CAEG
中国对外文化集团公司
China Arts and Entertainment Group

wienholding

ERSTE
wiener stadthalle
wiener stadthalle - ein unternehmen der

Joint Venture Agreement

February 7 2012

China Arts and Entertainment Group

Wien Holding GmbH

Wiener Stadthalle Betriebs- und VeranstaltunsgmbH

Joint Venture Agreement

Concluded by and between

China Arts and Entertainment Group

and

Wien Holding GmbH

and

Wiener Stadthalle Betriebs- und VeranstaltunsgmbH

February 7 2012

Preamble

A. General introduction - The Partners

1. Approved by China's State Council, the China Arts and Entertainment Group (CAEG) was set up in April 2004. It is China's only Group Company that runs show productions and arts exhibitions globally.

2. WIEN HOLDING GmbH (hereinafter "Wien Holding"), based in Vienna, was founded in 1974 and is wholly owned by the City of Vienna. It has direct or indirect control over some 80 local companies and participations.

3. WIENER STADTHALLE Betriebs- und VeranstaltungsgmbH (hereinafter "WStH"), is wholly owned by Wien Holding and owns and operates one of Europe's largest multifunctional entertainment centers.

B. Objectives of cooperation

Main objective is to mutually promote and further strengthen cultural and

creative relations between the Republic of Austria and the People's Republic of China. Based on the 'Memorandum of Understanding' signed in Vienna on October 31, 2011 in conclusion of their previous meetings, the Parties agree on the following:

1. The Parties intend to establish a long-term, valid and successful cooperation for the purpose of transferring high-class Chinese productions to Austria and Europe and of transferring top Austrian productions to China and Asia. Furthermore, they envisage to closely cooperate in the realization of the proposed "Performing Arts Center (PAC)" at WStH.

As a first step to achieving these aims, a Joint Venture Company between the Parties (CAEG 50 %, Wien Holding 50 %) will be established in Vienna in the form of a Limited Liability Company pursuant to Austrian law. Part I of this Joint Venture Agreement specifies the main characteristics of the said Joint Venture Company (hereinafter "JVC")

2. The first working project of the JVC will be a Chinese production in a version suitable for European audiences. The JVC will be responsible for preparing and organizing the Austrian tour of the production and for the coordination to present this show in other Continental European cities.

3. The Joint Venture Company will also produce and adapt Austrian productions of fine arts for China and possibly other Asian countries.

4. New productions suitable for the international market, in particular for Austria and Europe as well as China and Asia, jointly developed by the JVC will also be part of the future cooperation between the Parties.

5. The PAC to be established on the premises of WStH will aim at becoming a platform for high quality education and training with international relevance. To this end, a close co-operation between the Parties is intended.

Part I

Formation of the JVC

1. Basic structure

The JVC shall be established in the form of an Austrian Limited Liability Company ("Gesellschaft mit beschränkter Haftung" or "GmbH"). It shall be formed without delay after this JVA comes into force and shall have its legal seat (registered office) in Vienna, Austria and its business address at Wien Holding. The JVC shall have a stated capital of EUR 100.000 (one hundred

thousand Euros). The JVC shall be established for an indefinite period of time.

2. Shareholders and stakes

CAEG shall hold a stake of EUR 50.000 (fifty thousand Euros) and thus an interest of 50% in the JVC, and Wien Holding shall hold a stake of EUR 50.000 (fifty thousand Euros) and thus an interest of 50% in the JVC.

3. Name

The Name of the JVC shall be CHINA EUROPE CREATIVE Vienna & Beijing (ce-creative)

4. Objects

The objects of the Company's business shall be:

4.1 Promotion of cultural exchange between Beijing and China on the one hand and Vienna, Austria and Europe on the other hand.

4.2 Development, implementation and commercialization of cultural events above all theatrical, musical, acrobatic and artistic performances and shows as well as related educational offerings, exhibitions and concerts.

4.3 Licensing of associated rights (including film, video, DVD, internet and other new media) including production, manufacturing, merchandising, import and export as well as trading of products.

4.4 Provision of services in the above fields.

4.5 Management consulting, in particular with respect to quality management of cultural events, performing arts and education, summer universities etc.

