue	Restriction Imposed
<b>Conversion Tokens</b>	StarX Tokens must have appreciated by > 200% from the Issue date for the StarIGT conversion feature to be economic – buyback from the open market of 30% of conversions*
<b>Redemption Tokens</b>	Buyback from the open market of 30% of Member redemptions and 50% of Merchant redemptions*
<b>Incentive Tokens</b>	Buyback from the open market of 50% of any amount > 10,000,000 Tokens (1% of total money supply) per year*
<b>Contractor Tokens</b>	Buyback from the open market of 50% of any amount > US\$5,000,000 per year*
<b>Promotional Tokens</b>	2,000,000 Tokens (0.2% of total money supply) per year
<b>Investor Tokens</b>	No discounts > 10% – minimum US\$100,000 per investor – investor is bound by parts of Net New Supply Policy
<b>Market Operations</b>	No net addition to money supply permitted at any time

\* Except when the buyback obligation is temporarily suspended – see “Suspension of Buyback Obligation” below.

**Conversion Tokens** – The Issue of StarX Tokens in StarIGT conversions, as a practical matter, will only occur after StarX Tokens have appreciated considerably. Under the Policy, StarWORKS is committed to reinvesting a portion of the value received upon conversion into buying back StarX Tokens from the market.

**Redemption Tokens** – StarWORKS is committed to refund StarIGT Membership payments upon demand, and to allow StarPOINTS to be redeemed at any time. Each Member or Merchant has the option of receiving these payments in StarX Tokens, which creates a source of StarX Token supply to the market. It should be noted that those who receive StarX Tokens will have already opted not to convert them immediately into another form, indicating that they have some intention to hold the StarX Tokens for a period of time. The StarIGTs and StarXP Tokens purchased by StarWORKS in these transactions have value and are not burned. Under the Policy, StarWORKS is committed to reinvesting a portion of the value received into buying back StarX Tokens from the market.

**Incentive Tokens** – Like other cryptocurrency developers, StarWORKS will use its Tokens to incentivize the performance of management, Affiliates and advisors. Unlike most other cryptocurrency developers, StarWORKS is committed to limit the number of Tokens Issued for incentive purposes on an annual basis. At 1% of the total Token supply per year, Tokens held by management, Affiliates and advisors will remain low compared to the target allotments announced for other cryptocurrencies. All Incentive Tokens issued will be Restricted for a period of at least one year.

**Contractor Tokens** – StarWORKS may use StarX Tokens to purchase products and services from unrelated third parties. StarWORKS may procure up to US\$5,000,000 per year of such goods and services, after which it is committed to supporting the StarX Token market with open market buybacks equal to 50% of the excess.

**Investor Tokens** – StarWORKS may raise funds by direct Issue of StarX Tokens to private placement investors who invest at least US\$100,000 each. StarWORKS' preferred method of fundraising is to issue premium Memberships to investors in the form of Asset-Backed StarIGTs. If the direct Issue route is chosen, the StarX Tokens issued will not be deeply discounted and will be Restricted for a period of at least one year, and investors must comply with the Net New Supply Policy in concert with StarWORKS, except as to Market Operations.

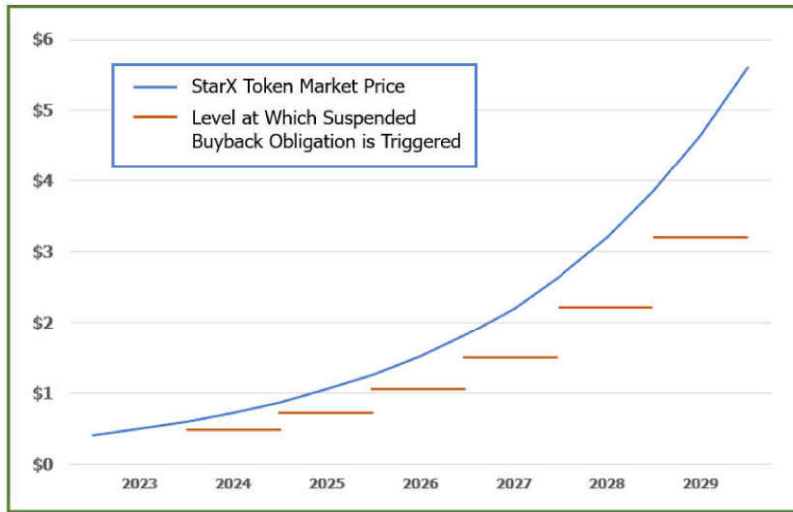
**Market Operations** – As the issue presumably of greatest concern to the market, the Policy states that Treasury Tokens will not be sold directly into the market unless the total of all Market Operations since inception has not created any net addition to supply. Further, all Token Issues which are not Conversion Tokens, Redemption Tokens, Incentive Tokens, Contractor Tokens, Investor Tokens or Promotional Tokens, or which fall within one of these categories but exceed the limitations imposed, are considered Market Operations and will not, together with all other Market Operations sales and purchases, contribute any net supply of StarX Tokens to the market. The buy side of Market Operations is not restricted.

