

# MUSIC LIBRARY TERMS AND CONDITIONS

## PARTIES

1. See Music (Hong Kong) International Limited trading as Kanjian of, 160 Harbin Road, Shanghai, China (hereinafter referred to as the "**Kanjian**")
2. Any individual or entity using the services provided by Kanjian (hereinafter referred to as the "**Client**")

Both shall hereinafter be severally referred to as "**Party**" and, collectively, as "**Parties**".

## NATURE OF EXPLOITATION

Kanjian wishes and Client agrees to include both Recordings and the Musical Works embodied in such Recordings in a Music Library to be made commercially available for the purposes of allowing third-parties and End Customers to use such Recordings and/or Musical Works as background and/or foreground synchronized music in Audio-Visual Material; and/or in background music services to locations such as (but not limited to) retail shops, commercial businesses, airplanes, pubs, restaurants, and hotel rooms (regardless of whether members of the public have the ability to select the music they hear or if indeed they are required to pay to select such music); and/or in company website and internal and/or external company media production (such as marketing or management communications), in so-called samples, and in any other usages customarily made available to customers of music libraries; and/or for the purposes of providing comprehensive management service for Client' entire digital content portfolio, including catalog encoding and metadata management, data processing and legal protection against third-party infringements

Kanjian cannot guarantee that any third-party or End Customer will utilize the music content licensed to Kanjian by the Client for the purposes of this Agreement.

## AGREED PROVISIONS

In consideration of the mutual agreements set out in this agreement, the Parties agree as follows:

### 1. DEFINITIONS

The following terms shall have the following meanings:

- 1.1. "**Applicable Revenue**" shall mean the Gross Revenue less the agreed Permitted Deductions and less the Withholding Taxes.
- 1.2. "**Catalog**" means jointly and severally all entertainment content owned or controlled by Client (including all associated licenses of rights from Clients such as artists, composers, musicians and third party recording and production companies) during the Term. Catalog includes, without limitation, Recordings, Musical Works and all other digital assets ancillary to the Recordings, Musical Works or otherwise relating to the rights granted by Client to Kanjian under this Agreement, including without limitation, metadata, artworks, marketing materials, trade names, image files, trademarks, and logos, etc. Catalog consists of Recordings and the embedded in them Musical Works and as further updated by Client and provided to Kanjian from time to time. The Catalog shall include all digital assets delivered by Client to Kanjian under these Terms and Conditions.
- 1.3. "**Audio-Visual Material**" shall mean any usage of Musical Works and Recordings in synchronization or otherwise with images, whether moving or still (including without limitation in film, TV, commercials, games, and other productions in every format and media).
- 1.4. "**Authorized Exploitation**" shall mean the provision of a Music Library offering the services as set out under Nature of Exploitation above and within the Usage Scope.
- 1.5. "**Copyright Owner**" shall mean in relation to any Musical Work (composition) or Recording each person firm or company wholly or partially owning or controlling the right to grant the License.
- 1.6. "**DSP**" means digital service provider such as websites, online services, IPTV, mobile telecom and wireless operators, and all other entities selling, broadcasting, streaming or otherwise distributing entertainment products in any digital format via electronic means such as downloading, streaming or other existing and future digital delivery methods, including but not limited to, any and all online services, service over telephone lines, microwave signals, radio waves, satellite, wireless, cable, electricity power lines, or any other method now existing or becomes available during the Term, which allow distribution of the Catalog to consumers (including their computers, mobile phones, audio/video players, handheld devices, kiosks and other devices).
- 1.7. "**Electronic Means**" shall mean any distribution of data in an electronic form and not in a physical hard copy, whether wire or wireless and shall include without limitation, public and private telecommunication networks and, for the avoidance of doubt, what is known as the Internet.

