

Licensing Agreement

THIS AGREEMENT (this "Agreement") is dated _____

BETWEEN:

Party A: Cloudary Holdings Limited

Address: Flat 1503-04,15/F, ICBC Tower,3 Garden Road, Central, Hong Kong

Contact Telephone: 852-31850077

Email: contract@webnovel.com

and

Party B: (Name appearing on ID Card:[_____])
(Pseudonym: _____)

ID Card Type: Resident identity card/ Other: _____ (please specify)

ID Card Number: _____

Address: _____

Contact: _____

Email: _____

User ID on Party A's Web Channel(s) (as defined below): _____

(each a "Party", together the "Parties").

BACKGROUND

- A. Pursuant to the "Webnovel Terms of Service" which has been accepted by Party B upon Party B's registration as an author with Party A or its Affiliate, Party A or its Affiliate shall provide all registered authors with an open and independent space for publication of their works, a reading and interactive environment for readers and various services to support the creation of literary works, e.g. digital writing tools, techniques, data, review services, writing and industry information, writing community and customer services for authors at no additional cost. Party A is committed to protect the personal privacy and other legitimate rights of registered authors.

- B. On the above basis, in order to further enhance the profile of the works and to generate higher value and therefore better financial returns for the authors, Party A hereby voluntarily cooperates with authors to add values to the authors' works, with a view to achieving a win-win situation. Pursuant and subject to the terms of this Licensing Agreement with authors, Party A or its Affiliate shall provide the authors with, apart from basic services, systematic value-added services including editor services, promotion, distribution, intellectual property exploitation, big data and other technical support, to generate proportional financial returns for the works, to seek diversified incomes for authors and to achieve sharing of value.
- C. Party A or its Affiliate shall also offer personalized and tailored services for authors to satisfy the specific needs of authors and their works according to market needs for the mutual benefit of the parties.
- D. Based on the above, and for the protection of Party B's rights as the copyright holder and realization of the commercial value of Party B's work, Party A and Party B have entered into this Agreement after amicable negotiations subject to the following terms and conditions regarding collaboration in connection with Party B's work entitled
on the date specified above.

THE PARTIES AGREE AS FOLLOWS:

1. Definitions

Affiliate

means any company, enterprise, organization, or other legal entity controlled by a party, or in control of that party, or jointly under control with that party by any other entity. Control refers to direct or indirect possession of more than twenty per cent. (20%) of equity, voting rights, or more than twenty per cent. (20%) of any other equivalent asset, or other legal rights that can determine the management of the party under control.

Audio Adaptation Rights

means the rights to adapt the Work into any audio format (including but not limited to audiobooks, radio drama, etc.) by Party A or any party designated by Party A.

Audio Adaptation Works

means any works made by Party A or its Affiliates pursuant to Party A's exercise of the Audio Adaptation Rights.

Business Day

means a day (other than a Saturday, a Sunday and a public holiday) on which banks are open for business in Hong Kong.

Confidential Information

has the meaning given to it under Clause 7.1.

Electronic Rights

means (i) the rights to copy, distribute, reproduce, issue copies of, make available copies of, broadcast electronic copies of, adapt the Work solely for the purpose of conversion to electronic format for exercising the electronic rights specified herein, and all ancillary or subsidiary rights related thereto and therein that are necessary for such exploitation in any media, platforms and channels, currently existing or further invented including but not limited to Internet; and (ii) the rights to create illustrations (including but not limited to illustrations of characters, scenes, plots, items, etc.), promotional audio, promotional videos, and provide electronic voice reading function (i.e. speech synthesis technology, or "Text-To-Speech / TTS") for the promotion of the Work pursuant to Party A's exercise of the rights under (i). For the avoidance of doubt and subject to the above, Electronic Rights do not include a right to modify the Work.

Fan Works

means any works produced by Party A or its Affiliates pursuant to Party A's exercise of the Fan Works Rights.

Fan Works Rights

means the right to create, produce, develop or otherwise exploit any literary work (including, without limitation, adaptations, deductions, prequels, continuations, and including to create prequels, postscripts, outposts, sequels, series, deduction works, etc. of the Work) (i) which are based on, derived from, adopt or incorporate constituent elements of the Work (including but not limited to characters, constituent elements of the characters, names of the Work or contents, chapters, props, plot, framework or background, in addition to logos and trademarks of the Work) and/or (ii) which are based on, derived from, adopt or incorporate elements which are materially similar to any of the constituent elements of the Work.

Film Right	means the right for Party A or any third party cooperating with Party A to make video, TV programmes or footages, streaming, motion picture, comic, anime and game adaptation(s) of the Work.
Merchandises	means any works, subject matters and rights in and to the foregoing in any tangible and intangible products, by-products, services, facilities and commodities produced pursuant to Party A's exercise of the Merchandising Rights.
Merchandising Rights	means the right to adapt and produce any tangible and intangible products, by-products, services, facilities and commodities of every description (including but not limited to stationery, toys, virtual reality experiences, drama, theme house or theme parks) (i) which are based on, derived from, adopt or incorporate constituent elements of the Work (including but not limited to characters, constituent elements of the characters, names of the Work or contents, chapters, props, plot, framework or background, in addition to logos and trademarks of the Work) and/or (ii) which are based on, derived from, adopt or incorporate elements which are materially similar to any of the constituent elements of the Work.
Net Revenue	means the direct net revenue from Party A's operations, after deductions of all discounts, expenses and costs (including but not limited to distribution channel costs, operational costs and promotion costs).
Other Digital Channels	means all electronic channels other than Party A's Web Channels, including but not limited to Party A's affiliates' channels, third-party channels such as the Android market or the iTunes market.
Other Electronic Sales Models	means any sales model in respect of the Work on the Party A's Web Channel other than single chapter subscription, including for example pay-per-book or monthly subscription.