**Suspension of Buyback Obligation** – To mediate the effect on Token supply from the Issue of Conversion Tokens, Redemption Tokens, Incentive Tokens and Contractor Tokens, as summarized above these issues may trigger a buyback obligation over and above the Buyback & Burn Policy. This buyback obligation is temporarily suspended when the StarX Token market price is above **US\$0.50** between now and the end of 2024, and thereafter when the StarX Token market price is at least **45%** above the prior year's Token Value.

The intention of this suspension is to hold market support in reserve for use during downturns. The following diagram illustrates the market support provided by this mechanism. The illustration is based on a scenario in which the market has

appreciated smoothly by 45% per year from a starting point of US\$0.41 per StarX Token on January 1, 2023. The level at which the buyback obligation is triggered in each year is depicted by a horizontal line. Because the Net New Supply Policy is implemented transparently, this level will be known to the market and presumably perceived as a **Support Level**.

### StarX Token Market Illustration



If the StarX market price appreciates by 45%/year from US\$0.41 on January 1, 2023, the Redemption and Contractor Token buyback obligation is triggered at the following level in each year from 2024-2029:

Year	Price Floor
2024	\$0.50
2025	\$0.72
2026	\$1.05
2027	\$1.52
2028	\$2.21
2029	\$3.20

StarWORKS believes that in the volatile cryptocurrency markets, providing support in a down market is better than committing to purchases regardless of prevailing market conditions. If market appreciation is proceeding at a satisfactory rate, StarWORKS will set aside the funding required to meet its buyback obligations and hold it in reserve so it will be available to counteract the effects of any future market downturns. This will not only help to reduce the size of any downturn, but also avoid exacerbating the excesses of any market enthusiasm during a rising market.

## Technology

The technology of the StarWORKS Ecosystem has been developed in-house by StarLABS. Technologies directly supporting the Token and Blockchain programs of StarWORKS consist of StarWORKS Token technology, StarCHAIN technology and StarWALLET technology.

### StarWORKS Token Technology

The Tokens of the StarWORKS Ecosystem consist of StarX Tokens, the native currency of the Ecosystem; StarPOINTS loyalty reward points; and StarIGTs, Membership Tokens which in turn consist of classes of fungible Tokens, Non-Fungible Tokens (NFTs), and fractional NFTs.

The StarTOKENS have been minted by **Starworks Global Pte Ltd**, a StarWORKS company incorporated in Singapore, and are transferred to the relevant StarWORKS business entity before being issued or sold to the end user or acquirer.

**StarX Tokens** – StarX Tokens are the native currency of the StarWORKS Ecosystem, and serve as currency for certain transactions. It also forms a Bridge between StarXP Tokens and StarIGTs and the rest of the financial economy. Members who wish to redeem their StarPOINTS or StarIGTs first convert them into StarX Tokens, which are exchange-listed and can be sold or exchanged, or held as a cryptocurrency investment.

StarX Tokens were developed based on the **Ethereum Blockchain ERC-777 Token Standard**, and **1 Billion Tokens** were minted in 2019 with the smart contract address *0xC4e8A9D47000Ab8E59c7031e311762c68215e467*. StarX Tokens were initially Issued to angel and seed investors who provided the development capital to help develop the StarWORKS Ecosystem to its current state of readiness. There are approximately 125 million StarX Tokens held by individuals and corporate investors.