4.6 Acquisition of interests in and taking on management of other enterprises and companies/partnerships having the same or similar objects of business and acquisition and renting of such enterprises.

4.7 Carrying on all businesses and engaging in all activities and measures which are necessary and useful for furthering the Company's objects of business, except for banking transactions.

5. Management

The JVC shall have two or more Managing Directors (MDs). CAEG on the one hand and Wien Holding on the other hand shall be entitled to appoint an equal number of MDs (ie in case of two MDs one each, in case of four MDs two

each). Each Party shall have the right to recall an MD nominated by it and to nominate a new MD if it so desires.

6. Advisory Board

The JVC shall have an Advisory Board to advise the MDs and to approve certain business as long as such approval is not reserved to the shareholders meeting of the JVC. The Advisory Board is composed of an equal number of representatives of the shareholder CAEG on the one hand and of Wien Holding on the other hand. Initially the Advisory Board shall have four members, two nominated by CAEG and two by Wien Holding. The Advisory Board shall have a Chairman and a Deputy. The first Chairman of the Advisory Board shall be nominated by CAEG, the first Deputy by Wien Holding, they shall have terms of offices of two years; thereafter Wien Holding shall nominate the Chairman and CAEG the Deputy. This two years rotation shall continue indefinitely. The Advisory Board pass its resolutions by simple majority of the votes cast, in case of a draw, the transaction shall be submitted to shareholders' meeting for resolution within 15 days. The Advisory Board shall convene once to twice a year alternating in Beijing and Vienna.

7. Resolutions requiring consent by Advisory Board / Shareholders Meeting

7.1 The following business/resolutions shall require prior consent by the Advisory Board

(a) business planning, namely sales planning, cost planning, profit planning, investment planning and financial planning as well as staff planning;

(b) adoption of annual financial statements of the company and its subsidiaries;

(c) filling of management positions of the first management level below the management of the company as well as appointment and dismissal of Prokuristen (translators' note: authorized signatories as defined in Austrian Commercial Law);

(d) acquisition, sale, encumbrance or disencumbrance of real property or rights equivalent to real property;

(e) establishment and closing down of branches and plants whether domestic, foreign or international;

(f) acquisition or disposal of participating interests in other enterprises;

(g) extension of the business to new lines of business and/or giving up existing lines of business;

(h) conclusion, amendments to and termination of affiliation agreements and co-operation agreements outside the usual course of business;

(i) conclusion of patent agreements, licence agreements and co-operation agreements;

(j) assumption of liabilities having a term of more than one year;

(k) assumption of suretyships, guarantees and bills payable and similar liabilities for third parties and for the Company as well as issuing letters of comfort and similar legal instruments;
(l) borrowing and lending which is not effected in day-to-day business and/or for which no security exists, as well as borrowing and lending transactions which in a specific case exceed EUR 20,000 (twenty thousand Euros) or which in the aggregate exceed EUR 100,000 (one hundred thousand Euros), and pledging and transfers by way of security of movable objects of any kind;
(m) conclusion of tenancy agreements and leasing contracts which exceed a rent of EUR 20,000 (twenty thousand Euros) p.a. and/or having a term of more than three years;
(n) legal transactions of any kind between the Company and the managing directors;
(o) pension commitments of any kind as well as important changes to company pension plans;
(p) granting of profit shares or percentages in turnover to staff (royalties or bonuses) if such profit shares or percentages in turnover exceed EUR 10,000 (ten thousand Euros) per year ;
(q) discontinuation, letting or sale of the entire business operation of the Company;
(r) recruitment of staff with an annual remuneration exceeding EUR 35,000 (thirty-five thousand Euros);
(s) investments exceeding EUR 50,000 (fifty thousand Euros);
(t) conclusion of purchasing contracts with a total amount exceeding EUR 20,000 (twenty thousand Euros) or supply contracts with a total amount of EUR 20,000 (twenty thousand Euros) and other long-term contracts with a business volume exceeding EUR 20,000 (twenty thousand Euros); and
(u) conclusion of futures contracts and option contracts.

7.2 The following business/resolutions shall require prior consent by the Shareholders Meeting (by simple majority of votes cast):
(a) all matters described in 7.1 if the Advisory Board cannot reach a decision;
(b) all matters reserved to be decided by the Shareholders Meeting pursuant to Austrian law.

