

# Contract

## Preamble

This document describes the basics about the cooperation between the two parties, the **European Go Federation** (called EGF in this document) and the **Beijing Zong Yi Yuan Cheng Culture Communication Co. Ltd.** (called CEGO in this document).

The EGF is the one and only registered Go-organisation operating in the whole area of Europe. Members of the EGF are the national Go-organisations, actual 37 countries.

The CEGO comprises investors who themselves are Go friends. These investors believe on the future development of European Go and are willing to commit themselves to promote Go, a great representative of Chinese traditional culture, in the West.

## Objectives

- Improve the strength of European amateur Go players
- Establish a complete Professional Go System in Europe
- Encourage the organisation of the EGF
- Enhance the popularity of Go and increase its audience in Europe
- Extend existing and develop new cultural contacts between Europe and China

## Projects (part 1)

### Go Academic System

CEGO will establish a Go Academic System for players of EGF member countries only.

Every year the EGF can recommend to CEGO from 6 to 10 European Go players with competence and potential as candidates, among whom the CEGO will choose 4 to 6 players to enter a scholarship program, enabling them to receive a daily training as well as participation in competitions in China. The scholarship will cover their training, accommodation (in China) and competition expenses.

The start of the Go academy is scheduled for the second half of 2013. In the academy program European Go students will study 5-6 months in China and will get afterwards an online training for 3-4 months.

The academic system will be managed by CEGO. The EGF is responsible for the yearly nomination-process of candidates.

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## European Professionals / New Professional Go System in Europe

Starting in 2014 the EGF will certify up to two players per year as "European Professionals". Only players holding a passport of an EGF member-country for at least 10 years are eligible for a certification.

A new European Professional System will be set up by the EGF earliest in the second half of 2015 and latest in 2017. To develop the details for this Professional System will be a main task of the new European Go Management System of the EGF.

### New European Top Tournaments

a) EGF is responsible to organize a yearly promotion tournament for certifying its new "European Professionals", starting in 2014. This tournament will be scheduled always between April and September, giving participants of the academic system the chance to play this qualification tournament.

b) The new European Top Go Event (regarding the prize-money) will be the Grand Slam Tournament, organized by the EGF in cooperation with either an EGF member organisation or a local club in the EGF-area. The first Grand Slam Tournament will happen in 2015. While EGF is in charge to find a host for this event, CEGO will support this tournament in different ways (financial, winner's prize-money more than € 10.000, advertising in China and Europe, media). The Grand Slam Tournament will be only for a few players, limited to European Professionals and players eligible for winning bonus points. Details are explained in the appendix.

In principle a Grand Slam Tournament should be our "blow off" to the publicity for getting more attention for our game, under cultural aspects and under sports aspects as well. Therefore the EGF is in charge to generate a maximum of publicity (embassies, newspapers, television-contacts, internet, cultural institutes,). A top-level event like this will prove quite effective in helping EGF to draw in sponsorship in Europe.

It is possible (and the goal) to have in the future more than one Grand Slam Tournament per year.

c) Besides the new Grand Slam Tournaments (from 2015 on) the EGF starts at once with a new type of tournaments, the Bonus Point Tournaments. Bonus Point Tournaments will be organized by local Go-groups (or country-organisations) but will be supported by the EGF in different ways. Players in the top of the final tournament-chart will win bonus-points, which help them to be qualified for a Grand Slam Tournament and/or to be nominated by the EGF for international top-events. Details of the Bonus Point System are explained in the appendix.

In the beginning there will be three levels of Bonus Point Tournaments, Grand Slam Tournaments, Level A and Level B tournaments. Tournament organizers have to apply for hosting a Bonus Point Tournament. From 2014 on the EGF will charge a management fee for hosting a Bonus Point Tournament from the local tournament organizer (see appendix).

Future extensions (Level C Bonus Point Tournaments) are still possible.

## **Effects on Go Tournaments in Europe**

This contract is valid only for tournaments running directly under the lead of the EGF or where the EGF and/or CEGO are co-organizers/sponsors, and the Bonus Point Tournaments.