StarX Tokens were listed on the **LATOKEN Exchange** in the fourth quarter of 2021 after an Initial Exchange Offering (IEO), and were listed on the **Coinstore Exchange** in the second quarter of 2022. StarX Token transactions can be validated either on the Ethereum Blockchain ([www.etherscan.io](http://www.etherscan.io)) or on StarCHAIN ([www.starchain-scan.io](http://www.starchain-scan.io)), the proprietary Blockchain technology of StarWORKS.

**StarPOINTS** – StarPOINTS are utility tokens used as rewards and are the token of the StarPOINTS Loyalty Program. StarPOINTS are also used as rewards to transaction Validators in the StarCHAIN network, and as revenue share distributions to Members who hold Asset-Backed StarIGTs.

StarPOINTS were developed based on the **StarCHAIN Blockchain** with **1 Trillion Tokens** minted as **StarXP Tokens** on July 6, 2022. The first StarXP Token transaction was the transfer of 10,000 Tokens to a Merchant on November 10, 2022. Because StarPOINTS are internal to the StarWORKS Ecosystem, all transactions in StarPOINTS are executed on StarCHAIN ([www.starchainscan.io](http://www.starchainscan.io)).

Merchants initially receive a supply of StarPOINTS on consignment and payment may not be due unless and until the StarPOINTS are transacted.

**StarIGTs** – StarIGTs are utility tokens representing Membership in the StarWORKS Ecosystem and have a range of specific functions and features. Each StarIGT has a smart contract attached that executes its “income generating” features as well as dashboard information for Members that is specific to their particular StarIGTs.



StarIGTs were developed based on the **StarCHAIN Blockchain** with **100 Billion Tokens** minted as **StarXB Tokens** on July 6, 2022. The first StarXB Token transaction was the issue of 1,500 StarXB Tokens to a customer on July 8, 2022.

Issuance of StarIGTs will be in classes of fungible Tokens, Non-Fungible Tokens (NFTs), and fractional NFTs. Because StarIGTs are internal to the StarWORKS Ecosystem, all transactions in StarIGTs are executed on StarCHAIN ([www.starchainscan.io](http://www.starchainscan.io)).

## StarCHAIN Technology

StarCHAIN is the proprietary Blockchain technology of the StarWORKS Ecosystem. The StarCHAIN Blockchain ([www.starchainscan.io](http://www.starchainscan.io)) has been running without interruption since July 6, 2022, and as of March 1, 2023, 6,604,763 blocks have been processed representing 4,703 individual transactions, with an execution time of **Less than 3 Seconds**, and **No Gas Fees** payable.

StarCHAIN's speed and efficiency, low cost and energy consumption, and decentralized architecture make it an attractive platform for developers and businesses looking to build and deploy new decentralized applications beyond ordinary cryptocurrency trading.

Speed and efficiency are critical to the StarPOINTS Loyalty Program because Tokens must be transacted at the point of sale. In pubs, nightclubs and similar establishments, customers often pay separately for each order instead of running a tab. For example, a customer who spends 3 hours at a nightclub and pays for each drink separately might earn US\$2.00 of StarPOINTS divided into 4 separate reward transactions. If gas fees or 11-second execution times were involved, the StarPOINTS business model would not work.

StarCHAIN can use the secure Ethereum network and is compatible with the **ERC-20 Token Standard**, allowing it to benefit from Ethereum's stability and access to its ecosystem of developers, tools and apps.

Because it is built on Ethereum, StarCHAIN can take advantage of the Ethereum Virtual Machine (EVM), which provides a powerful and flexible platform for building decentralized applications. This enables StarCHAIN to support a wide range of use cases and allows developers to create innovative and scalable applications on the platform.

StarPOINTS and StarIGTs have been launched on StarCHAIN, and StarX Tokens can be transacted on either StarCHAIN or the incumbent Ethereum Blockchain. StarWORKS does not need to invest in and carry an inventory of Ether to operate StarCHAIN.