8. Resolutions requiring qualified majorities

The following shareholders' resolutions shall require a three-fourths majority of the votes cast:
(a) amendments to the Articles of Association;
(b) measures of raising and reducing capital;
(c) dissolution, merger, transformation of the Company or transfer of the assets of the Company.

9. Dissolution/Termination/Transfer of share interest

The JVC shall be established for an indefinite period of time. Termination upon notice shall only be possible in accordance with statutory provisions and upon one year's notice. If one of the shareholders is terminated (whether voluntarily or involuntarily) the other shareholders have a right of pre-emption on the share interest of such party and may exercise such right against payment of the nominal capital of the share interest so acquired.

If a shareholder desires to dispose over its share interest in the JVC it shall inform the other shareholder(s) and offer its share interest for purchase.

If the Parties cannot agree the shareholder desirous of transferring the share shall be free to seek a third party purchaser. But also in such case the other shareholder(s) shall have a right of First Refusal to take over such share interest at the terms such third party would be willing to pay as consideration.

For the avoidance of doubt it is put on record that the transfer of share interests between Wien Holding and its wholly-owned subsidiaries or between CAEG and its wholly-owned subsidiaries shall not constitute a disposal as defined hereunder.

Part II

Shareholders' Agreement

1. General

In order to implement the contents of this JVA also on the corporate level the Parties agree that they will do everything necessary to ensure that the said objectives be attained, above all they undertake to exercise their voting rights granted by law only in such way that the said objectives be met. This shall above all be true for all matters described above in I.5, I.6., and I.9.

2. Additional understandings

2.1 Appointment, Remuneration and Removal of Members to the Management Board and to the Advisory Board, Administration of the JVC

The Parties agree that the first Managing Directors of the JVC shall be:

Ms. Li Jin for CAEG
KR Prof. Dr. Gerhard Feltl for Wien Holding

The Parties agree that the first Members to the Advisory Board of the JVC

shall be:

Mr. Zhang Yu and **Mr. Zhu Ziyi** for CAEG;
Mr. KR Peter HANKE and **Mr. Prok. Dr. Kurt GOLLOWITZER** for Wien Holding.

The Parties agree for the JVC to be administered through the offices of CAEG in Beijing as well as Wien Holding in Vienna.

2.2 Principles of distribution of profits
The Parties agree that the profit distribution method of the JVC shall be determined by the Shareholders Meeting.

2.3 Deadlock Provisions
If the Parties cannot find a solution on disputed issues they shall provide for an internal system of acceleration to ensure that key decision makers within their respective hierarchy try to find an amicable solution. Only if any of these systems should fail a dispute shall go to the dispute resolution mechanism provided for in this JVA in Part III. 5 below.
2.4 Business Plan and Budgets
The Parties shall agree on a Business Plan for the JV.

They further agree that every year (two months prior to end of each business year) they will agree on a budget for the following business year. If they cannot agree on a budget the budget of the previous year shall be considered a provisional budget for the coming year until a new budget is approved.

Part III

Miscellaneous

1. Ancillary Shareholders Obligations

In addition to the respective capital contributions to be made by the respective Parties to the JVC the Parties agree to contribute to the JVC the following:

CAEG agrees to use best efforts to contribute to the JVC any and all rights to use and to the commercialization and exploitation of a production to be determined by the Parties for Europe including the right to modify, adapt, translate and recompose the production and to exploit it by traditional means but also by New Media including but not limited to internet presentations, broadcasts, live streams, DVDs, etc. The JVC shall be entitled to obtain such proprietary rights as it deems necessary or beneficial for its purposes and CAEG agrees to use best efforts to procure whatever is necessary to procure

and perfect such rights whether registered, registrable or not.

Wien Holding agrees to use best efforts to contribute to the JVC any and all rights to use and to the commercialization and exploitation of a production to be determined by the Parties for China (including Hong Kong, Macau and Taiwan) including the right to modify, adapt, translate and recompose the production and to exploit it by traditional means but also by New Media including but not limited to internet presentations, broadcasts, live streams, DVDs, etc. The JVC shall be entitled to obtain such proprietary rights as it deems necessary or beneficial for its purposes and Wien Holding agrees to use best efforts to procure whatever is necessary to procure and perfect such rights whether registered, registrable or not.

