



WHITE PAPER

**TOKENIZE INDIVIDUAL CREATIVITY**



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# Background

The vision of CFun, in the 24 months to come, is to subvert all existing ways of creation, till that of socializing! Everyone may build their own community via CFun, of which content is body and token is blood. Each individual, company and product would build homeland exclusive to themselves. CFun is to reshape tokenized online community, redefine content-oriented social intercourse through Blockchain; redefine the value of members of community by means of token, i.e. Tokenize Individual Creativity.

Many brands, entertainment companies, gaming companies have strong demands for IPs that meet their needs. Marketers want their customers to remember their brands as vividly as they do for “Three Squirrels” (a popular Chinese snack brand that promotes its brand with three cute cartoon squirrels) and are willing to pay for suitable IPs. At the same time, creators are actively digging for gold by creating new IPs, for instance, internet video producers eagerly working to create the next “Princess Promotion” (an internet drama series in China with great popularity and financial returns). Suitable IPs can attract users, help personalize the brand and bring customers closer, especially the younger generations.

Currently, the so-called Top IPs, which only accounts for less than 1% of the total IPs, hog the spotlight and trade at sky-high prices; however, the remaining 99% non-Top IPs (many are of high quality) are significantly undervalued and difficult to be monetized. On the other hand, a vast number of small and medium enterprises (SMEs, numbered about 40 million in China now) cannot afford and sometimes do not need the Top IPs; but it is difficult for them to find suitable IPs that fit their specific needs. The concept of Intellectual Property (IP) has been distorted by the traditional market — in fact, any created content with fans can be called IPs, not just the Top 1% only.



Why is the IP market distorted and in bad shape? There are two reasons:

First, a mismatch exists between the massive IP demands and numerous undervalued IPs.

There is no a general measurement to value an IP. A same IP may have different values for different users (just imagine Barbie dolls for men sportswear!). For the demand side, it is hard for potential buyers to judge whether a new IP in early creation can actually meet their or their customers' demands. SMEs typically set IP licensing/purchasing budget around 1000 USD, thus cannot afford to work with a large number of creators. Meanwhile, creators often lack self-promotion and sales negotiation skills, thus business negotiation becomes a waste of their time, both in result and opportunity cost. The traditional solution resorts to intermediaries (such as design companies and advertising agencies) to bridge creators and buyers, but this incurs high costs that effectively shut out the SMEs and non-Top IPs. The result is what we see today — most potential buyers fail to obtain suitable IPs and most creators are hardly rewarded.

To solve this mismatch, CFun Project will use its patented algorithm (Method and System for IP Evaluation Based on Audience Behavior Statistics) to record the behaviors of contributors and readers on blockchain and evaluate the market value of the creative works.



Second, the cost of PGC (Professionally Generated Content) is too high.

In order to improve the ROI, companies (e.g. in gaming, entertainment, design and comics) often have no other options but to adopt PGC (Professional Generated Content), concentrating significant resources in the hope of producing a small number of Top IPs. If successful, producers and creators may obtain a huge amount of instant wealth. However, for those who fail to strike Top (the remaining 99%), the creators struggle to make a living and many will soon give up their creating activities. In today's world, creativity work is more like a gamble — not all good work pays off.

To lower the IP production cost of PGC, companies sometimes resort to UGC (User Generated Content), in which companies source or crowd source ideas and creativity works from individual users who may not be professional creators. The cost is indeed lower, but it is difficult to create long, large and complex works due to limitations of skills and abilities of any individual.

#### Our Solution — CoGC Platform

To solve this problem, CFun proposes the concept of CoGC — Collaboratively Generated Content. CoGC is decentralized self-organized crowd creation, which allows creators of different skills from different fields to collaborate together in the same group in order to produce complex works of high-quality. Essentially, CFun is a CoGC platform that supports decentralized autonomous creation groups by providing a series of core functions (authorship verification, contribution calculation, rewards for audience/patrons, evaluation of works, popularity data verification, matching buyers, etc. More details are below in the white paper).



CFun has already established initial success in Chinese market, and will extend existing operation overseas first and then expand into other CoGC fields in the future. CFun first established its CoGC platform in China in 2015 in a niche domain – ACG (Anime, Comic and Games) Language Cosplay. After numerous tests and operations, the procedures, methods, models and transaction requirements of CoGC have been well tested, verified and proven. CFun's operation in China is successful and achieved major milestones of success — by now, CFun is already the largest platform for crowd creation of creative writing in China.

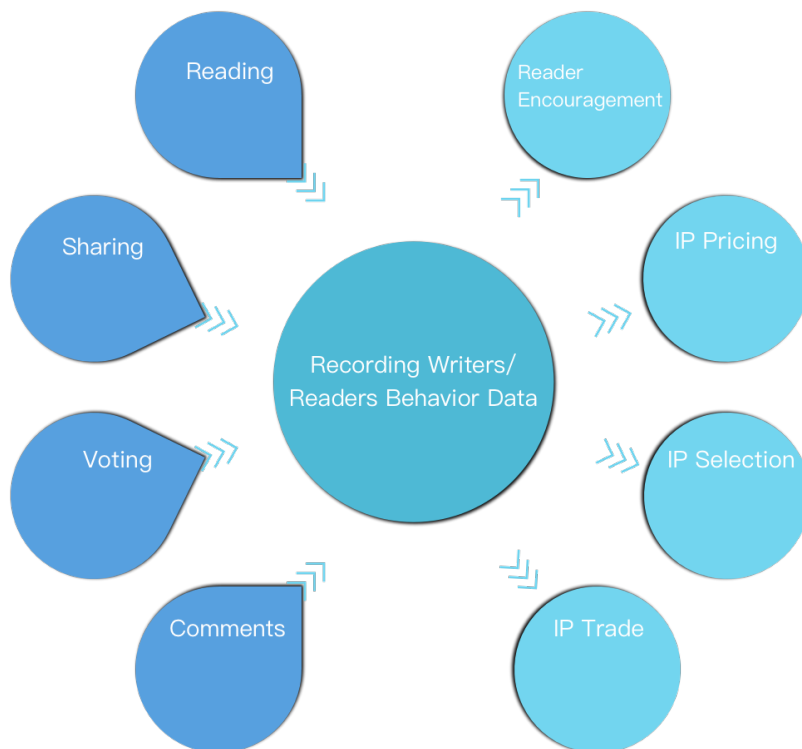
CFun's next step is to integrate its CoGC platform with blockchain technologies and expand into overseas markets, including Japan, Korea, United States, United Kingdom, France. The major focus is still on CoGC of creative writing. Eventually, CFun will include all areas of CoGC, including comics, music and movies.

The mission of CFun is to link creators globally, provide them with blockchain-based CoGC tools, help individual creators tokenize their creativity and enjoy individual value transactions.



## 2.1 Introduction of CFun Project

CFun is a DApp (Decentralized Application) built on Qtum Blockchain and serves as the support platform that links global creators together. To facilitate self-organized collaborative creation, CFun records authorships onto blockchains, predicts the market value of creative works and matches buyers with patented algorithms, calculates contribution among co-creators and completes IP transactions through smart contracts, etc. The mission of CFun is to tokenize individual creativity and realize socialized content creation as well as facilitate value transactions of these personal digital assets.