**Proof of Stake Authority** – StarCHAIN is built on a **Proof of Stake Authority (PoSA)** consensus algorithm, which combines the strengths of Proof of Stake (PoS) and Proof of Authority (PoA) to provide a secure, efficient and scalable platform which is also transparent and decentralized.

In PoS, network participants **Stake** (lock up) an amount of cryptocurrency, and **Validators** are selected based on the amount of cryptocurrency they have staked to validate transactions and add them to the Blockchain. In PoA, on the other hand, Validators consist of pre-approved Authorities who validate transactions and create new Blocks.

In StarCHAIN's PoSA, Validators are selected from among candidates who have been accepted by a majority of incumbent Validators and have Staked StarX Tokens. PoSA ensures that Validators are not only reliable, but also have a vested interest in the network's success.

**Blockchain Call System Contracts** – The PoSA algorithm is executed using Blockchain Call System Contracts that allocate assignments, rewards and punishments among the participants.

The selection of Validators is managed by the **Proposal Contract**. It is triggered by a candidate's submission of a proposal to become a Validator. This proposal is evaluated by active Validators, who are asked to vote on its acceptance. Once the proposal is accepted more than half of the active Validators, the candidate becomes eligible to be a Validator.

StarX Tokens must then be staked by the eligible candidate. Any participant can Stake StarX Tokens to a qualifying candidate. A Staking participant who is not a Validator or a candidate is referred to as a **Delegator**. Once the Validator's Staking volume ranks within the top 21, they become an active Validator in the next Block Reset.

If Validators were not required to Stake Tokens, this is referred to as the **Nothing-at-Stake** issue in which Validators have no incentive to complete Blocks honestly, and are therefore incentivized to engage in double-spending or other malicious behavior.

The ranking and assignment of Validators, stacking and unstacking operations, and distribution of Block rewards are managed by the **Validators Contract**. Active Validators are chosen based on their current rankings at the end of each **Epoch** (set of Blocks), when the Blockchain is **Reset**.

All active Validators take turns generating Blocks. If a Validator misses their turn, the Validators Contract selects a replacement Validator, with the probability of

selection based on the size of their Stake and how recently they were last used. If a Validator is selected for the third time in succession, the Validators Contract selects a replacement Validator in the same manner.

This probability-based rotation system ensures that at least half of the active Validators are always running and available, maintaining the stability and security of the Blockchain. The probability factor based on the amount of StarX Tokens Staked means that Validators who hold more StarX Tokens are assigned to process transactions more often, thus incentivizing Validators to Stake more StarX Tokens.

At the successful completion of each Block, the Validators Contract is called, and rewards are allocated. If the Block is not completed successfully, the **Punish Contract** is called. Punishments may include a reduction in staked tokens or demotion in or removal from the ranking of approved Validators.

Demotion in the list of approved Validators is known as a stacking penalty. Demotion is imposed after 24 infractions, and after 48 infractions a Validator is removed entirely. A Validator who has been removed may still submit a proposal to requalify.

Rewards for Validators are paid in StarPOINTS, and are paid out at the conclusion of each Epoch, rather than at the completion of each Block. Rewards are allocated in proportion to the number of StarX Tokens Staked, rather than in proportion to the number of Blocks completed. Rewards allocated to each Validator are further allocated proportionately to the Delegators who have Staked Tokens for the benefit of the reward-earning Validator.

**StarCHAIN Security** – StarCHAIN is designed with security as a top priority, protecting the network from potential attacks such as DDoS and Spam.

**DDoS (Distributed Denial of Service)** attacks are a form of cyber-attack where several hacked systems are utilized to send a huge amount of traffic to a specific target, making the target inaccessible to users. A DDoS attack can potentially be carried out by a malicious actor who wants to disrupt the network or prevent transactions from being processed.

StarCHAIN has security measures to prevent or mitigate the impact of DDoS attacks, including rate limiting, and filtering and traffic management to detect and prevent suspicious traffic from reaching the network. StarCHAIN's decentralized architecture makes it resilient to DDoS attacks, as there is no single point of failure that can be targeted.

**Spam** attacks refer to attempts to overload a Blockchain network with many low-value or irrelevant transactions. These types of attacks can harm network performance, causing delays and slowdowns.