- 1.8. "**End Customer**" shall mean a customer of the Music Library or, where the End Customer appoints an authorized intermediary, a customer of such intermediary.
- 1.9. "**Gross Revenue**" shall mean the gross revenue of whatsoever nature relating to the Music Library, which shall be calculated in the following manner:
  - 1.9.1. the gross consideration paid by End Customer to Kanjian relating to the Music Library services supplied to the End Customer and relating to the Recordings and/or Musical Works.
- 1.10. "**Hard Disc**" shall mean a computer or server based storage medium which can store sound recordings or other material and which is not primarily intended to be a means of physically distributing such material.
- 1.11. "**License**" shall mean the license granted by Client to Kanjian under clause 2 of this Agreement.
- 1.12. "**Master Copy**" shall mean a digital file format in a form specified by the Licensee or such other digital and/or physical format as Licensee shall have specified in writing in advance; embodying a Recording (or Recordings) made for the purposes of duplication therefrom of copies to be supplied for purposes in accordance with the Authorized Exploitation.
- 1.13. "**Music Library**" shall mean a service consisting of the provision of Recordings and/or Musical Works to End Customers (whether directly or through an authorized intermediary) for the sole purpose of the Authorized Exploitation.
- 1.14. "**Musical Work(s)**" shall mean any work consisting of music and/or any lyrics or words written to be used with music. It includes any part of such work.
- 1.15. "**Permitted Deductions**" shall mean the administrative and exploitation expenses with respect to the License in accordance with clause 2 consisting of a maximum of twenty percent (20%) of the Gross Revenue.
- 1.16. "**Physical Media**" shall mean physical media (such as, without limitation, tape, compact disc, DVD, CD-Rom) used for the physical distribution of content to users.
- 1.17. "**PRC**" or "**China**" means the People's Republic of China, which for the purpose of this Agreement, does not include the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan.
- 1.18. "**Quarter**" shall mean each of the periods 1 January to 31 March, 1 April to 30 June, 1 July to 30 September and 1 October to 31 December.
- 1.19. "**Recording(s)**" means any audio-only or audio-visual recording embodying a Musical Work as provided by Client to Kanjian from time to time during the Term of this Agreement.
- 1.20. "**Royalty Fee**" shall mean the sum referred to in clause 4
- 1.21. "**Term**" shall mean the period starting on the Commencement Date until the first (1st) anniversary of the date hereof, with successive automatic renewals for one (1) year

each, unless terminated earlier in accordance with clause 7.

- 1.22. "**Territories**" in relation to Music Library shall mean Worldwide and such other countries or territories (if any) as are notified by Kanjian from time to time, provided such other (non China) countries are approved in advance in writing by Client.
- 1.23. "**Usage Scope**" shall mean the usage of the Musical Works and Recordings as set out in Appendix A attached hereto.
- 1.24. "**Withholding Taxes**" shall mean the tax payable on the amounts due to Client, in accordance with the tax regulation of PRC and in accordance with the trade treaty between PRC and Client's country of tax residence in accordance with the tax residence certificate provided by Client on the Commencement Date and at the beginning of each subsequent calendar year.

## 2. LICENSE

- 2.1. Subject to and conditional on compliance with the terms and conditions contained herein Client grants Kanjian the non-exclusive rights and license to commercially exploit the Musical Works and Recordings to do the following in the Territory during the Term:
- 2.1.1. create a digital catalog and database of audio-only or music video tracks to source for supplying the Music Library.
  - 2.1.2. make a copy (in any format or file form) of a work for the purpose of inclusion within the Music Library.
  - 2.1.3. create copies for the End Customer on Physical Media or Hard Disk when Recordings are downloaded to an End Customer by Electronic Means (and any intermediate copies).
  - 2.1.4. create electronic copies for the End Customer when Recordings are downloaded to an End Customer by Electronic Means (and any intermediate copies).
  - 2.1.5. supervise the management of metadata and employ the Catalog, or any part thereof, for the purposes of digital data refinement, including but not limited to machine intelligence augmentation, fingerprint generation and identification, tag enhancement, among others.
  - 2.1.6. sublicense the right and license granted to Kanjian under this clause 2.1. to third-parties, for the avoidance of doubt, the principal business premises and/or registration location of such third-parties is within Greater China unless as otherwise confirmed by both parties via email.
  - 2.1.7. make adjustment, modification, addition and deletion to the Usage Types and Usage Scopes in accordance with market requirements and in its sole discretion, however should notify Client promptly with regards to such adjustment, modification, addition and deletion, including without limitation, via email, or Kanjian's self-service dashboard notification.