CFun Core Mechanism: centering around data on user behaviors  
Core Mechanisms of CFun

## 2.2 Problems to Be Solved by CFun

### 2.2.1 Record Authorships for Huge Quantity of Works

CFun has already become a platform holding tens of thousands of stories. However, these digital assets can be easily replicated, thus creators find it hard to protect their rights and trade their works.

CFun will solve this problem by recording every stage of the creation (from initial inspiration to the final work) onto blockchains thus rendering creation logs undeniable and unmodifiable. Tracing and assertion of IP rights can be executed and regulated via smart contracts.

### 2.2.2 Quantify the value of new IPs under creation and how well they match buyers' requirement

For an idea under development that is just a few hundred words in length, how to evaluate and predict its value so that it can become tradable? Utilizing the unmodifiable and traceable features of blockchain, CFun records creators' creation process and readers' behavioral data, including reading, commenting and sharing. After data collection and analysis, CFun uses its patented algorithm — Method and System for IP Evaluation Based on Audience Behavior Statistics to assess the market potential and appeal of an early-stage IP to specific targeted consumers. In addition, the IP buyer can easily select the most suitable early-stage IP thanks to the patented algorithm. This method also facilitates transactions with Smart Contracts.



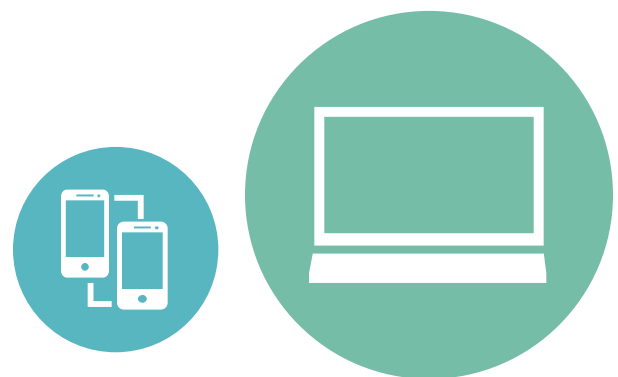


### 2.2.3 Credibility of Popularity Data

Popularity data (such as the number of reads or likes) on IPs can easily be faked and fabricated in current copyright market. Therefore, the buyers cannot tell whether the data of their interested IPs are authentic or not. In order to reduce the cost of trust and improve transparency of the system, CFun brings in blockchain technologies to rebuild the trust system. All metrics and statistics that may impact the value of the IPs will be recorded regularly onto the blockchains. The traceable, unmodifiable and up-to-date data significantly boosts buyer's confidence in IP transactions.

### 2.2.4 Unstable Income of Grassroot Creators

For most (90%) grassroot creators, their incomes are mainly from the subscription or tips of readers, meaning that many of them may have no income at the beginning stage of their creations. CFun will solve the problem by using its patented algorithm to provide trustworthy prediction of IP value and target audience to potential buyers, so they can get involved and make investments at the earlier stage of these IPs. In this way, creators may receive income earlier and also be incentivized to further develop their work due to quantifiable expectation of their future work.



### 2.2.5 Motivate and Reward Readers/Patrons

Participation of readers (or audience, viewers, fans, supporters, patrons, etc.), such as reading, voting, sharing and commenting, has critical value-adding effects on IP values. However, there are few incentives and systematic reward distribution mechanism offered to readers in the current system. Thanks to blockchain and cryptocurrency technologies, CFun will now record readers' active participation and reward them in the form of CFun Tokens. Based on the Qtum Blockchain, CFun aims to build a large CoGC ecosystem with big data that can evaluate real-time popularity of an IP, match IP requirements through Smart Contracts, audit and settle transactions, and reward creators and readers.

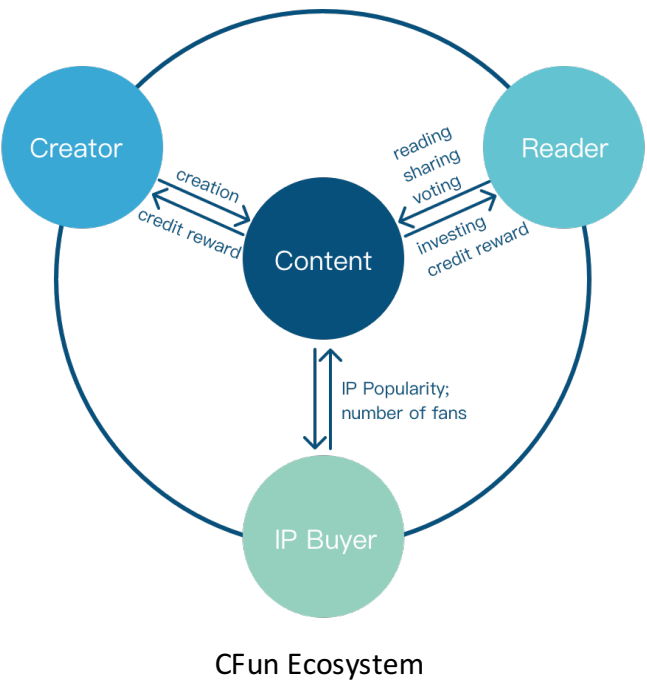
Readers and creators are rewarded in the form of CFun Tokens through reading and creating respectively. Readers and creators who complete special high value-adding tasks can get extra CFun Tokens as bonus. When an IP from CFun Platform is sold, its creators and co-creators will receive the sales proceeds according to CFun's contribution algorithms. At the same time, a specific token feedback mechanism will be triggered to reward CFun-Tokens' holders including all creators, readers and other token holders.



## 2.3 CFun Eco-system

Starting from the niche sector ACG (Anime, Comic and Games) Language Cosplay in China, CFun has already established a network of self-organized crowd creation groups in creative writing. CFun is now further expanding its eco-system of decentralized autonomous crowd creation in Japan and Korea, with IP incubation as its core. Different participants of the CFun Eco-system are interrelated and connected by demands, content and IP values, and shall collaboratively create, develop, communicate, and gain.

Then, a collaborative relationship is built based on demand of members, content and IP values.



### 2.3.1 Collaborative Creation and Mutual Benefits

Creators refers to IP creators and copyright owners. Creation of a new IP (a new story, project, etc.) is usually initiated by a creator or by a buyer with specific needs, and then more creators can opt in for subsequent CoGC. Every stage of the creation process will be recorded in real-time onto the blockchains, providing proof of authorship and serving as evidence for potential earning distributions in the future.

2.3.2 Reader Participation in the Fans Economy

Readers’ participation, like reading, voting, sharing, commenting, has a value-adding effect on IP values. These value-adding actions are rewarded with CFun Tokens by Smart Contracts. Centering on community-based CoGC, CFun closes the loop of IP creation, IP distribution and IP consumption, thus motivating creators for their works, encouraging readers for their participation, and providing more opportunities for the entire CoGC eco-system.