To prevent Spam attacks on StarCHAIN, irrelevant transactions are filtered out. For example, the system sets restrictions on the size and frequency of transactions. It also requires users to pay a small fee for sending transactions, which deters Spam attacks by making it more expensive to send low-value transactions.

## **StarWALLET Technology**

StarWALLETS are downloaded to the Member's device from an App Store at no charge. Onboarding of new Members is automated and Member information is forwarded to StarWORKS. Communication among StarWALLETS, Merchants and StarWORKS is through the internet and is fully decentralized.

The functionality of StarWALLET includes the management of the StarPOINTS Loyalty Program, payment transfers, promotional offers, StarIGT benefits and real time information, purchases of products and services with StarPOINTS and StarX Tokens, the purchase and sale of StarX Tokens, and the monitoring of all StarTOKEN positions. As StarWALLET is compatible with the **ERC-20 Token Standard**, StarWALLET is also able to store and transact tokens other than StarTOKENS.

On the StarWALLET app, Members can receive, transfer, and manage all of their StarTOKENS. Tokens may be transferred outright, transferred against a simultaneous exchange of other tokens, and frozen or Staked to prevent transfer. The StarWALLET's history menu monitors transaction history including the award and redemption of StarPOINTS and the receipt of income from StarIGTs. The StarWALLET can be used as a marketing tool to extend special offers and send communications and advertisements to Members.

StarWALLET includes a **QR Code Scanner**, providing an easy method to scan addresses with a public key. Members and Merchants do not need to input each other's lengthy public keys, allowing transfers with only one click from their smartphones or tablets.

Future development of the StarWALLET will provide **Tap and Go** functionality which allows Members to purchase products and services in everyday situations using StarX Tokens or StarPOINTS without QR Code Scanning.

Participating Merchants require point of sale technology. Merchant dashboards and point of sale software and hardware are available by arrangement with StarLABS. In order for StarPOINTS redeemed to be credited toward the sale price of the products and services purchased, and for StarPOINTS awarded to be debited

against the sale price of the products and services purchased, StarLABS provides accounting systems integration assistance to Merchants.

StarWALLET has a real time conversion rates update feature so that Members and Merchants can track crypto prices and calculate transaction amounts based on rapidly changing exchange rates.

StarWALLET has a layered security program using Blockchain for all Token transactions. StarWORKS has incorporated optional **2FA (2-Factor Authentication)** security into the StarWALLET's architecture. **Captcha** is also built in for protection against automated theft and fraud. Fingerprint, face and voice recognition sign-in will be introduced and enhanced as technology warrants.

## Supporting Businesses

The StarWORKS Ecosystem is supported by a range of businesses, all of which contribute to the StarWORLD Club Membership experience and all of which are leaders in cutting edge technologies such as Blockchain, Artificial Intelligence, Virtual Reality and Big Data.

### StarHOSPITALITY

StarHOSPITALITY is the Tourism, Entertainment and Hospitality operating arm of StarWORKS. It currently owns and operates a night club, a small resort, a spa and a TexMex restaurant in Bali. These outlets have already adopted the StarPOINTS Loyalty Program, providing a foundation for the marketing of StarPOINTS to neighboring Merchants.

StarHOSPITALITY will offer virtual online participation in StarWORLD online events and contests, and live streaming from selected entertainment venues. Projects in development include a chain of counter and delivery service restaurants; **StarPRODUCTIONS** films; and a small mixed-use complex with restaurants, low-cost accommodations, co-working space and parking.

StarWORKS plans to develop an online booking and reservations platform offering special Member discounts and accepting payment in cryptocurrencies. The platform will allow hotels and resorts to communicate directly with Member guests, and will assist them in creating bespoke offers. Using crypto-economic alignment for the different players within the travel economy, StarWORKS aims to build and maintain a network effect that can dramatically reduce commissions compared with those charged by existing Online Travel Agents (OTAs).

Bali is experiencing an influx of **Digital Nomads** – remote workers and freelancers who can earn a living anywhere and live where they choose. The Government is now offering residency visas specifically designed for digital nomads. StarHOSPITALITY will serve this market along with the rest of the resurgent Bali tourism market.