Paid Chapters

means all or any parts of the Works to be designated by Party A Published or used on Party A's Web Channels (after collation or selection by Party A) designated as paid chapters, and which is accessible to only the paying members of Party A's Web Channels upon payment of the requisite fees to Party A.

Party A's Competitor(s)

refers to companies, enterprises, organizations, and their Affiliates, engaged in the creation of literary works, the business of online reading of network novels and published books, the publication of literary works, acting as copyright agents, sales of copyrights (including but not limited sales to publishing houses, book companies, copyright agents, and online reading websites, etc.) and websites, forums, and mobile products and applications of the foregoing companies, enterprises, organizations and their Affiliates.

Party A's Web Channel(s)

means web channels operated by Party A, including but not limited to websites located under the www.webnovel.com and the [Android: WEBNOVEL (<https://play.google.com/store/apps/details?id=com.qidian.Int.reader>);] APP operated by Party A; for the avoidance of doubt, the "WEBNOVEL" and the digital channel operated by Party A under [iOS: WEBNOVEL(<https://itunes.apple.com/us/app/qidian-the-best-webnovels-reading-app/id1234939196?ls=1&mt=8>)] supported by Apple's iOS system are regarded as "Other Digital Channels".

Party A's Web Channel Promotion

means all forms of promotion and marketing including commercial advertisement spot to be provided by Party A on Party A's Web Channel for Party B and the Work (including but not limited to promotion and marketing via words, pictures, sound, video etc.), conducted according to market needs.

Party B's New Works

has the meaning given to it under Clause 9.1.

Physical Publication Rights	means the rights to publish any Work in physical copies.
Physical Publication Works	means any works produced by Party A or its Affiliates pursuant to Party A's exercise of the Physical Publication Rights.
Publish / the Publication of	means to distribute or make available a work electronically, including on the Internet.
Translation Rights	means the rights (i) to translate any Work into any language and (ii) to exploit the Translated Works by Party A or any party authorized by Party A.
Translated Works	means any translation of the Work in any language pursuant to the exercise of the Translation Rights.
Word Count	means the word count of the Work calculated based on the criteria set out in Party A's creative platform at InkStone (https://inkstone.webnovel.com) (excluding spaces or punctuations).
Work	means a literary work named (and together with any prequel, sequel, supplementary works, continuation, series, etc.) created by Party B. Any prequel, sequel, supplementary works, continuation, series, etc. prepared by Party A shall not be regarded as part of the Work.

2. Licensed Content and Period of Licensing

2.1 In consideration of the undertakings of Party A contained in this Agreement and subject to the payment by Party A of the remuneration to Party B pursuant to Clause 5 (*Party B's Remuneration Composition*), Party B hereby grants to Party A and its Affiliates, and Party A and its Affiliates accept, a worldwide, exclusive (to the exclusion of any and all third parties including Party B), perpetual, irrevocable, freely transferable and sublicensable license of the entire copyright subsisting in the Work, including, without limitation:

- (a) Electronic Rights;
- (b) Audio Adaptation Rights;
- (c) Physical Publication Rights;
- (d) Film Rights;

- (e) Merchandising Rights;
- (f) Translation Rights;
- (g) Fan Works Rights;and
- (h) the rights to do any acts restricted by copyright stipulated in sections 23 to 29 of the Copyright Ordinance (Cap. 528), namely, copying the Work, issuing copies of the Work to the public, renting copies of the Work to the public, making available copies of the Work to the public, performing, showing or playing the Work in public, broadcasting the Work or including it in a cable programme service, and making an adaptation of the Work or doing any of the above in relation to an adaptation.

together with any and all intellectual property rights in and to the Works for any purpose, including, without limitation, for promotion, marketing, sales and any other forms of commercial or economic exploitation. For the avoidance of doubt, the Parties acknowledge and agree that Party A (i) shall own all right, title, and interest in and to all copyrights, any other derivative rights, trade mark and trade name rights, goodwill, design rights subsisting in, and (ii) shall be entitled to perform any acts on or deal with, any works created by Party A from Party A's exercise of the rights above, including but not limited to Audio Adaptation Works, Fan Works, Film Works, Merchandises, Physical Publication Works or Translated Works and such other materials created, developed, Published or re-Published by Party A in performance of this Agreement. Party A can commercially develop and utilise such works, products and work results according to its own needs.