2.3.3 Method and System for IP Evaluation Based on Audience Behavior Statistics

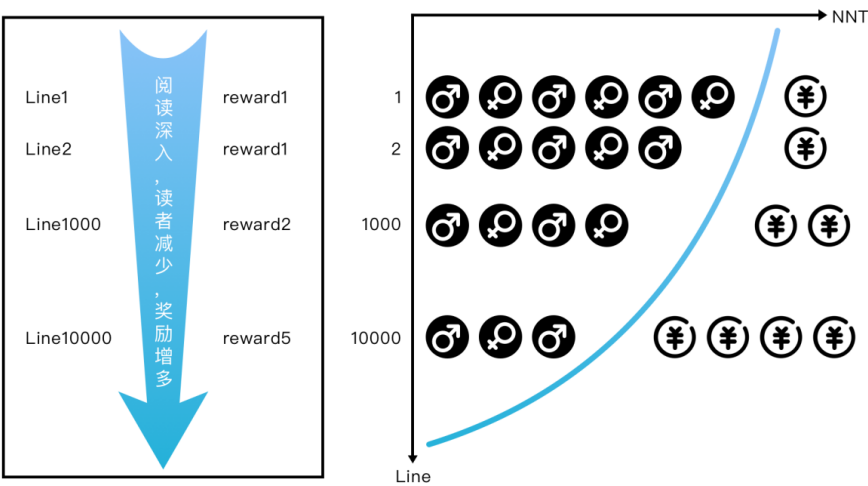
The patented algorithm calculates the IP Value of a creative work (α) by combining the Popularity Index (β) and the weighted average of a series of parameters including theme, word count, page views (θ) together. (The application of a new patent for this method of IP evaluation has been submitted)

IP Value α = β + θ

IP Value = Popularity Index + Weighted Average

2.3.4 The Popularity Index

By collecting and analyzing data on users’ digital content consumption behaviors, CFun has invented the Popularity Index as one key indicator of IP value and as the critical performance metric to compare different works.



Popularity Index

The further down a line is in the story, the fewer readers remain and the more CFun Token offered to readers as rewards.

The Popularity Index is derived from the churn rate curve invented by CFun based on the analysis of reader behaviors. The shape of the churn rate (the rate at which readers drop out line by line) influences and determines the value of the creative work. Based on empirical user data from CFun's database, the churn rate curve can be summarized and described by a single numerical metric, the Popularity Index.

The simplified formula showing the concept of the Popularity Index is as follows:

$$\beta = \frac{\ln r - \ln R}{\ln(P - p) - \ln P}$$

Among the variables,

(1)  $r$  is the number of words read and is a function of  $p$ , the number of readers who have read the  $r^{\text{th}}$  word. The larger the  $r$ , the smaller the  $p$ . In an idealized model, relationship of  $r$  and  $p$  are such that the above formula yields a fixed  $\beta$ , regardless of the values of  $r$ .

(2)  $R$  is the total number of words of the created digital work and is fixed at the time of computation.  $R$  should always be larger than  $r$ .

(3)  $p$  is the number of readers who have read the  $r^{\text{th}}$  word.

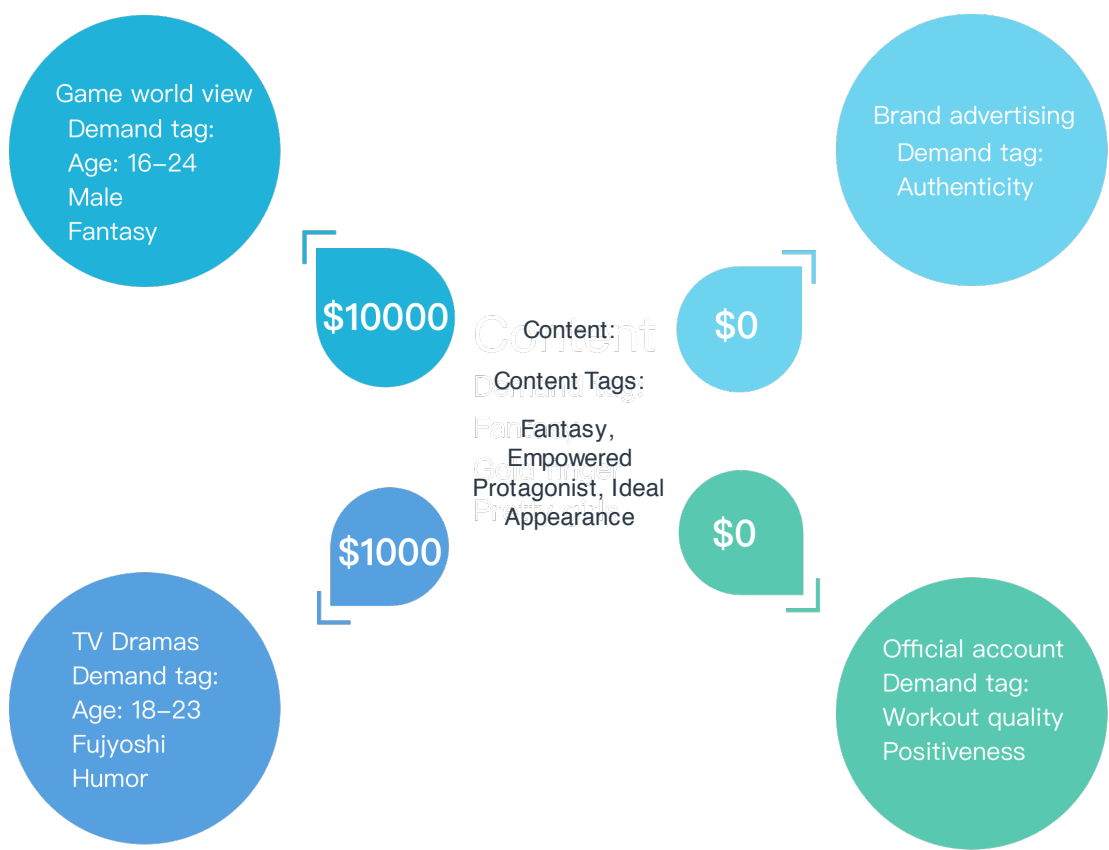
(4)  $P$  is also a fixed term, which accounts for the maximum value of  $p$  when  $r$  is relatively small (i.e. the number of people who read the first few lines).  $P$  should always be larger than  $p$  and  $R$  should always be larger than  $r$ .



The Popularity Index is a crucial component of the evaluation tool to assess the prospects of a given creative work. It has three functions:

- (1) For a given IP, a higher Popularity Index means a lower reader churn rate. It demonstrates the IP’s attractiveness to retain existing readers and win new readers, facilitating the discovery of potentially popular IPs.
- (2) For creators, the Popularity Index can help them better understand the preferences of their readers and avoid unattractive contents. In this way, reading activities from readers become an assistant for future creating activities from the creators.
- (3) For IP buyers, combining metrics like theme, Popularity Index and number of fans together helps them identify the best IPs to purchase and also show the good purchase timing.