all for the sole purpose of the Authorized Exploitation (such Authorized Exploitation being the essence of the license hereunder).

- 2.2. Client hereby acknowledge and agree that Kanjian's website and any third parties, to whom Kanjian may sub-license the right and license under the above clause 2.1, may offer services with regards to user generated content, allowing Kanjian's website users and any third parties' end customer to download and/or use Catalog to create new content within Usage Scope hereunder, and to utilize the content without restrictions.
- 2.3. For the avoidance of doubt, the License shall not permit Kanjian to make any use of any Musical Work and/or Recording thereof for any other purpose than the Authorized Exploitation.
- 2.4. Without limiting the generality of the foregoing provisions, Kanjian shall have the rights to prepare, edit and encode the Recordings, Videos and other material comprising the Catalog in any format for the purpose of facilitating the intent of this Agreement and the exercise of the rights granted to Kanjian under this Agreement.
- 2.5. Client will not remove from the Catalog any Recording so that it becomes unavailable for distribution hereunder unless Client no longer has the rights to such Recording because of the expiry of a license agreement (and Client will notify Kanjian at the time of delivery of the Recording of any relevant 3rd party license expiry dates). Upon receipt of a reasonable takedown request in writing from Client, Kanjian shall have no less than thirty (30) business days to issue takedown requests to the applicable DSPs. For the avoidance of doubt, the takedown procedure (including but not limited to manner, timing, etc.) shall be at the DSPs sole discretion. Notwithstanding the aforesaid, Client hereby expressly acknowledges that any removal or replacement of the Catalog may negatively influence Kanjian's collaborations with, and the accrument of settlements from the DSPs, as well as the Client's royalty calculation and rights. In order to avoid such potential repercussions and protect our shared interests, it is mandated by Kanjian that the Catalog authorized by the Client remains available for the purposes of this Agreement for a minimum period of one (1) year from the date of ingesting it without being taken down and devoid of copyright disputes. In addition, Client expressly acknowledges and agrees that Kanjian shall have the right not to replace, modify, or alter the Catalog or any part thereof, that have already been sublicensed to DSPs without prior mutual written consent. Any removal or replacement of Recordings as part of the Catalog made within the Term shall not exceed 5% of the total number of Recordings licensed to Kanjian as part of the Catalog. Failure to abide by these terms may be deemed a substantive violation of the Agreement, for which Kanjian reserves the right to withhold the applicable royalties, dissolve this Agreement, suspend the Client's account, and/or demand compensation for any ensuing damages.

### 3. **MATERIALS TO BE PROVIDED BY Client**

- 3.1. Immediately following the execution of this Agreement, Client shall provide to Kanjian a Catalog list consisting of all Recordings and the embedded in them Musical Works that it owns or controls within thirty (30) days from the date of execution hereof. Unless Client provides prior written notice to Kanjian to the contrary, all Recordings and the embedded in them Musical Works shall be deemed to be owned and controlled at all times during the Term and throughout the Territory by Client. For avoidance of doubt, the rights granted by Client hereunder in and to the Recordings and the embedded in them Musical Works shall extend only to the extent of any limitation of Client's rights

therein; provided that Client has provided prior written notice to Kanjian of any such limitations of its rights in and to any such Recordings and the embedded in them Musical Works. Client shall provide Kanjian with all Recordings and the embedded in them Musical Works that are available for licensing.