- 2.2 In respect of Party A's exercise the Film Right in respect of the Work, Party A shall give a subsequent notice to Party B of the adaptation(s) made.
- 2.3 In respect of Party A's exercise of the Fan Work Rights, Party B agrees and acknowledges that the creation of Fan Works will inevitably use the characters, plots, settings, and other elements of the Work for reference, adaptation, deduction, or other similar acts, and shall not be considered as infringing the Work or any relevant rights of Party B related rights.
- 2.4 Party A shall use commercially reasonable endeavour to promote and market the Work.
- 2.5 **No transfer of moral rights**

Party B shall retain, and Party A shall not be entitled to, Party B's moral rights to the Work, including the right to object to derogatory treatment and the right to be identified as the author of the Work. Notwithstanding the foregoing, any exercise of moral rights to the Work by Party B shall not in any way interfere with or affect the exercise of any right by Party A pursuant to this Agreement.

2.6 **Period of Licensing**

The exclusive license granted pursuant to Clause 2.1 shall be valid from the date of this Agreement until the date of expiry of the relevant term of copyright protection of the Work in accordance with the applicable law (and any amendments thereof). Where applicable, under the laws of Hong Kong, pursuant to section 17(2) of the Copyright Ordinance (Cap 528), subject to the provisions therein, copyright in literary works expires at the end of the period of 50 years from the end of the calendar year in which the author dies.

2.7 Post-Termination Arrangements

Party B agrees that, notwithstanding the expiration of the relevant period of copyrights of the Work or the termination of this Agreement, Party A and any operators (including Party A's Affiliates and other third parties) authorised by Party A to Publish the Work shall remain entitled to make the Work available to readers who have purchased and paid for the Work (including but not limited to customers on Party A's Web Channel(s) and related platforms or websites authorized by Party A), and Party A shall cease selling electronically or Publishing the Work to new readers (i.e. readings who have not purchased and paid for the Work at the time of termination). Party B agrees that Party A and its collaborating third-party platform operators (including Party A's Affiliates and other third parties) may continue to perform collaborations and agreements concerning the Work that were concluded within the term of the license herein, until such collaboration and/or agreements are terminated or discharged.

- 2.8 For the avoidance of doubt, any reference in this Clause 2 (*Licensed Content and Period of Licensing*) to any rights granted by Party B to Party A for the publication, reproduction and/or adaption of the Work shall include any drafts or earlier versions of the Work; and Party A's right to adapt the Work into any media or any form.

3. Party B's UNDERTAKINGS

3.1 Independent creation and no intellectual property breaches

Party B undertakes that:

- 3.1.1 the Work will be original and created independently without the assistance of any other parties;
- 3.1.2 he/she will not engage in any plagiarism of any third party works and the contents of the Work will not infringe upon the rights and interests of any third party (including but not limited to any third party copyrights and any other intellectual property rights, reputation rights, name rights, portrait rights);
- 3.1.3 he/she will ensure the rights to be vested or assigned to Party A under this Agreement to be free from any encumbrances, including but not limited to any security interests, options, mortgages, charges, or liens in favour of third parties;

- 3.1.4 the Work will not violate any applicable laws or regulations, including but not limited to copyright, publication and national security (if applicable) laws in China, Hong Kong and the country(s) where the Work is created and where Party B is a national or resident of,
- 3.1.5 the Work shall not violate any policies, public order and good customs; and
- 3.1.6 he/she will not make any inappropriate statements (including, but not limited to, making inappropriate comments on the Parties' collaboration, Party A, Party A's Web Channel(s), other authors or other works on Party A's Web Channels, etc.) or any statements that may have any adverse effect on the distribution, promotion, and exploitation of the Works, and shall prevent the Works from being prohibited or suspended from creation, publication or distribution or subject to other penalties.

3.2 No competing promotion

Party B undertakes not to include any content in any parts of the Work that is not relevant to the contents of the Work or Party A, in particular promotional material that mentions, relates or alludes to Party A's Competitors.

3.3 No slander and competition

Both Parties undertake not to take any actions to distort, slander, or damage the other Party, and in case of Party A, Party A, Party A's Web Channel(s), or their image, or other contracted authors or works and shall not publish any statements that may cause others to have a negative impression of, or have any negative effect on the other Party, and in case of Party A, Party A or Party A's Web Channel(s). Party B shall not take or engage in any action that may compete with Party A (including but not limited to publishing promotional content of Party A's Competitors or participating in promotional activities organised by Party A's Competitors etc.) on any platforms or channels (including but not limited to any websites, social media platforms such as Webnovel, Facebook, Twitter, Instagram, Snapchat, Reddit, Pinterest etc.), or in any meetings.

3.4 No bribery

Party B shall not provide any money, gifts, or other tangible or intangible benefits to the editors, employees and/or family members of such individuals from Party A or Party A's Affiliates that have actual or potential business relationships with Party B.

3.5 No prior publication of the Work

Party B warrants and represents that any version of the Work (including any drafts or earlier version of the Work) has not been published on any platforms as at the date of this Agreement, and undertakes not to publish any version of the Work (including any drafts or any other version of the Work) on any platforms or by any means, except in

respect of any Work (including any drafts or any other version of the Work) having already been published as at the date of this Agreement, Party B undertakes to:

- (a) fully disclose the details of such publication (including the date and territory of publication, the identity of the publisher, and any terms and conditions imposed by any third party which are in conflict with Party B's obligations herein); and
- (b) not to publish any version of the Work (including any drafts or any other version of the Work) on any platforms (other than the platform which the Work was previously published on, whether or not disclosed to Party A) or by any means other than as authorised by or disclosed to Party A pursuant to this Agreement.