2.Value Determination of a Given Work



### 2.3.5.IP Selection and Pricing

#### (1) IP Selection

People can be divided into different categories. Members within one category tend to share common values, community awareness, brand loyalty, and other behavior tendency related to brands with other members, thus may exhibit common reading preferences and evaluation standards. Setting up reader tags helps quantify the value of a particular IP and assess whether it matches a specific demand. Even before an IP grows popular enough to establish its fan base, the IP selection algorithms of CFun can predict the IP's future prospects and its "category tags" based on the behavioral patterns and tags of its existing few readers. This helps IP buyers in purchasing decision-making

#### (2) IP Pricing

By collecting and analyzing data on reader behaviors, CFun's patented algorithm — Method and System for IP Evaluation Based on Audience Behavior Statistics calculates the value of a specific IP real-time, thus presenting the worth of the IP to buyers in an obvious manner.

### 2.3.6 IP Transaction

IP buyers select the creative works that matches their demands through smart IP screening, and proceed to negotiate licensing or purchasing prices with the creators (CFun may also serve as the broker). IP buyers can also customize their own IP requirements and tags, and solicit creators to collaborate — all through CFun's Smart Contracts with objectives and reward schemes formulated by IP buyers.

### 2.3.7 Copyright Rules

Creators collectively own the copyrights of their works by default. However, the initiating creator of a project can set the rules of his/her work and implement the rules with Smart Contracts.

### 2.3.8 Content Tags

By analyzing data of readers, creators and IP buyers, CFun creates tags for every work and entity in the CFun Eco-system, making their avatars fuller and richer.



## 2.4 Technology Solution

CFun is a mobile decentralized application in the field of collaborative creation built on Qtum, with the features of large data volume and high concurrency. In order to adapt the features of blockchain e.g. data cannot be recorded and confirmed at real time and it has to be charged, a behavioral chain algorithm has been specifically designed. To efficiently utilizing blockchain, the data to be recorded on chain in accordance with time, identity and information related will be correlatively stored and compressed.

Based on the content classification rules in CFun, the behavioral chain algorithm divides the data storage unit from high to low according to content category, subject, title, chapter etc. The user's creation and other behaviors will be uploaded to the server and cached to the respective classified nodes, which will be searched for the data nodes reaching the upper limit from low level to high level and will be compressed and recorded on chain, afterwards triggering the corresponding functions of Qtum smart contract.

All the information of user behaviors is stored in the CFun server. The server will generate behavioral tags in the light of behavioral content, time, and user information with the addition of behavior related factors. Afterwards, the data will be recorded on chain using the behavioral chain algorithm.

CFun users' creation and other meaningful behaviors are regarded as part of the content creation value. On the basis of the content classification rules, the server will implement the data query service and collect the behavioral data sorted out. User contributions and benefits will be shown in the interface of CFun lightwallet.



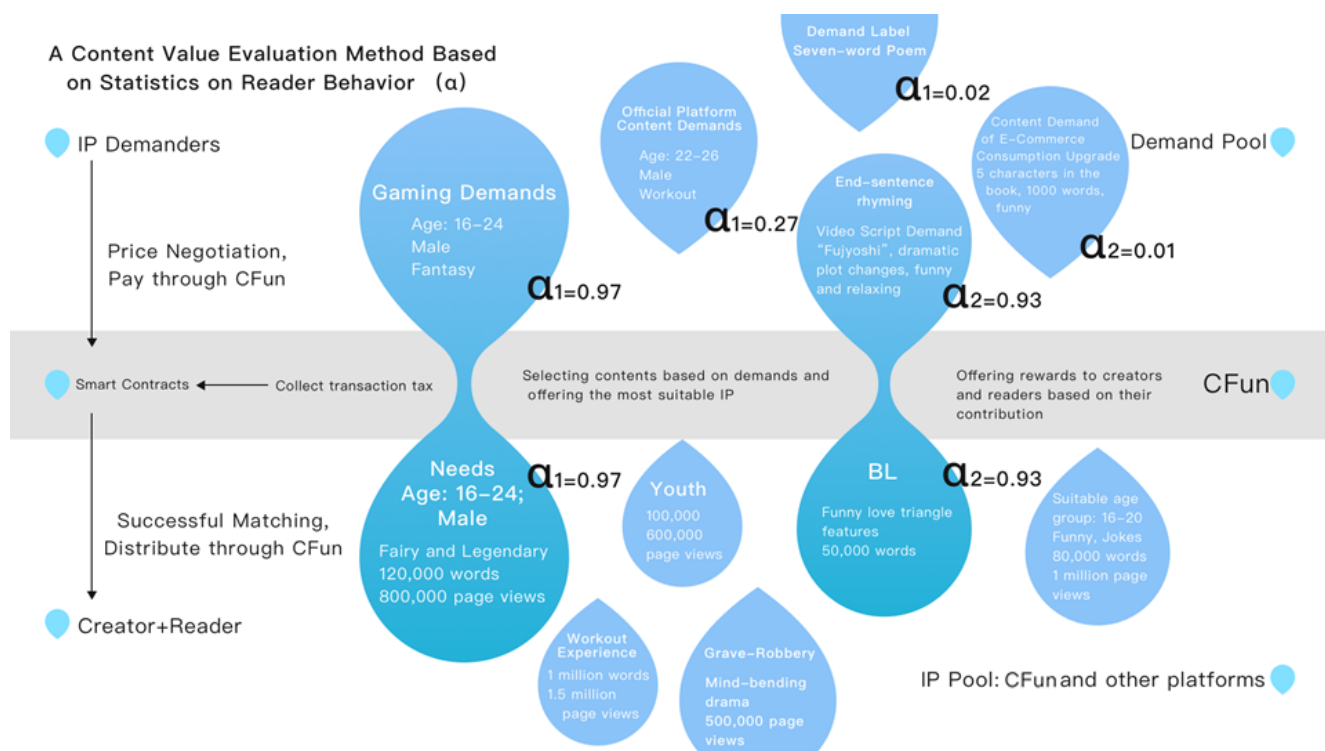


## 2.5 Business Model

### 2.5.1 Participants

CFun Eco-system is centered on its community. With the goal of generating original creative works, CFun aims to incubate creative writings of high quality with respect to work styles, number of fans, profile of fans, market conditions, etc in the first stage. The next stage is to expand into other categories of creative works such as comics, radio plays, movies & TV, games, ACG periphery products, etc.

Participants of the CFun Eco-system can simultaneously assume different status and exercise different rights so as to obtain benefits corresponding to their assumed status.



Creators earn CFun Tokens by continuously updating their creative works. They can also benefit from value appreciation and sales of their IPs.