- 3.2. Client shall provide Kanjian with the materials and information as further described in Appendix B attached hereto (the “**Deliverables**”) with respect to each title in the Recordings via Client’s own Starcast account, FTP or any other methods agreed upon by both Parties in writing for the purposes of music library of the Recordings. In the event that Client provides to Kanjian the Deliverables via two or more different methods, Client hereby acknowledges and agrees that the information provided via Starcast and visible on the Starcast dashboard shall be the de facto Recordings for the purposes of this Agreement and with regards to Kanjian’s obligations under this Agreement. Client shall also provide other materials and information as Kanjian shall reasonably request from time to time in connection with this Agreement.

#### 4. **LICENSE FEES**

- 4.1. In consideration of the License granted hereunder, Kanjian shall pay to Client the Royalty Fee, this being: seventy percent (70%) of the Applicable Revenue.
- 4.2. Kanjian will have the sole right and discretion to set the rates for its Music Library services, but the details of these will be made available to the Client upon request.

#### 5. **PAYMENT**

- 5.1. Within 45 days of the end of each Quarter Kanjian shall provide to Client (electronically) a fully and accurately completed self-accounting royalty statement.
- 5.2. Within 14 days of receipt of the royalty statement referred to in clause 5.1, Client shall raise an invoice for the due amount, and Kanjian shall pay such amount to Client no later than 30 days after the invoice is delivered to Kanjian (such delivery to be deemed to have occurred in accordance with clause 9.11).
- 5.3. The Parties agree that in the event that Client fails to raise an invoice in accordance with clause 5.2, such invoice shall be raised in the next Quarter.
- 5.4. The Parties agree that Kanjian shall pay NO interest on any delayed payments pursuant to clause 5.3.
- 5.5. If the amount of the Royalty Fee due and payable with respect to any Quarter is less than USD Two Hundred (USD200) (the “**Threshold**”), then the payment of such Royalty Fee shall be deferred to the next Quarter until the aggregate amount of the Royalties due and payable for all related prior Quarters exceeds the Threshold, provided that all amounts of the Royalties due and payable (regardless whether it exceeds the Threshold) shall be paid to Client upon termination of this Agreement.
- 5.6. Client hereby authorizes Kanjian to, and Kanjian shall, in accordance with the terms of this Agreement and subject to the applicable laws, report, pay or withhold any tax payable on the Royalty Fee in the Territory.

- 5.7. Kanjian shall be responsible for completing PRC tax and foreign exchange procedures relating to the payments of the Royalty Fees to Client. Client shall promptly provide Kanjian with all documents and information as requested by Kanjian or the tax authorities for paying taxes on the Royalty Fees.
- 5.8. For the purpose of the calculation and payments of the Royalty Fees, the Parties agree to use the intermediate exchange rate between USD and RMB published by the People's Bank of China or its agent on the date on which the relevant PRC tax authorities approve the payable taxes on the Royalty Fees.

5.9. INTENTIONALLY DELETED

## 6. PUBLIC PERFORMANCE INCOME

- 6.1. In the event that public performance income is, or becomes, available within the Territory in respect of the Authorized Exploitations of Music Works, Kanjian will not claim or collect the so-called writer's share of such income unless authorized by the writer to do so under separate agreement. This Article 6 shall not conflict with any license and/or sub-license and/or authorization made by Kanjian under the Authorized Exploitation of this Agreement.

## 7. TERMINATION

- 7.1. By written agreement of the Parties.
- 7.2. Each party shall have the right to terminate this Agreement by notifying the other Party in writing not less than three (3) months prior to the date on which the initial Term or any successive renewal Term expires.
- 7.3. Each party shall have the right to terminate this Agreement forthwith where the other party:
- 7.3.1. commits a material breach of this Agreement which is capable of remedy and fails to remedy such breach within thirty (30) clear days after receipt of notice of such breach; or
  - 7.3.2. is dissolved (other than pursuant to a consolidation, amalgamation or merger) or becomes bankrupt or enters into insolvency or administration.
- 7.4. Termination of this Agreement shall have no effect on rights already granted to End Customers during the Term.