3.6 No infringement

Party B warrants and represents that (i) any use of the Work will not constitute any actual or potential infringement of any intellectual property rights owned by third parties and (ii) the Work has not been involved in any proceedings, litigation or investigations in relation to the infringement of any intellectual property rights owned by third parties.

4. Rights and Obligations of the Parties

- 4.1 On or after the date of this Agreement, Party B authorizes Party A (including its affiliates and any parties authorised by Party A) to use the Work (in addition to Party B's portrait, name, alias, pseudonyms together with the characters, plots, props, backgrounds, and other necessary information of the Work) for the purpose of promotion and marketing of Party B, the Work and Party A (including but not limited to Party A's brand, platform and software) at no additional cost in any manner (e.g. on the free chapter section through other various channels), at Party A's option under the name of Party A, its affiliates or any parties authorised by Party A. Both parties agree and acknowledge that Party A's Web Channel Promotion is an important part of the tangible benefit and consideration given by Party A to Party B under this Agreement.
- 4.2 For so long as the license of the Work granted to Party A under this Agreement remain valid and effective, Party A shall be entitled to manage the Works on Party A's Web Channel(s) in such manner as decided by Party A in its absolute discretion (including, but not limited to launching promotional activities and offering discounts).
- 4.3 During the term of this Agreement, if the Work and other works created by Party B as assigned or licensed to Party A are faced with any infringement challenges taken by third parties, Party A has the right to, in the name of Party A, take actions to defend and safeguard its legal rights, including but not limited to lodging administrative complaints and commencing litigation and/or arbitral proceedings, and Party B is obligated to provide necessary assistance in connection therewith including to execute documents and to be added as a party. In respect of any compensation and monetary

rewards ultimately obtained by Party A through taking the foregoing actions, Party A and Party B agree and acknowledge that such compensation and monetary rewards shall belong to Party A.

- 4.4 Party B shall cooperate and participate in any offline and/or online promotional events organized by Party A (including its affiliates and any parties authorised by Party A) (including but not limited to book signings, meet and greets, press releases, etc.), and provide promotional materials for such purpose as may be required by Party A, its affiliates or any parties authorised by Party A).
- 4.5 In order to ensure and further enhance the good quality of the Work, Party A shall make available professional editor(s), communication channel(s), appropriate promotional resources and big data analyses to Party B, as well as offer guidance and assistance for Party B in creating the Work.

5. Party B's Remuneration Composition

5.1 Composition of Income

Depending on the practical situation, Party A shall attempt to create income for Party B through different channels or forms of using and exploiting the Work and shall pay remuneration to Party B pursuant to this Clause 5 (*Party B's Remuneration Composition*) and Clause 6 (*Payment Method*).

5.2 Revenue Share from Single-Chapter Subscriptions on Party A's Web Channels

- 5.2.1 Party B shall be entitled to fifty percent (50%) of the Net Revenue arising from electronic sales for single-chapter subscriptions on Party A's Web Channels.
- 5.2.2 The above Net Revenue in Clause 5.2.1 refers to the amount of the Net Revenue generated from the single-chapter subscriptions by paying members to the Paid Chapters of the Work as collated and Published by Party A on the paid zones of Party A's Web Channels.

5.3 Revenue Share from Electronic Sales Other Than under Clause 5.2

Party B shall be entitled to fifty percent (50%) of the Net Revenue received by Party A for the Work attributable to (i) Other Electronic Sales Models on Party A's Web Channels (e.g. limited time offers), (ii) subscription generated as a result of the collaboration between Party A and other third party operators (including Party A's Affiliates and other third parties); and (iii) sale of the electronic copyright of the Work on Other Digital Channels.

5.4 Translated Works

- 5.4.1 Party B shall be entitled to fifty percent (50%) of Net Revenue received by Party A which is generated from Party A's own exploitation of Translated

Works and/or sublicensing of the rights in Translated Works.

- 5.4.2 In the event that the translation cost of the Work shall be paid to the translator by Party A or the relevant collaborating third party by way of revenue sharing, such translation cost to be deducted for the purpose of calculating the Net Revenue shall not exceed thirty percent (30%) of the total revenues generated from the sale of the Translated Work.

5.5 Audio Adaptations

Party B shall be entitled to fifty percent (50%) of the Net Revenue received by Party A which is generated from Party A's own exploitation and/or sublicensing of Audio Adaptation Rights on basis of the license granted under this Agreement.

5.6 Physical Publication Works

Party B shall be entitled to fifty percent (50%) of the Net Revenue received by Party A which is generated from Party A's own exploitation and/or sublicensing of Physical Publication Rights on basis of the license granted under this Agreement.

5.7 Fan Works

Party B shall be entitled to ten percent (10%) of the Net Revenue received by Party A which is generated from Party A's own exploitation and/or sublicensing of the rights in Fan Work on basis of the license granted under this Agreement.