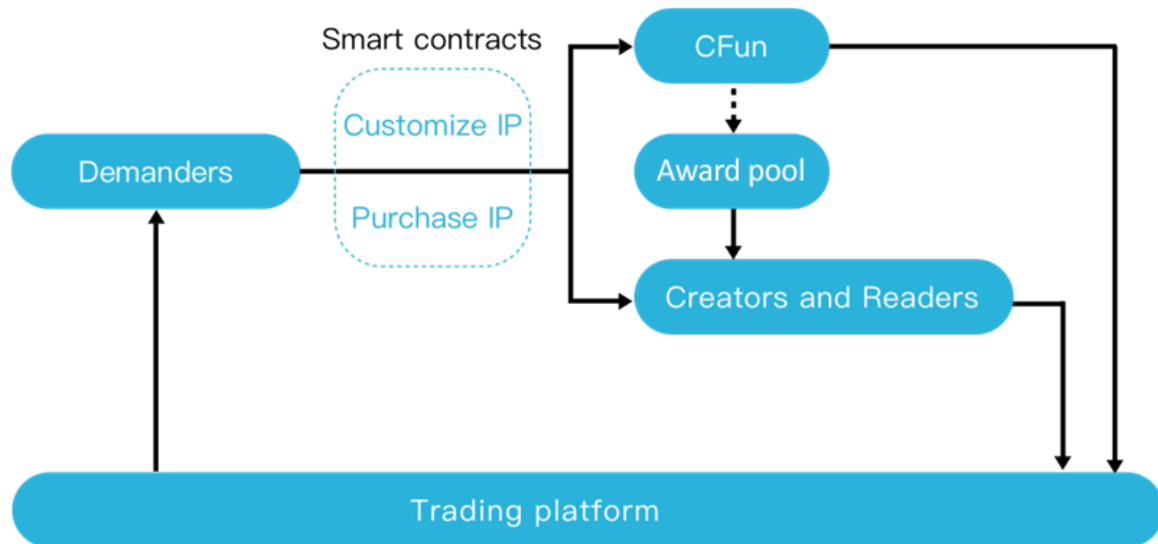
#### (2) Readers

Readers earn CFun Tokens for their active participation such as reading, voting, commenting and sharing. The more they participate, the more values they add to the IP, and the more rewards they receive.

#### (3) IP Buyers

IP Buyers publish their request for IP via Smart Contracts and identify valuable IPs through the Popularity Index and other IP evaluation mechanisms.

## 2.5.2 Circulation Model of CFun Tokens



CFun Token Circulation Model

CFun Platform facilitates IP transactions of two types: Request for Customized IP and Purchase of Original Creation.

### 1.Request for Customized IP

Through Smart Contracts on CFun DApp, IP buyers deposit rewards (e.g. CFun Tokens) into the contract and set up a series of requirement metrics including themes, word counts, page views, targeted readers for the final work. These metrics can be either publicly visible or invisible (invisible metrics are set to prevent users from cheating on the system). When created works and reader behaviors match the requirement metrics, Smart Contracts will automatically trigger and complete the transaction by paying the deposited rewards to the creators and readers in proportions to their respective contributions as calculated by CFun's patented algorithms.



## 2. Purchase of Original Creation

Creators spontaneously create their original works on CFun based on their personal ambitions and interests, and readers read the works on CFun. When a work attracts enough reads and accumulates enough fans, it becomes a so-called IP. The copyrights of this IP are automatically transferred to CFun by default agreement with the creators to facilitate potential transactions (in the event that the IP is not traded two years after its creation, its copyrights will be returned to the creators). If the IP is later licensed or purchased, CFun will distribute revenues from the transaction to the creators based on their respective contributions via Smart Contracts.

## 3. CFun Token Reward Mechanism

CFun Foundation plans to reserve 100 million CFun Tokens (10% of total) in an Award Reserve Pool and distribute them to creators and readers as contribution-based rewards over four years. If the works of original creation are licensed/purchased, 80% of the proceeds will be given to the creators. The remaining 20% will be used to purchase CFun Tokens from secondary markets in order to replenish the Award Reserve Pool.

When CFun Tokens are distributed from the Award Reserve Pool, the distribution amount will be adjusted dynamically in accordance with key factors including the total number of creators, total number of readers, total daily reads, and total daily words created on CFun, CFun Token prices, remaining CFun Tokens in the Award Reserve Pool, and IP transaction volume.

The ultimate goal is to strike a dynamic equilibrium between the input into and the output from the Award Reserve Pool. In other words, the number of CFun Tokens deposited into the Pool at any given time interval should be equal to the CFun Tokens distributed out.






## Experiences and Vision of CFun

### 3.1 A Flying Start - Successful Experience in the Chinese Market

At the moment, Chinese internet companies have leading experiences compared to Japan, South Korea and Southeast Asia with respect to internet venture operations. Despite the ultra-competitive internet landscape in China, CFun has proven its market leadership by demonstrating superb strength in product design, user experience design, market development, business-demand analysis, user activity improvement, incentive schemes design, etc.

CFun Project first started in 2015 and has achieved major milestones over the past two years:

1. CFun has successfully enlisted 210,000 creative writers on its CoGC platform. With overall marketing cost below 100,000 USD, the average acquisition cost per user is less than 50 cents. This is achieved mainly via community management and social campaigns. This method is effective in building and maintaining a stable user base and can be applied to other countries like Japan and Korea.
2. Cfun's unique multi-person collaborative creation mode, with strong social attributes. Social interaction brings fun and inspiration to creation; meanwhile, social relations among creators increase intrinsic motivation of creation making each role in the work more vivid and solid. Social relations between readers and creators not only shorten the distance between readers and works, but also allowed the works to swiftly attract a large number of fans.
3. The joining of Key Opinion Leaders (KOLs) boosts the continuous increase of user number on CFun. Not only can these KOLs promote their works, their needs to interact with their fans can also be fulfilled on CFun.
4. Content serves as topic, as classification, as mapping clue to categorize different people. Using big data and content screening, CFun attracts targeted people with quality content and retains them as loyal users.



5. A sense of achievement is as important as financial payment. Though CFun chose not to pay the creators for their works, it still emerges as the top platform for collaborative creative writing in China. The main reason behind that is CFun's deep understanding of user psychology. Certainly, if CFun chooses to reward quality IPs with financial incentives, it will attract more talents to create great works.

CFun's successful operation in the Chinese market has earned us enormous resources and for it advantages to expand into overseas markets, especially in Japan and Korea.

### 3.2 Vertical Extension – Entering Overseas Markets

The “Nijigen” culture (or ACG: Anime, Comic and Games) originated from Japan, and has gained significant market shares in South Korea, Southeast Asia and the United States. The recent surge in Nijigen popularity is largely due to the development of mobile internet. More people can read anime, comics and novels in short intervals of their spare time, thus many works and characters become popular. Many anime characters and fictional heroes have become idols of teenagers. In addition, as smart phones become ubiquitous, applications that focuses on social interactions become the mainstream. Nijigen culture spreads virally and reinforces itself quickly via social networks, driving more original creative works into popularity.

In the first phase of its global expansion, CFun plans to focus on the Asian market, especially Japan and Korea. In addition to leveraging its experiences in the Chinese market, CFun will also take the following steps:





1. Redesign and adjust CFun's product according to Japanese and Korean users' preferences, including interface style and interactive modes. The current user interface of CFun was designed by our Japanese art consultant Kuroda Hirohito. From his design we can tell that user preferences are quite similar across Japan and China.