EGF confirms that the actual Chinese Go rules will be included in the set of "Authorized rules for EGF-related tournaments". Promoting these Chinese rules in Europe is an important task to be done by the EGF and essential for all tournaments where the EGF is either the main-organizer or the co-organizer. Exceptions from playing with Chinese rules are possible in combination with other sponsors and older commitments for these sponsored tournaments.

The introduction and spreading of Chinese rules in the European tournament-scene will need some time. CEGO confirms to help by distributing CDs with Chinese rules, while the EGF will set up a special chapter on Chinese rules on its web page.

The European Team Championship, the European Pair Go Championship and any Pair-Go event in Europe are not affected by this contract (and the Chinese rules).

It is an objective for EGF and for CEGO to install the European Go Congress as a Level A Bonus Point Tournament as soon as possible. Because of the complexity, the importance and the size of this Go event a special contract is aspired, including additional sponsorship by CEGO and some new advertising and business aspects.

EGF and CEGO confirm that more (new) sponsors are not only possible but also very welcomed for "EGF-related" tournaments; including the option that CEGO is not the main sponsor.

## **Projects (part 2)**

### Achieve Improvements for the EGF Organisation

With the "power" of this contract the EGF will become a much more important organisation for spreading Go in Europe than in the past. It is the defined goal to be more visible in the public and in media in the future. CEGO will assist the establishment of a new "mode of operation" for the EGF (called European Go Management System) with yearly payments starting in 2013.

Just to explain some of the main tasks for the next years to do:

- a) Developing a complete system for Professional players where the EGF operates as the head office and marketing-organisation for the Professionals
- b) Producing documents for advertising (yearbook, flyers, redesigned web page, video) and developing a concept how to use the new media
- c) Setting up a real office (rooms, environment, office-workers)
- d) Evaluating the Go-market in Europe for business-opportunities. Especially for this complex work CEGO has promised its support.

With this contract and the support from CEGO over many years the EGF gets the chance to become a "more professional organisation", necessary for achieving the objectives in the next ten years.

### Developing the European Go Market

CEGO will help EGF on its way to a more business oriented operation mode in Europe by capital investment, marketing and publicity campaigns to gradually bring EGF from a self-sufficient phase to a level where the dissemination of Go could be financed in a larger scale.

### New Amateur Diploma

EGF and CEGO will create new diploma for players from EGF member countries. The EGF is in charge to develop a system for using these documents in the most efficient way. CEGO is in charge for tasks to do in China.

Each diploma will be signed by the EGF, the Chinese Culture Department and the national culture (or sport) department of the player's country.

### Contact to Chinese Culture Centres in Europe

EGF confirms as one of its new main tasks to get in contact with all Chinese Culture Centres in Europe.

Objective: Each Chinese Culture Centre should organize an own Go tournament and should have Go as an offering in its program (teaching beginners for example), best case in an own area reserved for dedicated Go-activities (also commercial ones) by local Go-organisations, EGF and/or by CEGO.

### Chinese Cultural Days in Europe

Additional to the existing set of yearly tournaments held by the EGF, CEGO has the right to choose at least three stops to arrange European Go – Chinese Culture Days or Chinese Culture Festivals in different European countries. EGF will do its best to assist all the promotion work with CEGO.

## General Points

This contract requires a close cooperation between the parties. Therefore at least one common project meeting must be held every year.

The success of the explained EGF-projects will depend in many cases on the continuous support by CEGO. So EGF herewith confirms, that CEGO is its unique official service-partner for all in this contract described projects, especially in the new Professional System in Europe. But it is not the intention of this contract to keep off other Go friends and Go organisations from the European Go scene. Everyone is welcomed who wants to support European Go (for example by sponsoring tournaments, teaching activities, special offerings for youngsters).

CEGO might sponsor in the future by augmenting its financial support to other European Championships (youth, student, women) as well, similar to its engagement for the 2<sup>nd</sup> World Mind Sports Games 2012 in Lille / France (€ 5.000). But top priority and next step will be to find an agreement about sponsoring / supporting the upcoming European Go Congresses.

CEGO is in charge of the management and operation of the - new - franchise business partner plans of EGF activities, including the administration of advertisements and products on the site of the European Go Congress and other events running under the lead of the EGF. This responsibility will end if the total profit of the effected events has exceeded the total investments for the Academic System and the European Go Management System.