5.8 Other Copyright Licenses

- 5.8.1 Party B shall be entitled to fifty percent (50%) of the Net Revenue received by Party A which is generated from Party A's sublicensing of Film Right, Merchandising Right and other licensed rights except those contemplated in Clauses 5.2 (*Single-Chapter Subscriptions on Party A's Web Channels*) to 5.7 (*Fan Works*) above, in respect of the Work in accordance with the license granted hereunder.

- 5.8.2 "Net Revenue" in this Clause 5.8 (*Other Copyright Licenses*) only means royalties received by Party A for Party A's sublicensing of relevant copyrights as stated in Clause 5.8.1 in respect of the Work to third parties. If Party A exercises the foresaid rights in respect of the Work in other manners, and receives revenues as a result, Party A and Party B shall negotiate to determine how those revenues will be shared among Party A and Party B.

5.9 Net Loss

The minimum "Net Revenue" in this Agreement shall be zero (0). If the Net Revenue falls below zero (0) (i.e. if there is a net loss), such loss shall be borne by Party A solely.

5.10 Full and Sufficient Consideration

The remuneration which Party B shall be entitled to described in this Clause 5 (*Party B's Remuneration Composition*) represent the full and sufficient consideration relating to the vesting of the rights, assignment (if applicable), authorisation, licensing, and the promotional and priority rights as stipulated in, among others, Clause 2 (*Licensed Content and Period of Licensing*), Clause 3 (*Party B's Undertakings*), Clause 4 (*Rights and Obligations of the Parties*) , Clause 7 (*Confidentiality*) and Clause 9 (*Right of Priority*) of this Agreement.

5.11 No Other Fees

Apart from the fees described in this Clause 5 (*Party B's Remuneration Composition*), Party A is not obliged to pay any other fees to Party B for using or otherwise dealing with the Work in accordance with the scope of this Agreement.

6. Payment Method

6.1 Basis of Payment for Single Chapter Subscriptions on Party A's Web Channels

No later than the fifth (5th) Business Day on the month immediately following the submission of any part of the Works by Party B, Party A shall provide Party B with calculations of the amount payable as contemplated in Clause 5.2 (*Single-Chapter Subscriptions on Party A's Web Channels*), based on (i) the Word Count of the Work submitted or Published for that subject month and (ii) the statistics for the single chapter subscription of the Work based on the statistical data of Party A.

Party B may communicate with Party A in writing if Party B has any objection to Party A's calculations.

6.2 Timing of Payment for Single Chapter Subscriptions on Party A's Web Channels

When the amount payable as contemplated in Clause 5.2 for any month calculated by Party A exceeds USD 200, Party A shall remit such amount to Party B's designated bank account within 15 Business Days of the next month . If this date falls on a public holiday in Hong Kong, such payment shall be postponed until the second Business Day after such public holiday. If such amount in any given month does not exceed USD 200, such amount shall only be remitted in a subsequent month when the accumulated Shared Profit for Single Chapter Subscriptions on Party A's Web Channels exceeds USD 200.

6.3 Payment of Other Incomes Due to Party B

Except for the amount payable as contemplated in Clause 5.2, any other remunerations payable by Party A to Party B pursuant to this Agreement shall be remitted to Party B's designated bank account within three (3) months upon the date on which such remuneration payable exceeds USD 200.

6.4 Timing of Payment

For the avoidance of doubt, the time of remittance of any payment by Party A in this Agreement shall be the time of the outbound remittance by Party A.

6.5 Consultation regarding data

Party A shall calculate the amount payable to Party B under Clause 5 (*Party B's Remuneration Composition*) using Party A's statistical data. Party B may make the relevant enquiries via Party A's Web Channel(s). If Party B has any objection to Party A's data, Party B may communicate and discuss with Party A through the official contact channels Published on Party A's Web Channel(s).

6.6 Other payment issues

- 6.6.1 If required by the applicable laws, Party A shall withhold the applicable tax amount from the amount payable to Party B and pay such tax(es) on behalf of Party B.
- 6.6.2 Party B shall inform Party A of its designated bank account for receiving remittance from Party A under this Agreement by submitting to Party A a completed Royalties Payment Account Confirmation. If Party A is unable to do so, or such designated bank account has any problem, Party B shall inform Party A as soon as practicable and attempt to solve such problem(s).
- 6.6.3 Any remittance fees for any payment made under this Agreement shall be borne by Party B solely. Party A shall have the fees deducted from the amount remitted by Party A to Party B.
- 6.6.4 If Party B fails to receive any amount as a result of Party B's failure to provide his/her designated bank account information for Party A promptly, Party B shall be solely responsible for any of such losses, without any liability on the part of Party A.