2. Establish partnership with KOLs of the Nijigen communities in Japan and Korea. This will attract local seed users to join CFun Platform.

3. CFun plans to focus its resources on marketing and promotion during the hundreds of various ACG/Nijigen conference events in Japan and Korea.

4. IP demands in China have been huge in recent years. In 2016, the culture and entertainment industry reached RMB350.5 billion (55 billion USD), an 11.8% increase compared to 2015. With the surge of IP demand, an increasing number of Chinese IP buyers are shifting their attention to Japan and South Korea. According to current market statistics, Japanese and Korean IPs have strong potential and advantages in the Chinese market in terms of price, content, quality, viral capacity and scalability. Huge demands of IP in China will also attract overseas readers and creators to join CFun.

5. CoGC knows no borders. IPs created by young Chinese writers can also impress IP buyers overseas.

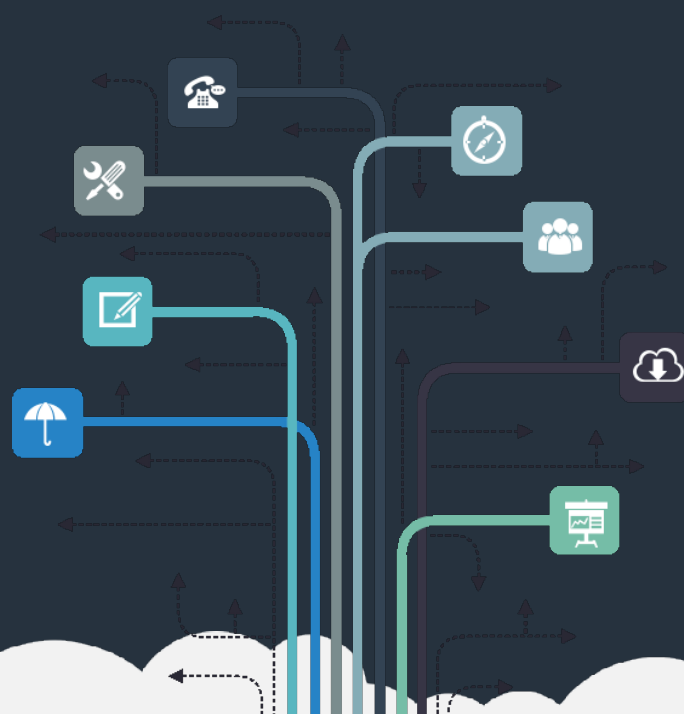


By taking advantages of its experience in Chinese market, blockchain technologies and CFun Token system, CFun Platform aims to generate over 3000 new IPs through CoGC every month in Japan and Korea within the next 18 months. Meanwhile, CFun will start exploring the markets in Taiwan, Hong Kong and Singapore with the goal of becoming the biggest CoGC platform in Asia Pacific in the near future.

### 3.3 Horizontal Expansion – Broadening the Fields of Creation

CFun will also horizontally expand its CoGC platform to cover other fields of collaborative creation, such as comics, music and movies.

The concept of collaborative content creation applies not only in creative writing. CoGC also applies to comics (e.g. storyboarding, line drafting, coloring, etc.), music (e.g. lyrics, music composition, vocal, accompaniment, etc.) where multiple creators with skills in different areas collaborate to create the final work. An initiator can set up a project group and other creators may then join. Every creator of this collaborative community utilizes individual expertise, contributes to the progress of the work, grows his/her fan base, and shares the benefits together.



## 4.1 Intellectual Property Transactions

IP buyers publish their Requests for Customized IP and associated CFun Token reward plans through Smart Contracts on CFun, and evaluate the submitted works according to the Popularity Index. Interested creators then participate in the collaborative creation according to the rules set by Smart Contracts. When IP buyers acquire the content they need, they have also obtained the fans at the same time.

## 4.2 VIP Membership

Readers and creators can pay CFun Tokens for VIP membership, which entitles them to obtain exclusive services and rights. For example, VIP creators are entitled to have priority display for their works and VIP readers can get more rewards than non-VIP users when reading the same content.

## 4.3 Fees for Reading

Creators can choose among four payment methods for reading their works

1. Free Reading: in this default mode, readers read creators' works for free and are rewarded with CFun Tokens by the CFun Platform for their reading activities.
2. Paid Content: readers pay CFun Tokens to unlock more contents
3. Limited-time Free Reading: in order to attract more readers, creators allow readers to read some contents for free within certain time limit
4. Paid to Read: creators pay readers extra CFun Tokens to attract them for reading their works





#### 4.4 Invitation for Co-creation

By offering CFun Tokens as rewards, creators invite other creators to further develop their works. For example, to transform a writing into comics, voice recordings, videos, games, etc.

#### 4.5 Bounty Tasks

CFun Platform enables direct interaction between IP buyers and creators. IP buyers can set up special-purpose topic groups, where users complete tasks to earn CFun Tokens from the IP buyers. The tasks can be questionnaires, content schemes, innovative ideas, etc.

#### 4.6 Interactive Notification

Users can send notifications to others by paying CFun Tokens. They can also decide whether to receive paid notification from other users and the amount paid.





## Issuance & Distribution of CFun Token

### 5.1 Issuance

CFun Project plans to issue a digital token called CFun for the purposes of activating and facilitating the operation of reward system and the profit distribution within CFun platform. With the issuance and circulation of CFun Token, transactions can be concluded in a more convenient and transparent manner on the platform. In addition, transactions will be executed and regulated automatically through Smart Contract, which further guarantees the fairness of transaction without the warranty of a third party.

### 5.2 Distribution

The initial issuance volume of CFun is one billion, among which 500 million (50%) is set to be distributed through ICO. BTC, ETH and Qtum are acceptable for exchange as per certain rates. The raise target is set at 15 million USD or cryptocurrency equivalent, and the specific conversion rates of different cryptocurrencies will be confirmed before the official ICO.

If the ICO does not hit 30% of the target, namely selling 150,000,000 CFUN, it will be deemed as unsuccessful offering. In such case, the offering will be terminated immediately and amount raised refunded to the investors. However, when the amount of CFun sold through ICO reaches 500,000,000, the ICO will be closed immediately.