EGF authorizes CEGO (in its role as unique official service partner of the EGF) to offer different services, including activities / packages on cultural exchange, group service, attracting sponsors and developing investment partners. EGF reserves the rights for the final decisions.

## Financial matters

According to the objectives of the contract and the planned projects / activities CEGO will support the EGF in the following way:

a) The annual fund for the academic program (from 2014 – 2022) will be € 100.000 for 4, € 110.000 for 5 and € 120.000 for 6 persons. For the start in autumn 2013 it will be probably less than € 100.000.

b) The new European Go Management System will be supported with € 5.000 in 2013, € 20.000 in 2014 and € 20.000 in 2015. Beginning in 2016 the € 20.000 will be reduced by € 2.500 every year until it becomes zero.

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c) The new promotion tournament ("European Professionals") will be supported every year with € 5.000, starting in 2014.

d) At least one Grand Slam Tournament will be supported every year with € 40.000, starting in 2015.

CEGO will transfer the money related to the positions b) c) and d) to the account of the EGF always in the first half of the year. From 2015 on the amount of money to be transferred, built by the sum of the positions b) c) and d), will be reduced by a sum generated by the EGF in the first quarter of the year reflecting EGF's financial result of the last year. Details about the calculation of the reduction-sum are explained in the appendix.

The support explained under a) and b) will be treated like a credit from CEGO to EGF. The amount of the reduction (beginning in 2015) of the yearly transfer from CEGO to EGF reduces this credit-sum. CEGO will show the EGF yearly figures about its investment in the positions a) and b). EGF will show its yearly figures to CEGO as well.

The credit-sum (out of the support under a) and b)) will be set to zero when the contract ends on 31<sup>st</sup> December 2022. If the credit-sum before the 31.12.2022 hasn't been completely repaid the EGF is still obliged to pay the yearly "reduction-sum" related to the financial year 2022 in the first quarter of 2023 to CEGO.

If the EGF wants a premature termination, the EGF is committed to pay to CEGO the relevant costs of the Academic System (see a)) and the European Go Management System (see b)) for a period of up to two years, while CEGO is committed to strive for minimizing these costs by phasing out the Academic System. In good cooperation between the EGF and CEGO the two-year period (and the related costs) might be shortened.

If the EGF wants to terminate the contract by signing a contract with another service partner, giving him any of the rights/projects listed in this contract, EGF or the new service partner are committed to pay back to CEGO the not refunded part of CEGO's investments over all years from a) and b) at the termination date, with an annual interest rate of 12%.

If CEGO wants a premature termination, the credit sum (out of the support from a) and b)) will be set to zero at the termination date while the EGF has nothing more to pay to CEGO.

## **Contract Modalities**

### Duration

The contract starts immediately after both parties have signed the contract. The contract ends on 31<sup>st</sup> December 2022, but additionally both parties have to confirm the end of the cooperation latest till 31<sup>st</sup> December 2021.

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Premature Termination

A premature termination is against the sense of the contract. Nevertheless it is possible but the party who wants the termination must announce it at least two years in advance. The earliest possible premature termination will be 31<sup>st</sup> December 2016.

Force Majeure

In case of Force Majeure the contract will end without the financial regulations defined for a premature termination.

Follow-up Contract

Latest on 31<sup>st</sup> December 2021 one party must inform the other party about the interest on a new contract / cooperation starting on 1<sup>st</sup> January 2023.

**European Go Federation (EGF)**

Represented by the president

Martin Stiasny



(Martin Stiasny)

Leksand, 8<sup>th</sup> May 2013

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(city and date)

**Beijing Zong Yi Yuan Cheng Culture Communication Co. Ltd. (CEGO)**

北京宗艺园丞文化传播有限责任公司

Represented by the president

吕宾



(Lü Bin)

北京, 2013.5.23

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(city and date)

## Appendix

### Details for Bonus Point Tournaments

The new Bonus Point tournaments are an important part of the strategy (for players and organizers) to concentrate on top Go events in Europe, including the new Grand Slam tournaments, for getting more attention and popularity for Go. The EGF will support each Bonus Point tournament with various activities. The first Bonus Point tournaments will be played in 2013.