## **StarMEX**

The immediate role of StarMEX is to offer conversion and redemption of StarPOINTS and StarIGTs, as well as ordinary money changer services for domestic and foreign fiat currency.

StarWORKS intends to open StarMEX “money changer” branches where there is a concentration of participating Merchants, and at airports and transportation hubs. Tourists can visit a StarMEX outlet at the airport to redeem their accumulated StarPOINTS on their way out of the country, much as tourists now do in many countries to collect VAT refunds. StarMEX will also provide redemption for Members through the StarWALLET, either creating a currency balance in the StarWALLET or transferring proceeds to the Member’s linked bank account.

StarMEX also plans to develop a “**DeFi**” Decentralized Finance platform offering traditional financial services using Blockchain technology. Members may ultimately be able to participate in peer-to-peer transactions directly through StarMEX, without a central bank or exchange exercising control.

DeFi Membership activities within StarMEX are expected to include lending and borrowing against StarTOKENS, trading or exchanging of StarTOKENS and other crypto and fiat currencies, and earning StarPOINTS and incentives through becoming a StarWORKS Affiliate.

StarMEX may also provide comprehensive travel insurance that allows StarWORKS to offer the hospitality industry a complete package to both businesses and customers. StarMEX insurance would offer a range of protection such as travel delay, lost or damaged luggage, medical expenses and hospital expenses, all in Blockchain transactions that instantly process policy issues, premium payments and claims.

## **StarLABS**

StarLABS has developed the technology used by StarWORKS in-house, and continues to integrate new technologies into the Ecosystem and assist Merchants in their interface with the Ecosystem. Its qualified technology staff have expertise in Blockchain technologies, digital and social media marketing, data mining, hosting

services, point-to-point transaction processing, and internet and mobile phone apps, among others. StarLABS aims to develop compelling tools for the Tourism, Entertainment and Hospitality Sector.

Future expansion of StarLABS is expected to include the establishment of the StarWORKS Academy and StarLABS Campuses in Bali and elsewhere. StarWORKS' future growth in technology services will predominantly target ASEAN countries, where the need for sophisticated mobile integration services is escalating and specialist skills and systems are in demand.

## **Participating Merchants**

Participating Merchants are Merchants outside of StarWORKS who have agreed to issue and redeem StarPOINTS on purchases of their products and services. Participating Merchants will be invited to join StarPOINTS in the near future as soon as point of sale systems and full back-office integration are ready to be implemented in a systematic way.

StarPOINTS will first be extended to the Bali market, particularly local Merchants in the Tourism, Entertainment and Hospitality Sector with one or a small number of outlets. Because the distributed ledger is borderless, the Ecosystem can be seamlessly expanded to other geographic regions without significant marginal cost.

Participation in the StarPOINTS Loyalty Program by more Merchants will have network effects, particularly in the Tourism, Entertainment and Hospitality Sector. Tourists wish to patronize a variety of outlets and will seek out Merchants where loyalty rewards already earned can be spent. Merchants who do not participate will find themselves increasingly isolated from the flow of walk-in business. With more participating Merchants, StarPOINTS become more useful to Members, increasing the number of Members and further incentivizing participation by Merchants.

Beyond the issue and redemption of StarPOINTS, Merchants who recruit premium Members can become StarWORKS Affiliates, earning StarPOINTS and other incentives for their origination. Merchants with sufficient automation to produce real time revenue reporting can become Sponsors of Asset-Backed StarIGTs, receiving sale proceeds and sharing current revenue using their inventory of StarPOINTS.

## **Legal Status of This Whitepaper**

This Whitepaper is issued by StarWORKS to explain the framework and design of its business. It describes the current intentions of StarWORKS as of its effective date and it is not anticipated that this Whitepaper will be amended or reissued unless there has been a significant change in the implementation and commercialization of the StarWORKS Ecosystem herein described. StarWORKS reserves the right to modify or update this Whitepaper and information contained herein, at any time without notice. StarWORKS does not undertake to continue to implement and manage its business in the manner described in this Whitepaper, or to modify or update this Whitepaper in the event of any change in its business.

This Whitepaper does not contain financial, investment, tax or legal advice. You should contact appropriate independent professional advisors before relying or making any commitments or transactions based on the material published in this Whitepaper.

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