7. Confidentiality

7.1 "**Confidential Information**" in this Agreement means all data and information revealed or provided by Party A or an authorised third party before or after this Agreement was executed, regardless of whether it is in an oral, written or digital form, whether it is related to the Parties' cooperation, or whether Party A or an authorised third party has specified "confidential" or made other similar markings on such data or information. This includes but is not limited to:

- 7.1.1 Agreement information: the Agreement itself, the works involved in the Agreement and/or any data or information of both Parties;
- 7.1.2 Financial information: rules and methods of settlement, settlement cycle,

revenue under from this Agreement and rules for their allocation etc.; and

- 7.1.3 Other information: trade secrets and information that a Party must keep confidential in accordance with the relevant laws or under contractual terms.
- 7.2 During the term of this Agreement and after this Agreement is terminated or rescinded, Party B cannot reveal, disclose or provide Confidential Information to any third parties in any form without Party A's prior written approval unless disclosure is required by a legal authority.
- 7.3 If the Agreement is terminated or rescinded, Party B should return or destroy all Confidential Information within its control in accordance with Party A's requirements.
- 7.4 Before any Confidential Information provided by Party A to Party B has been legally publicised, Party B should keep such Confidential Information confidential indefinitely.
- 7.5 If Party B uses or discloses Confidential Information in violation of the provisions of this Agreement, Party A has the right to suspend or terminate this Agreement on this basis and require Party B to provide compensation in full for all direct and indirect losses suffered (including but not limited to Party B's own loss, compensation to a third party, travel expenses, litigation fees and all other reasonable expenses). Any illegal gains made by Party B through such use or disclosure of the Confidential Information shall belong to Party A.

8. BREACH and Termination

8.1 Party A's Breach

If Party A unreasonably fails to remit any amount payable to Party B within the timeline set out in Clause 6 (*Payment Method*), and such failure persists despite written reminder(s) from Party B, Party A shall pay Party B an additional fee at 0.3 percent of the overdue amount for each day after the relevant payment deadline when such failure persists. If any amount payable becomes overdue for more than 30 days, Party B may terminate this Agreement by a written termination notice to Party A.

8.2 Party B's Breach

8.2.1 If Party B breaches any obligation under Clause 2 (*Licensed Content and Period of Licensing*) and Clauses 3.1.3 (*Party B's Undertakings*),

- (a) Party A may (i) suspend the Publication of the Work, (ii) suspend the payment of any amount to Party B (notwithstanding any contrary provision herein), and (iii) terminate or discharge this Agreement; and
- (b) Party B shall forthwith return to Party A 100% of all income received from Party A from the performance of this Agreement, and

compensate Party A for all losses suffered from that breach, including but not limited to expenses incurred by Party A such as notary fees, attorney fees, investigation fees, appraisal fees, translation fees, printing fees, telecommunication fees, litigation fees and travel fees.

8.2.2 If any of the following events happens:-

- (a) the Work fails to satisfy the requirements for Publication on Party A's Web Channels (e.g. when the Work contains senseless or repetitive contents);
- (b) Party B breaches any of its undertakings and warranties contained in Clause 3 above (*Party B's Undertakings*) (except Clause 3.1.3) ; or
- (c) Party B breaches any of its other undertakings, representations, warranties, obligations or restrictive covenants under this Agreement.

Party A may (i) suspend the Publication of the Work, (ii) suspend the payment of any amount to Party B (notwithstanding any contrary provision herein) and (iii) request Party B to amend and supplement the Work. If Party B declines Party A's reasonable request, Party B shall forthwith return to Party A 100% of all income received from Party A from the performance of this Agreement and Party B shall solely bear all responsibilities and disputes arising from such breach and immediately take suitable and adequate remedial measures to indemnify and hold Party A harmless for all losses suffered from the breach, including but not limited to expenses incurred by Party A such as notary fees, attorney fees, accreditation fees, litigation fees, and travel fees.

8.3 In addition to the foregoing provisions, if either Party acts in breach of the obligations stipulated under this Agreement, the Party in breach shall immediately refrain from acting in breach of the Agreement within five (5) Business Days upon receipt of a written notice from the other Party requesting rectification; if the Party in breach continues to breach this Agreement or fails to fulfil its obligations hereunder, the other Party has the right to suspend, rescind, or terminate the Agreement in advance and shall be compensated for all resulting losses suffered, including but not limited to expenses such as notary fees, attorney fees, accreditation fees, litigation fees, and travel fees.

8.4 If this Agreement is suspended, terminated, or rescinded in advance for any reason, the surviving rights and obligations provided for in this Agreement with respect to the ownership, assignment, licensing including sub-licensing (if applicable) in respect of the Work, and confidentiality obligations shall remain in force.

9. Right of Priority

9.1 Party A and Party B agree and acknowledge that all other literary works created by Party B within one (1) year after completion of the Work under this Agreement shall be regarded as "*Party B's New Works*", and Party A has rights of priority over such

works. If Party B wishes to transfer or authorize others to exploit any rights (including without limitation the rights described in Clause 2.1(a) to (h), in respect of Party B's New Works) in Party B's New Works, Party B shall notify Party A in advance in writing (attaching the proposed terms of agreement with the other party, if any); Party A shall have a priority right over any third party to obtain the copyright and right to use Party B's New Works, in terms which are not less favourable (to Party A) than the terms proposed by the other party, and Party B shall take such actions as necessary and appropriate to allow Party A to exercise such priority rights. If Party B only creates new literary works after the expiration of the above one-year period, Party A shall enjoy the same priority rights described herein for the first new work created by Party B (which will be regarded as Party B's New Works) after the above one-year period. Unless Party A fails to exercise its priority rights within 30 Business Days after receiving a written notification from Party B so requesting, Party B shall not transfer or license any rights in Party B's New Works to any third party.