Detailed distribution scheme of CFun is as followings:

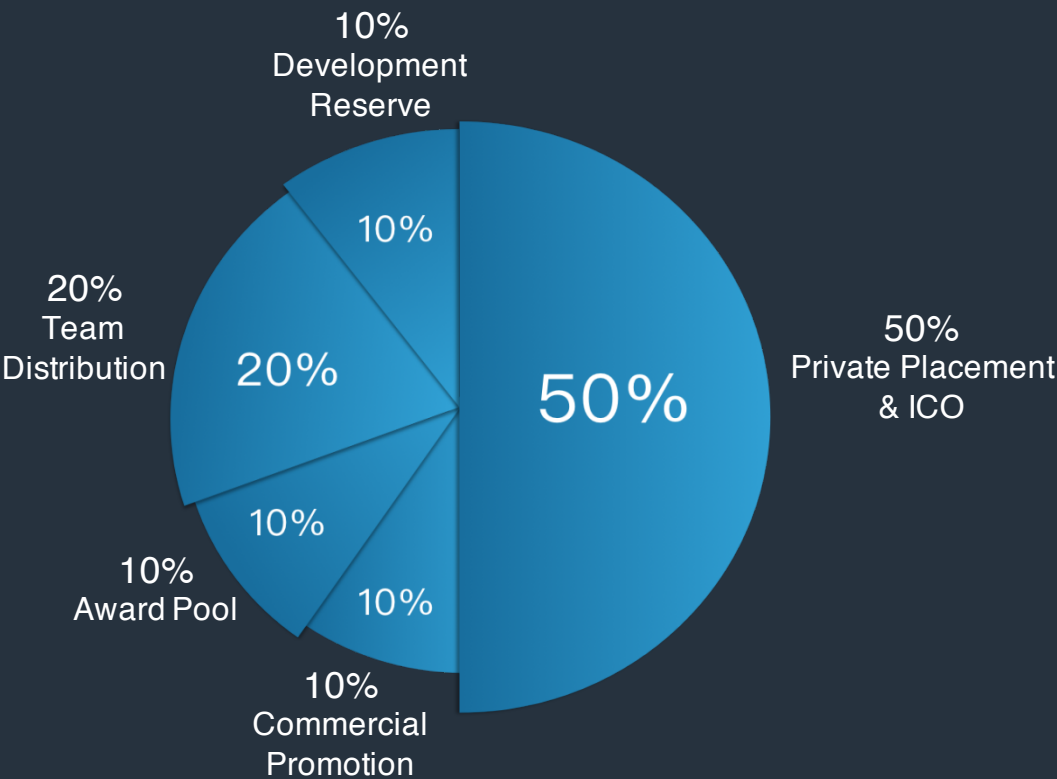
500 million (50%) CFun will be distributed to the private placement investors and ICO participants; ;

100 million (10%) CFun will be locked as development reserve and will only be issued when necessary. In such case, the price and amount shall be determined through community poll.

200 million (20%) CFun will be distributed to the team as long-term incentive. To make sure the continuous execution of development roadmap after Crowd-funding, this part of CFun will be gradually unlocked in 3 years. 5% CFUN will be released after finishing the ICO; 5% will be released in 1 year later, and the next two years will release 5% annually.

100 million (10%) CFun will be awarded to authors and readers as users incentive in about 4 years.

100 million (10%) CFun will be used for commercial promotion of CFun project.



Distribution Scheme of CFun Token



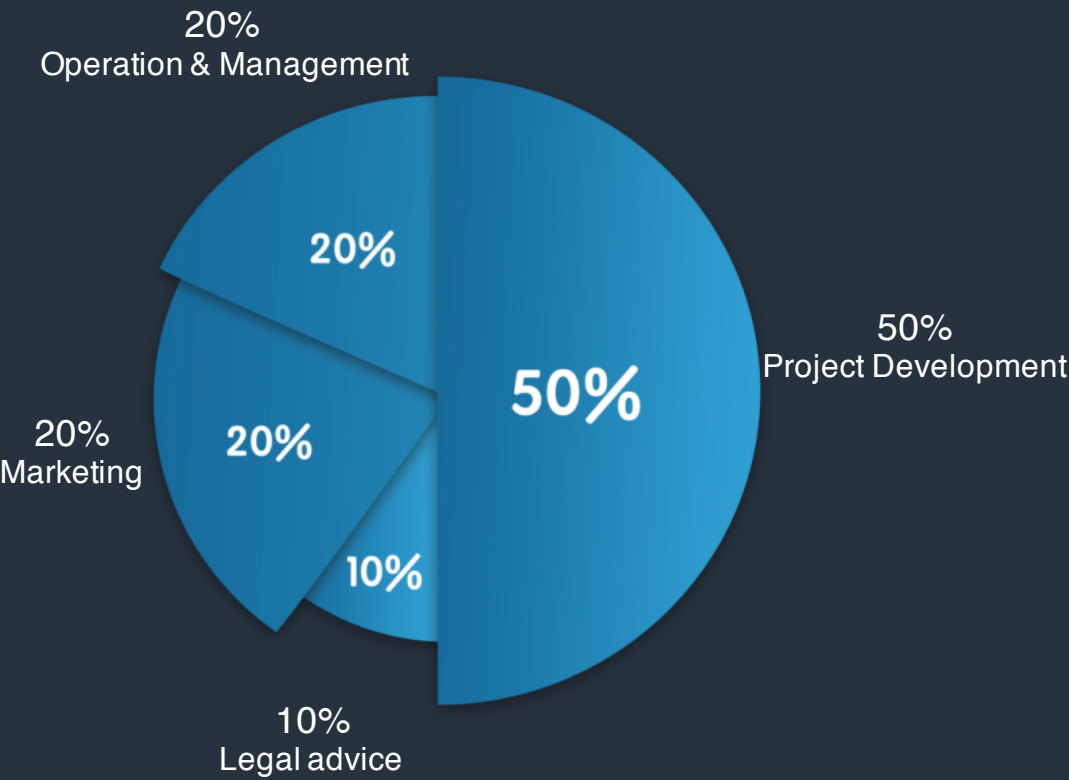
### 5.3 ICO Details

The ICO will offer a total amount of 500 million CFun. 1 CFun is equal to 0.03 USD. The soft cap of the ICO is set at 4.5 million USD, and hard cap is set at 15 million USD. Once the hard cap is reached, the ICO will be ended up immediately. As per time order, 20% discount will be given to pre-distribution participants, 10% discount will be given to the early-bird distribution.

CFun Tokens will be distributed to the participants within 7 days after the completion of ICO.

### 5.4 Use Cases of Fund Raised

The fund raised through ICO will be allocated as follows :



Allocation of Fund Raised



#### 5.4.1 Project Development

DApp requires adequate development costs for technology R&D, recruitment and team building to guarantee the smooth execution of project.

#### 5.4.2 Marketing

For the purposes of obtaining the acceptance and recognition from the market as soon as possible, a plenty of marketing and promotion targeting businesses and customers need to be done.

#### 5.4.3 Operation and Management

In order to support and achieve the overall strategic goal of the project, investments on manpower and materials need to be made to plan, organize, implement and control the operation process.

#### 5.4.4 Legal Advice

Our DApp is in the creation field which involves a large number of laws and regulations, therefore, sufficient funds is needed to ensure the conduct of relevant of legal works.



### 6.1 CFun Social Content Community

CFun started in 2015 with a focus on Nijigen CoGC of creative writing in China. CFun Apps can be downloaded from App Store for iOS version and Android market for Android version. CFun App is now the largest platform for CoGC of creative writing in China. Creators mainly consist of young people who love Nijigen culture (or ACG: Anime, Comic and Games). Driven by interest, they collaborate via CFun Platform to co-create stories and establish, manage and operate various topic-based communities in a decentralized and autonomous style.



