

Kuke to Acquire 49% Equity Interest in KOLO.Market, World's First Vertically Integrated Classical Music Web 3.0 Platform

BEIJING, March 13, 2023 /[PRNewswire](#)/ -- Kuke Music Holding Limited ("Kuke" or the "Company") (NYSE: KUKU), a leading classical music service platform in China with approximately 3 million audio and video music tracks, announced an agreement to acquire a 49% equity interest in Singapore domiciled KOLO.Market, with an option to acquire the remaining 51%.

KOLO.Market is the world's first vertically integrated classical music Web 3.0 platform that aims to create a well-rounded and healthy classical music ecosystem. Targeting the tremendous business potential in music copyright licensing in the Web 3.0 movement, KOLO aims to protect intellectual property rights, maximizing the income of music creators and copyright owners, provide fair profit sharing, and establish a sustainable decentralized business with blockchain technology. Through KOLO, artists can enjoy permanent authentication of ownership of musical works, self-management, and fair royalty splits; music users can enjoy direct interaction and earnings; and for investors, KOLO offers secured assets, quick settlement of transactions, and the integration of digital music resources.

Mr. He Yu, Chief Executive Officer of Kuke Music Holding Limited, commented, "The decentralization feature of Web 3.0 can help solve the problems of music copyright ownership, rights protection, and data tracking, while also, when combined with various technologies and services, enable a more fair, transparent, and efficient management of copyright revenue sharing. This can provide unprecedented solutions for musicians and music copyright owners, effectively promoting the development of the music industry and making it possible for individuals to invest in the music industry. Therefore, introducing classical music into the Web 3.0 world can both enhance user experience and platform appeal, while also helping to build a healthier and more sustainable music ecosystem."

Mr. He Yu, continued, "We believe that by working together we can help unlock KOLO's full strategic potential, as Web 3.0-based ecosystem becomes a much larger reality over the next few years. Web 3.0 is a natural extension of our business, where we can integrate functions such as intelligent semantic search, copyright content construction, intelligent playlist recommendation and combine with technologies such as ChatGPT to bring users a better experience."

Financially, KOLO will become Kuke's fourth revenue source upon closure of the acquisition.

The 2022 Global Music Report, published by the International Federation of the Phonographic Industry (IFPI), states that, under the influence of the growth of subscription-based audio media market, global revenue for the recorded music market has reached US\$25.9 billion, representing an 18.5% growth year-over-year. The revenue for Streaming (paid subscription-based listening + Ad-based listening market) has increased by 24.3% year-over-year, reaching US\$16.9 billion, representing 65% of the global revenue for recorded music market, and was the leading revenue format in nearly all markets. The same report also outlined that the revenue in Asia increased by 16.1% year-over-year and accounted for 23% of the global market in 2021, thanks to strong growth from the Japanese and Chinese market. The revenue growth in the Chinese market for recorded music in the same period was 30.4%, a figure that is visibly higher than the global growth average of 18.5%. In terms of market size, China is the sixth largest music market in the world in 2021 and the second largest music market in Asia, after Japan and before Korea.

The paid subscription rate for music streaming services in China is predicted to reach 18.1% in 2023, with Chinese online music streaming listeners reaching 700 million in 2023, which represents a sizeable growth from the 540 million streamers recorded in 2017. But 700 million is still only about 50% of the general population in the country, signifying that there is still plenty of room for the industry to expand in the nation for the coming years. (source: Chung-Hua Institution for Economic Research)

About Kuke Music Holding Limited (NYSE: KUKU)

Kuke is a leading classical music service platform in China encompassing the entire value chain from content provision to music learning services, with approximately 3 million audio and video music tracks. By collaborating with its strategic global business partner Naxos, the largest independent classical music content provider in the world, the foundation of Kuke's extensive classical music content library is its unparalleled access to more than 900 top-tier labels and record companies. Leveraging its market leadership in international copyrighted classical music content, Kuke provides highly scalable classical music licensing services to various online music platforms, and classical music subscription services to over 800 universities, libraries and other

institutions across China. In addition, it has hosted Beijing Music Festival ("BMF"), the most renowned music festival in China, for 24 consecutive years. Through KUKEY, the Company's proprietary smart music learning solutions, Kuke aims to democratize music learning via technological innovation, bring fascinating music content and professional music techniques to more students, and continuously improve the efficiency and penetration of music learning in China. For more information about Kuke, please visit <https://ir.kuke.com/>

Forward-looking Statements

This announcement contains forward looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "aims," "future," "intends," "plans," "believes," "estimates," "confident," "potential," "continue" or other similar expressions. Statements that are not historical facts, including but not limited to statements about Kuke's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including those in Kuke's registration statement filed with the Securities and Exchange Commission. Further information regarding these and other risks is included in Kuke's filings with the SEC. All information provided in this press release is as of the date of this press release, and Kuke undertakes no obligation to update any forward-looking statement, except as required under applicable law.

SOURCE Kuke Music Holding Limited

For further information: Kuke Music Holding Limited: Jane Zuo, Email: jane.zuo@kuke.com; David Pasquale, Global IR Partners, Email: KUKE@globalirpartners.com, New York Office Phone: +1-914-337-8801

<https://ir.kuke.com/2023-03-13-Kuke-to-Acquire-49-Equity-Interest-in-KOLO-Market,-Worlds-First-Vertically-Integrated-Classical-Music-Web-3-0-Platform>