## 8. REPRESENTATIONS AND WARRANTIES

- 8.1. Each Party hereby represents and warrants to the other Party that, as of the date hereof, the following representations and warranties are true, accurate and correct:
- 8.1.1. such Party is duly incorporated and organized, and is validly existing in good standing, under the laws of its place of incorporation;
  - 8.1.2. such party is duly authorized and able to execute, deliver and perform this Agreement.

- 8.2. Client hereby represents and warrants to Kanjian that the following representations and warranties are true, accurate and correct:
- 8.2.1. it has good title to, full ownership of or licensed rights to the Musical Works and Recordings and full power, right and authority to grant to Kanjian the rights and the License as contemplated hereunder;
  - 8.2.2. to the best of Client's knowledge all information provided by it to Kanjian with respect to the Musical Works and Recordings is true, correct and accurate;
  - 8.2.3. Client is solely responsible for the payments of any and all amounts due to any underlying holders of any rights to the Musical Works and Recordings or any portion thereof, including, without limitation:
    - 8.2.3.1. fees, income, monies, royalties or any other compensation due to artists, producers, copyright owners, and all other third parties whose performance is embodied in the Recordings and/or Musical Works;
    - 8.2.3.2. any other fees, compensation, royalties or other monies due and or payable with respect to the artwork, metadata, trademarks and logos in the Recordings or materials provided by Client.

## 9. MISCELLANEOUS

- 9.1. This Agreement shall be governed by, and construed in accordance with, the laws of the PRC.
- 9.2. In the event that any dispute arises in connection with the conclusion, performance or interpretation of this Agreement, the Parties shall attempt in the first instance to resolve such dispute through friendly consultations. If the dispute cannot be resolved in this manner within thirty (30) days after the dispute arises, any party shall be entitled to submit the dispute for arbitration to China International Economic and Trade Arbitration Commission ("**CIETAC**") in Shanghai in accordance with the arbitration rules of CIETAC then in effect. The arbitral award shall be final and binding on the Parties. The arbitration tribunal shall consist of one (1) arbitrator to be agreed upon and appointed by the Parties. In the event the Parties cannot agree upon an arbitrator within twenty (20) days after the arbitration notice is served, the arbitrator shall be appointed by the Chairman of CIETAC. The arbitration proceedings shall be conducted in both English and Chinese.
- 9.3. Except as otherwise provided hereunder, each of the Parties shall pay for its own costs and expenses incidental to this Agreement and all transactions in connection therewith.
- 9.4. Except as otherwise provided hereunder, any and all tax liabilities arising in relation to this Agreement and related transactions shall be borne by each Party in accordance with relevant tax law applicable to such Party at the time such liabilities arise.
- 9.5. If at any time any one or more provisions hereof is or becomes invalid, illegal, unenforceable or incapable of performance in any respect, the validity, legality, enforceability or performance of the remaining provisions hereof shall not thereby in any way be affected or impaired.