Theme-based communities on CFun



Brief introduction and main plot of a CoGC story on CFun



CFun focuses on CoGC and already hosts more than 200,000 creators. Active users on average spend 80 minutes creating 2900 words per day. There are more than 60,000 autonomous theme-based communities that co-created more than 70,000 stories. For example, under the theme King of Glory (a highly popular mobile game in China developed by Tencent), there are 199 creators participating in the fan-created stories and have co-created more than 5.4 million words and generated 449,000 comments. Under the original theme Lucky Coffee Cat, there are 200 creators participating in the original story-writing and have co-created more than 3.6 million words and generated 2.1 million comments. Lucky Coffee Cat has been turned into a comic and published in Kuaikan Comic (a major mobile comic App developed by Kuaikan World in China), generating about 70 million views.

## 6.2 Successful CoGC Cases

Specialized in original content creation, CFun has accumulated rich CoGC content and experience over years. With the goal of helping individual creator and realizing values of his/her work, CFun embarked on exploring demands of IP buyers and connecting with them in diverse fields in 2016.



6.2.1 Examples of Products Developed from IPs on CFun

(1) 《MARV》 MARV is the first collection of Nijigen Language Cosplay stories in China. 《MARV》 was co-created by 44 CFun creators and was published by the Writers’ Publishing House in China.



《MARV》

(2) 《Undecimber Duodecember 》 is a novels collection published and printed by CFun creators.



《UNDECIMBER DUODECEMBER》





(3) Comics works on proprietary IPs from CFun Platform include 《Lucky Coffee Cat 》 and 《Elegy of Dionysus》 . 《Lucky Coffee Cat》 has received about 70 million views and 21,000 comments.



《Lucky Coffee Cat》

6.2.2 Business Corporation of Crowd Creation

CFun has signed the agreements with many Chinese renowned companies regarding usage of crowd creation content

(1) Such as eLong (major online travel service provider in China), Xtep (famous sportswear brand in China) and HaoBaShi (large snack brand in China) to design customized interactive live shows and short videos, providing new forms of content display for the companies.



(2) Content Supplier for Xtep in its Nijigen Online Viral Marketing: CFun creators created Nijigen stories behind a pair of sneakers and co-named the sneakers after Xtep and Jiro Wang (a Chinese singer and star). The sneakers serve as the medium to deliver the promise from guardian wings, connecting fans and Jiro Wang together.



Online Viral Marketing of Xtep

(3) Corporate IP Content Designs with Papa Recipe masks, eLong, Septwolves, JD Finance, JD Baitiao, etc.



#### (4) Sales Boost for E-Commerce

CFun is the exclusive supplier of interactive content for JD Books (the books division of JD.com, one of the largest B2C e-commerce platform in China). JD Books has launched special webpages for merchandize descriptions and details based on ideas from creators on CFun. After two months of A/B testing, ideas from CFun achieved stellar sales results: 9% increase in average time users spent on the page, 9% increase in order numbers, and 8% increase in order conversion rate.



JD Nijigen zone



JD Books has signed strategic partnership with CFun Platform, and creators of CFun will provide ideas and creative works for the e-commerce giant's merchandises, which exceeds 40 million SKU (Stock Keeping Units) every year. Thousands of suppliers and publishers in JD Books will publish Requests for Customized IPs on CFun Platform and creators can earn financial returns by submitting works and winning the bounties.

This is a typical example where massive amounts of Requests for IPs with low budgets are matched with thousands of autonomous creators on the CFun Platform.





## Roadmap of Development

- September 2014, CFun (Beijing Higgs Technology Inc.) was founded
- November 2014, CFun received angel investment from Xue Manzi and PreAngel, and started developing a social platform centered on hobbies
- February 2015, the first project was discontinued
- March 2015, the team conducted deep investigation on Nijigen Language Cosplay and decided to launch the CFun App as we see today
- May 2015, CFun received Pre-A round investment from Xue Manzi and Entertainment Works Fund
- July 2015, Alpha version of CFun App was released and received over 700 feedbacks in five days
- September 2015, 1.0 version of CFun App was released and downloaded over 5000 times within 2 hours
- May 2016, CFun conducted extensive research on content demands and carried out multiple interdisciplinary projects in video live shows, corporate IP incubation, and content support for small and medium enterprises
- November 2016, CFun creators exceeded 100,000 and created works with over 100 million words
- April 2017, CFun and JD.com agreed on using interactive merchandize descriptions for e-commerce and signed partnership agreement on customized IP creation for 2,000 SKU







## Conclusion

CFun aims to build a support platform that links global creators together. In order to assist collaborative creation within decentralized autonomous groups, CFun Application records authorships of the creative works via blockchains, predicts the market value of the created Intellectual Properties (IPs) and matches buyers with patented algorithms, calculates contribution among co-creators and complete IP transactions through Smart Contracts, etc.

By utilizing CFun Eco-system and CFun Tokens, CFun Platform helps small-and-medium sized IP buyers to acquire suitable IPs at affordable prices and also helps creators to monetize their works quickly.

The mission of CFun is to tokenize individual creativity and realize socialized content creation as well as facilitate value transactions of these personal digital assets.



This document is for the purpose of the introduction to the project only, and does not constitute any investment advice or suggestions. Neither does this document constitute any form of contractual agreement or promise.

Participants of the project must clearly understand the risks of the project. Purchasing any digital assets in the project means participants are aware of and accept the risks of the project and are willing to bear all subsequent consequences. The project team expressly disclaims that they shall not bear any direct or indirect losses as a result of participating in the project.

Disclaimer terms of this project include and are not limited to

- a) Prices of the CFun Tokens are not guaranteed to increase in value and may decline in some circumstances.
- b) CFun Tokens serve as utility tokens used solely on the CFun Platform and do not represent any form of ownership or control right in CFun, CFun App, CFun Foundation or any other associated entities.
- c) CFun Tokens could be lost or stolen.
- d) Blockchain-based digital assets have been subjected to increasing regulatory actions in many countries. Any pressures or adverse regulatory actions from governments or regulatory bodies may impact the CFun Project and CFun Tokens.
- e) Technologies behind the CFun Project and Qtum Blockchain are still at early stage and may not be developed or successfully deployed.
- f) CFun Project and CFun Tokens may not receive sufficient interests from individuals or organizations.
- g) CFun Project and CFun Tokens may not meet the expectations of the CFun team or the participants of the project.
- h) CFun Platform and Qtum Blockchain may come under internet hacking attacks



- i) Software of the CFun Project may have loopholes and may be cracked.
- j) CFun Tokens may be traded on specific exchanges.
- k) The CFun team may undergo significant adverse changes including possible dissolution
- l) The official website and the wallets of the CFun Project may fail.
- m) Other unforeseen risks.

Unless participants understand the plan of the project and the risks associated with blockchain-based digital assets, participants are not recommended to participate in the presale of the CFun Tokens. Blockchain-based digital assets are at an early stage of development and thus are inherently risky, and caution must be taken for any participation. Once participants have participated in the presale of the CFun Tokens, the participation is irreversible and cannot be refunded except in the event that the presale fails to meet its soft ceiling.

**Thanks !**