- 9.2 The Parties hereby agree and acknowledge the methods and conditions for exercising the priority rights described herein. If Party B grants or licenses copyright pertaining to Party B's New Works without the permission of Party A such that Party A cannot exercise its priority rights, it shall be deemed as a breach of this Agreement by Party B, for which Party B shall pay damages to Party A in accordance with Clause 8.2.2.

10. Further Assurance

Each of Party A and Party B shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other Party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated herein.

11. GOVERNING LAW AND SETTLEMENT OF DISPUTES

- 11.1 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong, including all matters of construction, validity, and performance, in each case without reference to its choice of law rules and not including the provisions of the 1980 U.N. Convention on Contracts for the International Sale of Goods.
- 11.2 If Party B's nationality is not Indian and that Party B is not domiciled in India, Clauses 11.3 shall apply, and Clause 11.5 shall have no application.
- 11.3 Subject to Clauses 11.2:
- 11.3.1 Except for the right of either party to apply to any court of competent jurisdiction for a temporary restraining order, a preliminary injunction, or other equitable relief to preserve the status quo or prevent irreparable harm, the sole and exclusive method of resolving any dispute, controversy or claim (each, a "Dispute"), in connection with or arising out of this Agreement, or the applicability, interpretation, breach, termination, validity or invalidity

thereof, shall be through binding arbitration upon filing by any Party to the Dispute of a notice of arbitration with service to the other Party (the "Arbitration Notice").

- 11.3.2 The Dispute shall be finally resolved by confidential binding arbitration in Hong Kong by the Hong Kong International Arbitration Centre ("HKIAC") in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules (the "HKIAC Rules") in force when the Arbitration Notice is submitted. The seat of arbitration and the venue for hearings shall be Hong Kong. The arbitral tribunal shall consist of three (3) arbitrators who shall be appointed in accordance with the then-applicable HKIAC Rules. The fees and expenses of the arbitrators and the administering authority, if any, will be borne as determined by the arbitral tribunal and the arbitral tribunal shall be permitted to: (i) determine that either Party to such Dispute, or neither such Party, should bear all, or a portion of, such fees and expenses; and (ii) allocate such fees and expenses to separate issues in the Dispute; provided, however, that the Party that prevails in the Dispute (or with respect to a particular issue in the Dispute) shall not be required to pay any such fees and expenses with respect to such Dispute (or such issue). To the extent that the HKIAC Rules are in conflict with the provisions of Clauses 11.3 and 11.4, the provisions of Clauses 11.3 and 11.4 shall prevail.
- 11.3.3 Each Party to the Dispute shall appoint one arbitrator, with the two Party-appointed arbitrators appointing the third arbitrator to act as chairperson of the arbitral tribunal. If there is more than one claimant Party or more than one respondent Party, the claimant parties acting together or the respondent parties acting together, as applicable, shall appoint one arbitrator, with the two Party-appointed arbitrators appointing the third arbitrator to act as chairman of the arbitral tribunal. The claimant(s) shall appoint an arbitrator in the Arbitration Notice, the respondent(s) shall appoint an arbitrator within thirty (30) days after the receipt of the Arbitration Notice, and the two Party-appointed arbitrators shall appoint the chairman within thirty (30) days after the appointment of the second arbitrator. If any of the three arbitrators is not appointed within the time limits prescribed above, any Party may ask HKIAC to appoint that arbitrator.
- 11.3.4 The arbitral proceedings shall be conducted in English, and the award rendered shall be in writing and in English, and shall set out the reasons for the arbitral tribunal's decision in full, unless otherwise agreed by the parties to the dispute.
- 11.3.5 The decision and award of the arbitral tribunal shall be final and binding upon the Parties thereto, and the prevailing Party may apply to a court of competent jurisdiction for enforcement of such award.
- 11.3.6 Subject to the other provisions contained in this Clause 11 (*Governing Law*

and Settlement of Disputes) (to the exception of Clause 11.5), the decision and award of the arbitral tribunal shall be final and binding upon the Parties thereto, and the prevailing Party may apply to any court of competent jurisdiction, whether within Hong Kong or any other country, for enforcement of such award.

11.3.7 Subject to the other provisions contained in this Clause 11 (*Governing Law and Settlement of Disputes*) (to the exception of Clause 11.5), during the course of the arbitral tribunal's adjudication of the Dispute, this Agreement shall continue to be performed except with respect to the part in dispute and under adjudication.

11.4 If Party B's nationality is Indian, or Party B is domiciled in India, Clause 11.3 shall have no application, and Clause 11.5 shall apply.

11.5 Subject to Clause 11.4:

11.5.1 The sole and exclusive method for resolving any Dispute, in connection with or arising out of this Agreement, or the applicability, interpretation, breach, termination, validity or invalidity thereof, shall be heard in a competent Court in Hong Kong, and each party hereby irrevocably consents to the exclusive jurisdiction and venue of such court.

11.5.2 Subject to the other applicable provisions contained in this Clause 11 (*Governing Law and Settlement of Disputes*) (to the exception of Clause 11.3), during the course of the court's adjudication of the Dispute, this Agreement shall continue to be performed except with respect to the part in dispute and under adjudication.