CAEG and Wien Holding agree to use best efforts to procure and contribute comparable rights with respect to other productions which may be identified by the Parties in the future.

Any and all services provided to the JVC by CAEG or Wien Holding shall be provided at arm's length (or at cost if so stated in this Agreement). Any payment to be made to any shareholder by the JVC for services or copyrights provided shall require approval by the other shareholder prior to the payment.

Should for any reason the JVC be dissolved, CAEG and Wien Holding shall respectively retrieve all rights contributed to the JVC as outlined in this clause without any compensation to the JVC. For any rights that are subsequently obtained during business operation of the JVC, the respective owning shareholder of the production shall have the right of first refusal to acquire such rights under the same condition.

2. PR Matters

The Parties agree to keep their commercially sensitive information confidential and agree that any press announcements will be agreed upon beforehand. CAEG and Wien Holding agree that they will use their contacts to national and regional TV and radio stations as well as other media to promote their mutual interest and JVC shows and productions.

3. Non-core business

Performing Arts Centre (PAC)

The Parties express their interest in a planned "Performing Arts Centre (PAC)" at the site of Wiener Stadthalle (WSTH) to create additional incentive and tying more closely valuable creative resources to Vienna in terms of international perspective and competition. The particular advantage stems from the physical proximity of training, creative ideas and the opportunities

for practical implementation associated with WSTH. The training programs comprise dance, singing, acting and will serve as a centre of excellence and cultural exchange for young talent.

Naming Rights
The Parties agree to evaluate opportunities of granting donors the right to name facilities at WSTH in exchange for financial contributions seen as a prominent form of advertising.

The Parties agree that regarding such non-core business they will carefully consider whether such business should be carried out as a JVC business, as a business separate from the JVC (eg. through a sister entity) or through a special purpose vehicle set up by the JVC.

4. Governing law
This JVA shall be governed by substantive Austrian law excluding its private international law rules and excluding the application of the CISG (Convention on the International Sale of Goods/Vienna Convention).

5. Dispute resolution
The Parties will strive to find amicable solutions for any and disputes that may arise. If, however, they cannot find an amicable solution they agree that any and all disputes (other than corporate law disputes regarding the JVC) be referred to international arbitration for final resolution and on an exclusive basis. All disputes arising out of this contract or related to its violation, termination or nullity shall be finally settled under the ICC Rules of Arbitration in Paris by one or more arbitrators appointed in accordance with these rules. The Parties agree to honour awards rendered by such arbitral tribunals. The language of arbitration shall be English.

6. Languages
This JVA shall be executed in English, Chinese and German. For all purposes of interpretation the English language version shall govern. The official language of communication between and among the Parties shall be English.

7. Duration
This JVA shall come into force upon its execution subject to the rendering of the original documents by CAEG necessary for the incorporation of the JVC in Austria (including approvals by the Ministry of Culture, Ministry of Finance and Ministry of Commerce of PRC) as well as the fulfilment of the approval requirements by the Board of Wien Holding and the provision of the approval of the merger application on the part of the Austrian Federal Competition Authority, if applicable, and shall remain in force for as long as a Party is a shareholder in the JVC. As a prerequisite to any transfer in the JVC any

potential new shareholder shall have to accede to this JVA in writing unless the other shareholders have specifically waived such requirement.

Beijing, 7 February 2012

China Arts and Entertainment Group
represented by
Zhang Yu
in his capacity as President
and
Specially Appointed Envoy

Wien Holding GmbH, FN 39079w
represented by
Prok. Dr. Kurt Gollowitzer, born 22 November 1972
in his capacity as Authorized Agent
and
Komm-Rat Prof. Dr. Gerhard Feltl, born o6 January 1947
in his capacity as Specially Appointed Envoy(Special Power of Attorney and Proxy)

Wiener Stadthalle Betriebs- und VeranstaltungsgmbH, FN 105184h
represented by
Komm-Rat Prof. Dr Gerhard Feltl, born 06 January 1947
in his capacity as Specially Appointed Envoy (Special Power of Attorney and Proxy)