- 9.6. This Agreement shall be binding on and shall inure for the benefits of the successors and assigns of the Parties hereto but shall not be assigned by any Party without the prior written consent of the other Party.
- 9.7. No failure of any Party to exercise and no delay on its part in exercising any right hereunder will operate as a release or waiver thereof, nor will any single or partial exercise of any right under this Agreement preclude any other or further exercise of it or the exercise of any right or prejudice or affect any right against others under the same liability whether joint, several or otherwise.
- 9.8. Any variation to this Agreement shall be binding only if it is pursuant to a document signed by all the Parties.
- 9.9. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.
- 9.10. This Agreement constitutes the entire agreement and understanding between the Parties in connection with the subject-matter of this Agreement and supersedes all previous proposals, representations, warranties, agreements or undertakings relating thereto whether oral, written or otherwise and neither Party has relied on any such proposals, representations, warranties, agreements or undertakings.
- 9.11. Notices or other communications required to be given by a Party pursuant to this Agreement shall be written in English or Chinese and shall be delivered personally, sent by a recognized courier service or by email to the address of the other Party set forth below. The dates on which notices shall be deemed to have been duly received shall be determined as follows:
- 9.11.1. Notices given by personal delivery shall be deemed duly received on the date of personal delivery.
- 9.11.2. Notices given by courier shall be deemed duly received on the date indicated on the receipt.
- 9.11.3. Notices given by email shall be deemed duly received on the first business day following the date of successful transmission and receipt.
- Notices to Client: Client's email address
- Notices to Kanjian: [legalaaffairs@kanjian.com](mailto:legalaaffairs@kanjian.com)
- 9.12. Each Party acknowledges and represents that, in executing this Agreement, it has received advice as to its legal rights from legal counsel and that the person signing on its behalf has read and understood all of the terms and provisions of this Agreement. Furthermore, the agreement is understood to have been composed with the involvement of one or both Parties and their respective legal counsel. While the Agreement may have been primarily drafted by one Party, it is considered a collective work and any interpretation thereof should not prejudice any Party due to their role in its preparation or formatting.

## USAGE SCOPE

### (Appendix A)

<b>Synchronization</b>	<ul style="list-style-type: none"> <li>● TV and Movies background music</li> <li>● Advertising background music</li> <li>● Games and APP background music</li> </ul>
<b>Micro-synchronization</b>	<ul style="list-style-type: none"> <li>● Short video and VLOG background music</li> <li>● Live broadcasting background music</li> <li>● Company website, company media production and homepage background music</li> <li>● H5, PowerPoint, GIF, picture, photo album, design template background music</li> <li>● Online literature, online comic book background music</li> <li>● New media background music</li> </ul>
<b>Public performance</b>	<ul style="list-style-type: none"> <li>● Background music service to locations and venues including without limitation, retail shops, commercial businesses, airplanes, pubs, restaurants, and hotel rooms, etc.</li> <li>● Perform music in live performance (including dramatic and non-dramatic public performance of Musical Works)</li> </ul>
<b>Audio production</b>	<ul style="list-style-type: none"> <li>● Audio-books background music</li> <li>● Radio programs background music</li> <li>● Podcast production</li> </ul>
<b>Built-in music</b>	<ul style="list-style-type: none"> <li>● Mobile phone built-in music</li> <li>● Hardware device and smart device built-in music</li> </ul>
<b>Cover song</b>	<ul style="list-style-type: none"> <li>● Make a faithful cover version</li> </ul>

\* New media includes all forms of digital media, including all digital traditional media, network media, mobile media, digital television, digital newspapers and magazines.

## DELIVERABLES

### (Appendix B)

1. Client will provide Kanjian with the technical, graphic and artistic elements necessary for the integration of each item in the Catalog into the Services, in accordance with Article 3 of this agreement, including:
  - 1.1. Recordings:
    - Form: files encoded using WAV 16bit or better;
  - 1.2. CD artwork, packaging of the Recording or photograph of the performing artist:
    - Format: JPEG files;
    - Resolution (number of pixels): to be determined by Kanjian
2. Client will provide Kanjian with the information necessary for the integration of each Recording in the Catalog into the License, in accordance with Article 3 of this agreement, i.e. an XML file specifying for each Recording and album:
  - the name of the performing artist(s),
  - the title of the Recording and of the album,
  - the record label,
  - the total length of the Recording / the album,
  - the ISRC code of the Recording and the UPC code of the album,
  - the musical genre (optional),
  - the name of the author and composer of the Recording and the rights ratio,
  - the delivery date (optional),
  - the release date (from which the Recording / the album can be available for the end users from the Site),
  - the rights pertaining to each Recording (territories, commercial mode).