- a) Tournament organizers, who want to host a Bonus Point tournament, have to apply for it by contacting the EGF at least 5 months before the planned date of the tournament.
- b) Bonus Point tournaments must be announced at least 4 months in advance.
- c) Bonus points are only given to players holding a passport of an EGF member country. Additionally the player must be citizen of an EGF member-country (more than one are possible) for at least ten years.
- d) Players who won bonus-points will have benefits whenever the EGF has to nominate players for international events. Bonus points will also help players to qualify for a Grand Slam tournament.
- e) There are three types of Bonus Point Tournaments: Grand Slam tournaments, level A tournaments and level B tournaments.
- f) Starting in 2014 the EGF will charge the tournament organizers of a Bonus Point Tournament in the following way: € 1.000 for hosting a Level B tournament, € 3.000 for hosting a level A tournament, € 10.000 for hosting a Grand Slam tournament.

Chart for Bonus Points:

Level B tournaments: 12 / 5 / 3 / 2 / 1

Level A tournaments: 30 / 12 / 7 / 5 / 3 / 2 / 1

Grand Slam tournaments: 100 / 40 / 20 / 12 / 8 / 6 / 4 / 2

Every earned bonus-point is deleted after 12 months, but the first deleting date will be the 1<sup>st</sup> Grand Slam tournament in 2015. So bonus-points gained in 2013 and 2014 are kept till the first Grand Slam tournament in 2015.

## Details for Grand Slam Tournaments

The participation in a Grand Slam tournament is limited to players who are eligible for winning bonus points.

12 spots of the grand slam for 2015:

- 4 spots for new "European Pros"
- 2 spots through qualification just before the grand slam
- 2 spots for highest bonus points
- 2 spots for highest EGD (maximum value of the last 3 months) + bonus points
- 2 wild cards (wild cards are decided by EGF and CEGO)

For 2016 and upward the number of spots can be increased, which is to be decided later.

In principle, amateur players do not get any game fee for the first round of games in a Grand Slam tournament, in order to show that this is part of the benefit enjoyed by professionals. The amateur players however will get game fees when they have entered the second round of games.

## Details about the calculation of the yearly rate ("financial matters")

As explained in the chapter "financial matters" the expenses of CEGO for the Academic System and for the European Go Management System will be treated like a credit. Related to the yearly financial result of the EGF the amount of money sent by CEGO to EGF once a year will be reduced.

Here is the scheme how to calculate this reduction-sum, starting on the year-end balance sheet of the EGF of the gone year.

- 1) Summarize all income of the last year got by charging management-fee
- 2) Take 50 % of it, that is the first position of the reduction-calculation sheet
- 3) Summarize all income from activities authorized by EGF (any tournament registration fees are in principle excluded)
- 4) Take 50 % of the income from 3), this is the second position of the reduction-calculation sheet
- 5) Reduce the all over EGF income by the amount of 1) and 3)
- 6) Reduce the all over income by any income in the balance-sheet dedicated for special events / activities – more details about this at the end of the appendix
- 7) Take 20 % from the sum of 6), that is the third and last position of the reduction-calculation sheet

So the yearly reduction-sum is calculated by adding the positions 2), 4) and 7).

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Some remarks on "EGF-income" per year:

The fiscal year of the EGF is the calendar year. So any calculations about the reduction-sum cannot start earlier than January of the next year.

On the balance sheet regarding the income columns there are in principle two different kinds of income:

- a) "Real income" – this means this money is free for any EGF-use. Most important position is the income by the yearly membership-fee. But also some other income exists sometimes by selling old Go-material owned by EGF, income from shares, income from the SportAccord event in Beijing.
- b) Money that is dedicated for special events where the EGF only handles the cash flow via its account but cannot use this money for any EGF activity. Typical positions are for example: membership-fee for the International Go-Federation of the national organisations, where the EGF collects money before transferring it to the IGF-office. Also the whole budget reserved for the European Team Championship (prize-money included) and money for the support of Pair-Go events sent by a sponsor can be found in the two columns, income and expenses.

So in the calculation for the reduction-sum the amount used as "sum of 6)" in 7) is the all over income of the EGF reduced by 1), 3) and the income just here explained under b).