11.6 Costs. Except as expressly provided in this Agreement or otherwise expressly agreed in writing between the Parties unless otherwise provided hereunder, each Party shall pay its own costs and expenses of and incidental to the negotiation, preparation, execution and implementation by it of this Agreement and of all other documents referred to herein.

12. Miscellaneous

12.1 On the basis of Party A's (or Party A's Web Channel(s)) operating requirements in respect of the Work, Party A has the right to assign its rights and obligations under this Agreement to Party A's successors, Affiliates, or third parties. The assignment shall take effect in relation to Party B from the date when Party A (or the relevant successor, Affiliate or third party) notifies Party B of the same. Once such notice has been sent, it will be as if the parties under this Agreement have been novated and the relevant successor, Affiliate or third party will enjoy and bear Party A's rights and obligations under the Agreement.

12.2 In respect of any notifications to be made pursuant to the provisions of this

Agreement, either Party may deliver such notifications to the other Party using the addresses, emails, and telephone numbers on the first page of this Agreement (being the designated contact information of the Parties). Party B also agrees that Party A may deliver such notifications electronically to Party B's account registered on Party A's Web Channel(s). If any Party decides to change its contact information, it should give seven (7) Business Days' prior notice to the other Party, or shall be responsible for any failure to deliver the changed information.

- 12.3 This Agreement is in English and enters into force when sealed or signed by the Parties on the date stated at the beginning of this Agreement. This Agreement may be executed in writing or electronically in any number of counterparts, each of which shall constitute one and the same instrument. A signed copy of this Agreement transmitted by facsimile, email or other means of electronic transmission (including via e-signature platform) shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement for all purposes.
- 12.4 This Agreement contains four (2) annexes, namely: (i) Authorisation Form in Annex 1, and (ii) Information Form regarding Contracted Author of Cloudary Holdings Limited in Annex 2, all of which form part of this Agreement with the same legal effect.

Party A: [Cloudary Holdings Limited]

Party B:

Signing Representative:

Party B's Pseudonym:

Date:

Date:

ANNEX2
Information Form regarding Contracted Author of [CLOUDARY HOLDINGS LIMITED]

Real Name		Pseudonym	
Work			
Gender		Date of Birth	
Actual Address			Postal Code
ID Card Number (Limited to valid legal personal ID documents such as passports, driver's licenses, ID cards, etc.)			
Mobile Telephone		Home Telephone	
WhatsApp/Discord/Skype/Facebook/Twitter/Instagram		Email	
Emergency Contact		Contact Method of Emergency Contact	
Payment Method	Account name: Account number: Swift code: <hr/> Bank name: Branch name: Branch address:		
Executive Editor	Ng Hong Wen		
Remarks	(Any special requests or suggestions can be written here)		

Signature (real name):

Signature (pseudonym):

Date:

ANNEX1
Authorisation Form

I, _____ (Pseudonym: _____, ID card number: _____) am the author of _____ (hereinafter referred to as: the "**Work**") and own the copyright to the Work.

I confirm that, pursuant to a license agreement I entered into a licencing agreement with Cloudary Holdings Limited ("**Agreement**") in relation to the Work. Pursuant to the Agreement, I have grant a full, exclusive license for the exclusive use of worldwide copyright and intellectual property rights to the Work to Cloudary Holdings Limited for all applicable channels or platforms as prescribed in the Agreement [including web channels operated by Cloudary Holdings Limited, including but not limited to websites located under the www.webnovel.com and its [Android:WEBNOVEL] APP and all electronic channels other than the foregoing web channels, including but not limited to Cloudary Holdings Limited's affiliates' channels, third-party channels such as the Android market or the iTunes market]. The licensing period shall be from the date of this authorisation form until the expiration of the protection period for the copyrights and intellectual property rights to the Work. Without the written authorisation of Cloudary Holdings Limited, no one (including myself) shall exercise the foregoing rights to the Work.

I also confirm that, pursuant to the Agreement, during the term of the Agreement, if the Work and other works created by me as assigned or licensed to Cloudary Holdings Limited are faced with any infringement challenges taken by third parties, Cloudary Holdings Limited has the right to, in the name of Cloudary Holdings Limited, take actions to defend and safeguard its legal rights, including but not limited to lodging administrative complaints and commencing litigation and/or arbitral proceedings, and I am obligated to provide necessary assistance in connection therewith including to execute documents and to be added as a party.

Signed:

Date:

Remuneration Payment Account Confirmation

Cloudary Holdings Limited:

I, _____ (ID card number: _____)
(including all pseudonyms used on your web channel(s)) have signed an agreement with your company and have received payment of remuneration from your company pursuant to the agreement.

I (including all pseudonyms used on your web channel(s)) confirm the following details of my bank account:

Account name:

Account number:

Swift code:

Bank name:

Branch name:

Branch location(state/country):

Branch address:

This acknowledgement is for the sole purpose of confirming the account information for payment of remuneration and does not affect the provisions on any other rights or obligations under the original agreement.

Notice is hereby given

Declarant(Signature):

Date: