
JOINT VENTURE CONTRACT

Between

Mr. Geng Yongchao

And

Lenskart Solutions Private Limited

for the establishment of

Baofeng Framekart Technology Limited

in Baofeng, the People's Republic of China

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JOINT VENTURE CONTRACT

This **JOINT VENTURE CONTRACT** (this “**Contract**”) is entered into as of 3rd day of October, 2019 at _____ by and between:

- (1) Mr. Geng Yongchao, PRC citizen, with the identification number of 411023198512125535, residing at Lian Chang Gardwn, 8-1 Road Xuchan City, Henan, China (the “**Chinese Party**”); and
- (2) Lenskart Solutions Private Limited, a limited liability company registered and validly existing under the laws of India, with its registered office at W 123, Greater Kailash Part II, New Delhi, India (the “**Foreign Party**”).

Each of the parties mentioned above are referred to individually as a “**Party**” and collectively as the “**Parties**”.

RECITALS:

1. Baofeng Framekart Technology Limited (“**Baofeng Framekart**”) is a limited liability company duly incorporated and validly existing under the PRC Law and is engaged in the business of manufacture, wholesale and export trading of eye frames and sunglasses and related products.
2. The registered capital of Baofeng Framekart is RMB10,000,000 and the Chinese Party owns 100% of the equity interests in Baofeng Framekart.
3. The Foreign Party is an Indian entity engaged in the Eyewear business and the Chinese Party has sufficient resources, skill and experience in manufacturing and trading of the eyewear products. The Parties through discussions have agreed to form a joint venture for conducting the business of manufacturing, wholesale and export trading of eye frames and sunglasses and related products exclusively under the Lenskart brand names, annexed hereto as Annexure A, on mutually agreed terms and conditions and any other brand as instructed by the Foreign Party from time to time.
4. As mutually agreed, the Parties have simultaneously with the execution and delivery of this Contract, have entered into a Capital Increase Agreement (the “**Capital Increase Agreement**”), pursuant to which the Foreign Party will subscribe to the shares / equity of the Joint Venture.. Upon the completion of such capital increase, Baofeng Framekart will become a Sino-foreign Equity Joint Venture Enterprise in China (the “**Joint Venture**”) under the PRC Law.

NOW THEREFORE, the Parties have agreed, through friendly negotiation and in

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accordance with the principle of equality and mutual benefit, as follows:

ARTICLE 1. PARTIES

1.1 **Parties.** The Parties to this Contract and to the Joint Venture are:

- (a) Mr. Geng Yongchao:
Domicile: Lian Chang Gardwn, 8-1 Road Xuchan City, Henan, China
Post Code: 461000
- (b) Lenskart Solutions Private Limited:
Registered address: W 123, Greater Kailash Part II, New Delhi, India
Post Code: 121003
Authorized representative: Neha Bansal

1.2 **Change of Address.** A Party shall notify any change of its address to the other Party in accordance with Articles 27.4 and 27.5 hereof.

ARTICLE 2. INTERPRETATION

2.1 **Definitions.** In this Contract, unless the context otherwise indicates, the following definitions shall apply:

- (a) “**Affiliate**” means, with respect to each Party hereto, any person or entity that Controls, is Controlled by, or is under common Control with such Party. For purposes of interpretation of this Contract and the Articles of Association, the Foreign Party, the Chinese Party and the Joint Venture shall not be deemed as Affiliates of each other.
- (b) “**Annual Budget**” has the meaning set forth in Article ARTICLE 11.
- (c) “**Articles of Association**” means the articles of association of the Joint Venture, which may be amended and restated from time to time.
- (d) “**Auditor**” has the meaning set forth in Article 14.6(a).
- (e) “**Board**” means the board of directors of the Joint Venture, formed in accordance with this Contract and the Articles of Association.
- (f) “**Business**” means the business activities in which the Joint Venture is intended to engage, as set forth in Article 4.2.
- (g) “**Business Day**” means any day which is not (i) a Saturday or Sunday; (ii) any day on which banks located in China are required or authorized by

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applicable law to be closed for general banking business; or (iii) any day on which banks located in India are required or authorized by applicable law to be closed.

- (h) **“Business License”** has the meaning set forth in Article 8.1(a).
- (i) **“Business Plan”** means the business plan of the Joint Venture as approved by the Board in accordance with this Contract and any revisions thereto.
- (j) **“CFO”** has the meaning set forth in Article 10.1.
- (k) **“Chairman”** and **“Vice-Chairman”** mean the chairman and vice-chairman of the Board respectively.
- (l) **“China”** or **“PRC”** means the People’s Republic of China, which for the purposes of this Contract does not include Taiwan, the Hong Kong Special Administrative Region, or the Macao Special Administrative Region.
- (m) **“Commerce Authorities”** means the Ministry of Commerce of the PRC or its designated government authorities.
- (n) **“Company Law”** means the *PRC Company Law*.
- (o) **“Contract”** means this JOINT VENTURE CONTRACT and any amendments thereto.
- (p) **“Control”** means, directly or indirectly, holding fifty one percent (51%) or above of the voting equity of an entity, or if not, holding, through its capital contribution or shareholding or by contract or otherwise, sufficient powers to materially influence the entity, or the board of directors, shareholders’ meeting, or other decision-making body of the entity;
- (q) **“Default”** has the meaning set forth in Article 21.1.
- (r) **“Director”** means a member of the Board.
- (s) **“Disclosed Information or Confidential Information”** means all information, other than information in a publicly published form or expressly designated by the Disclosing Party as non-confidential, which is proprietary to either the Chinese Party or the Foreign Party independent of the other and which shall have been disclosed by either the Chinese Party or the Foreign Party to the other Party or to the Joint Venture during the formation of the Joint Venture or during the term of the Joint Venture, regardless of the form

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in which it has been or shall have been disclosed, relating in any way to the markets, customers, products, patents, inventions, procedures, methods, designs, strategies, plans, assets, liabilities, costs, revenues, profits, organization, employees, agents, distributors, or business of such Disclosing Party and also includes information developed by either party using the information provided by the Disclosing Party. For purposes of this Contract the Disclosed Information or Confidential Information shall, in respect of the Foreign Party, also include the Intellectual Property of the Foreign Party.

- (t) “**Disclosing Party**” means such Party disclosing the Disclosed Information.
- (u) “**EJV Law**” means the *PRC Law on Sino-Foreign Equity Joint Ventures* and its Implementation Regulations.
- (v) “**Encumbrance**” means any security interest, pledge, hypothecation, lien (including environmental and tax liens), violation, charge, lease, license, encumbrance, servient easement, adverse claim, preferential arrangement, restrictive covenant, condition or restriction of any kind, including any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership.
- (w) “**Equity Interests**” means the equity interest in the Joint Venture and all rights and interests attaching thereto.
- (x) “**Establishment Date**” means the date on which the Registration Authorities issue the Business License for the Joint Venture.
- (y) “**Capital Increase Agreement**” has the meaning set forth in the Recitals.
- (z) “**Chinese Party**” has the meaning set forth in the Preamble.
- (aa) “**Baofeng Framkart**” has the meaning set forth in the Recitals.
- (bb) “**USD**” or “**\$**” means the official currency of United States.
- (cc) “**Fair Value**” means a fair value determined in accordance with Article 21.4.
- (dd) “**Fiscal Year**” has the meaning set forth in Article 14.2.
- (ee) “**Foreign Party**” has the meaning set forth in the Preamble.
- (ff) “**Force Majeure**” has the meaning set forth in Article 22.1.

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- (gg) “**General Manager**” has the meaning set forth in Article 10.1.
- (hh) “**HKIAC**” has the meaning set forth in Article 25.2(a).
- (ii) “**Hong Kong**” means the Hong Kong Special Administrative Region of the PRC.
- (jj) “**Intellectual Property**” shall mean and include any and all, now known or hereafter known tangible and intangible intellectual properties of the Foreign Party, whether owned or arising by operation of law, contract, license, or otherwise subsisting or recognized/recognizable and/or protected/protectable under the applicable law of any other applicable jurisdiction by the Foreign Party, which may be registered or unregistered, and shall include any/all (a) patents, copyrights, trademarks, domain names, design, industrial designs, service marks, logos, insignia, brand-name, seal, symbol or device available with or being used by the Foreign Party; (b) trade secrets and mask works alongwith the physical embodiments of intellectual effort, for example, models, utility models, machines, devices, apparatus, instrumentation, circuits, computer programs alongwith it’s source code, visualizations, records of research, reports, processes, methods and systems, proprietary information, know-how, data bases, industrial processes; inventions, discoveries, show-how, processes, unique materials, original data collated by the Foreign Party and/or other intellectual or industrial property rights of each kind and nature throughout the universe and however designated, and the term and includes Intellectual Property Rights. “**Intellectual Property Rights**” shall mean rights in the Intellectual Property including right to use, enjoy, transfer, assign, license, rental rights, rights to remuneration etc. in/to the Intellectual Property vested in the Foreign Party.
- (kk) “**Joint Venture**” has the meaning set forth in the Recitals.
- (ll) “**Management Body**” has the meaning set forth in Article 10.1.
- (mm) “**Non-Transferring Party**” has the meaning set forth in Article 7.2.
- (nn) “**Party**” or “**Parties**” has the meaning set forth in the Preamble.
- (oo) “**Person**” means any individual, limited liability company, corporation, association, partnership, business trust, joint stock company, joint venture, trust, estate or other entity or organization of whatever nature.

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- (pp) **“PRC Law”** means all published and publicly available laws and regulations enacted by the PRC central and various local legislation body, government authorities, judicial body or regulatory organization.
- (qq) **“Receiving Party”** means any Party which receives the Disclosed Information.
- (rr) **“Registered Capital”** means the registered capital of the Joint Venture as indicated in its constituent documents, and a reference to a Party’s share in the Registered Capital means the portion of the Registered Capital subscribed by that Party pursuant to this Contract.
- (ss) **“Registration Authorities”** means the State Administration for Industry and Commerce or its designated local government authority that has jurisdiction over the Joint Venture.
- (tt) **“RMB”** means Renminbi, the lawful currency of the PRC.
- (uu) **“Shareholder Loans”** means loans made by the Chinese Party or the Foreign Party to the Joint Venture.
- (vv) **“Supervisor”** has the meaning set forth in Article 12.1.
- (ww) **“Termination Event”** has the meaning set forth in Article 23.3.
- (xx) **“Third Party”** means a third party other than the Chinese Party, the Foreign Party, the Joint Venture, and each of their respective Affiliates.
- (yy) **“Total Investment”** means the amount set forth in Article 5.1.
- (zz) **“Transfer”** has the meaning set forth in Article 7.1.
- (aaa) **“Transferee”** has the meaning set forth in Article 7.2.
- (bbb) **“Transfer Notice”** has the meaning set forth in Article 7.2.
- (ccc) **“Transferring Party”** has the meaning set forth in Article 7.2.

2.2 **References.** Words importing the singular only also include the plural and vice versa where the context requires. Words referring to one gender also include reference to other genders where applicable.

2.3 **Headings.** Headings used herein are for ease of reference only and shall not affect the

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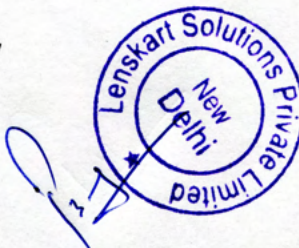
interpretation of this Contract.

ARTICLE 3. ESTABLISHMENT OF THE JOINT VENTURE

- 3.1 **Establishment of the Joint Venture.** The Parties hereby agree to establish the Joint Venture by converting Baofeng Framekart from a domestic company in accordance with the provisions of this Contract, the Company Law, the EJV Law and other relevant PRC Law.
- 3.2 **Name of the Joint Venture.** The Joint Venture shall carry out business in China under both English and Chinese names, which shall be as follows (subject to the registration with the Registration Authorities):
- (a) In Chinese: []
- (b) In English: []
- 3.3 **Legal Address.** The legal address of the Joint Venture shall be at No. 1 Xingbao Road, Industry Cluster Area, Bao Feng County, Pingdingshan City.
- 3.4 **Status of the Joint Venture.** The Joint Venture is a Chinese legal person with limited liability under PRC Law and shall be liable for its debts and obligations only to the extent of its assets. The liability of each Party for the debts of the Joint Venture shall be limited to the contribution of its share of the Registered Capital. .
- 3.5 **Baofeng Framekart's Liabilities Prior to the Establishment Date.** The Parties hereby agree and acknowledge that the Joint Venture is converted from Baofeng Framekart and the Chinese Party shall be liable for all liabilities, obligations and debts incurred by Baofeng Framekart prior to the Establishment Date, including but not limited to contractual obligations, tax liabilities, environmental liabilities, product liabilities, obligations to employees, pension and welfare obligations, intellectual property right infringement or any other civil, administrative or criminal liability and includes any liabilities that may have accrued during the period prior to the Establishment Date but have been raised or brought to the notice of either of the Parties / Joint Venture after the Establishment Date, and the Chinese Party shall keep the Joint Venture and the Foreign Party indemnified in respect thereof and shall compensate the Joint Venture and the Foreign Party in case the Joint Venture and/or the Foreign Party suffers any loss from any of such liabilities, obligations, adverse actions, claims and debts.
- 3.6 **Branches.** The Joint Venture may from time to time establish branches, liaison offices

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or subsidiaries within or outside the PRC, subject to approval of the Board and approvals as may be required under relevant applicable laws.

- 3.7 **Business Operations.** The Parties have agreed that as a Joint Venture partner, the Chinese Party shall be responsible for supervising and performing the day to day operations of the business (in consultation with the Board where ever required) including operations of the manufacturing unit / plant. However management of the Joint Venture shall be the responsibility of the Foreign Party and its appointed personnel.

ARTICLE 4. OBJECTIVE AND BUSINESS SCOPE

- 4.1 **Objectives.** The objective of the Joint Venture shall be to strengthen economic co-operation and technical exchange between the Parties for the purpose of gaining competitive advantages in the relevant markets and thereby achieving satisfactory returns for the Parties.
- 4.2 **Business Scope.** The Joint Venture's scope of business shall be manufacture, wholesale and export trading of eye frames and sunglasses and related products exclusively under the Lenskart's brand names, annexed hereto as Annexure A, on mutually agreed terms and conditions and any other brand as instructed by the Foreign Party from time to time. ("**Business**").

If the business scope set forth in this Contract and the Articles of Association is not accepted by the Registration Authorities, the Parties shall negotiate in good faith to amend this Contract and the Articles of Association such that the amended business scope will be accepted by the Registration Authorities. In the event of any discrepancy between this Contract, the Articles of Association and the Business License of the Joint Venture as to the business scope, the business scope set forth in the Business License shall prevail provided that if the business scope as mentioned in the Business License is in contradiction to the understanding between the Parties herein, then the Parties shall apply to the Registration Authorities to obtain modifications to the same such that the business scope shall be reflected nearly as possible to that agreed between the Parties.

- 4.3 **Principle of Products Distribution.** The products manufactured by the Joint Venture shall be first supplied to the Foreign Party or its designated distributors for sales in Indian market and any other location around the globe as instructed in writing by the Foreign Party from time to time. All sales to the Foreign Party or its designated

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distributors shall be priced on a cost plus 10% basis and made in accordance with the terms and conditions as requested by the Foreign Party. After satisfying the need of Indian market or such other market as instructed by the Foreign Party in writing from time to time, the Joint Venture may distribute the remaining products in Chinese market and other overseas markets, provided that the Joint Venture shall not distribute to any competitor of the Foreign Party and each Third Party customer of the Joint Venture shall be approved by the Foreign Party in writing in advance. The Chinese Party shall ensure that none of the competitors of the Foreign Party have any access to the products manufactured, sold and exported under the Joint Venture.

4.4 **Exclusivity**. It is expressly agreed by the Parties that in terms of this Contract the Foreign Party shall be considered as the preferred customer for the products manufactured.

4.5 **Manufacturing Plant**. The existing plant, building and machinery and storage located at _____ shall belong to and owned by the Joint Venture.

ARTICLE 5. TOTAL INVESTMENT AND REGISTERED CAPITAL

5.1 **Total Investment**. The total amount of the investment in the Joint Venture ("Total Investment") shall be RMB[5,000,000] which shall be contributed and invested by the Parties in the Joint Venture from time to time as per the terms of the Capital Increase Agreement.

5.2 **Registered Capital**. The amount of the Registered Capital of the Joint Venture shall be RMB10,000,000. The Chinese Party will hold 49% Equity Interests and the Foreign Party will hold 51% of the Equity Interest in the Joint Venture.

As of the date of this Contract, the current Registered Capital of Baofeng Framekart is RMB10,000,000 and which has not been paid by the Chinese Party.

The Foreign Party shall subscribe for the Registered Capital of the Joint Venture as per the terms of Capital Increase Agreement. The Parties will make their subscribed capital contributions in cash. The payment of the contribution shall be in accordance with the terms of separate Capital Increase Agreement being executed between the Parties.

5.3 **Contribution Schedule**. The Chinese Party shall contribute the current Registered Capital he subscribed and the Foreign Party shall contribute its subscribed amount of the increased Registered Capital to the bank account of the Joint Venture as per the terms of the Capital Increase Agreement. Both the Parties shall within 90 Days from

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the Date of Establishment of the Joint Venture subject to provisions of Article 4.2 and in accordance with the provisions of Capital Increase Agreement make their contributions in the joint venture for the subscribed amount in the agreed ratio of 49% (Chinese Party) : 51% (Foreign Party). The details with respect to the payment of amounts towards capital contribution will be as mentioned in Capital Increase Agreement. As agreed between the Parties, initial contribution of the Parties towards the Joint Venture may be in the form of monetary contribution and/or contribution of infrastructure and resources as may be mutually agreed between the Parties. However, any subsequent contribution shall be in the form of monetary contributions only.

Further, the Foreign Party permits the Joint Venture to manufacture the eye frames and sunglasses and related products under the brand name of the Foreign Party as mentioned here in this Contract.

The Chinese Party shall obtain the business license ensuring the establishment of the Joint Venture within 45 days from the date of execution of this Contract unless otherwise agreed by the Foreign Party in writing.

- 5.4 **Investment Certificate.** Within thirty (30) days after each installment payment of the Registered Capital, the Joint Venture shall issue to the contributing Party share certificate signed by the Chairman affixed with the company seal of the Joint Venture. Each share certificate shall indicate on its face the amount of the Registered Capital that the contributing Party has contributed to the Joint Venture on the date of contribution. The Joint Venture shall maintain a shareholder register identifying the investment certificates that have been issued to each Party and the amount of the Registered Capital that the applicable Party has contributed. In case of investment by the Foreign Party, the Joint Venture shall issue the share certificate and other related documents in the manner as may be specified by the Foreign Party in accordance with the requirement of applicable Indian Law.

ARTICLE 6. ADDITIONAL CAPITAL AND FUNDING REQUIREMENTS

- 6.1 **Additional Funding.** If the Board at any time or from time to time determines that additional funding other than equity contributions are necessary to conduct the Joint Venture's business activities, such funding requirement shall be met, first, through earnings of the Joint Venture, to the extent available to fund such requirements, and, second, to the extent feasible and practicable, through Third Party financing such as bank borrowings on a non-recourse basis. In case if needed, the Chinese Party shall

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provide necessary comfort to the banker or the Finance Company along with the personnel guarantee, if required, mortgage or other security interests to the bank or other Third Party lenders for the Joint Venture to obtain the Third Party financing. In no event the rights, title and entitlements in the goodwill or Intellectual Property of the Joint Venture and/or the Foreign Party shall be provided as a security or collateral by the Joint Venture or the Chinese Party for availing the funding facility or for any other purposes. The Parties acknowledge that the Foreign Party will not provide any security interest or comfort to the Third Party lender.

- 6.2 **Shareholder Financial Support.** In the absence of any available Third Party financing as mentioned in Article 6.1 above, the Parties may, but are not obliged to, make further Shareholder Loan to the Joint Venture from time to time. Unless otherwise determined by the Board, all Shareholder Loans shall be made by the Parties in proportion to their respective shareholding percentage in the Joint Venture as of the date on which such Shareholders Loans are made. Such Shareholder Loans shall bear interest at the then current three-month USD LIBOR rate plus one percent (1%) or at any other higher rate, to be established and confirmed by the Foreign Party in its discretion from time to time in writing and considering the requirements of the Indian Laws, if any.
- 6.3 **Increase of Registered Capital.** In accordance with the development of the Business, if additional equity is needed and the Board determines to increase the Registered Capital of the Joint Venture, subject to approval by the Board and the approval/filing and registration from the Registration Authorities and Commerce Authorities, both Parties shall contribute the additional Registered Capital in proportion to their respective shareholding percentage in the Joint Venture or in the ratio as may be mutually agreed between the Parties and recorded in writing. If a Party does not contribute its share of the Registered Capital increase, then subject to the terms of this Contract and other Party contributing the increased capital, the other Party's shareholding ratio in the Joint Venture shall be correspondingly increased.

ARTICLE 7. TRANSFER OF EQUITY INTERESTS

- 7.1 **No Transfer without Consent.** Neither Party shall, directly or indirectly, transfer, sell, assign, pledge, mortgage or otherwise encumber or dispose of ("Transfer") its Equity Interests in the Joint Venture to a Third Party without the prior written consent of the other Party.
- 7.2 **Procedure of Transfer and Right of First Refusal.** If a Party ("Transferring

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Party”) wishes to Transfer all or part of Equity Interests in the Joint Venture to a Third Party (“**Transferee**”), the following procedures shall be complied with:

- (a) The Transferring Party shall give a written notice (“**Transfer Notice**”) to the other Party (“**Non-Transferring Party**”) specifying: (i) its wish to make the Transfer; (ii) the Equity Interests it wishes to transfer; (iii) the terms and conditions of the Transfer; and (iv) the identity of the proposed Transferee, if ascertained.
- (b) The Non-Transferring Party shall have a right of first refusal to purchase the whole of or part of such offered Equity Interests on terms and conditions no less favourable than those specified in the Transfer Notice. If the Non-Transferring Party elects to purchase the Equity Interests as specified in the Transfer Notice, it shall notify the Transferring Party in writing within thirty (30) days of receiving the Transfer Notice. The Parties shall cause the Directors appointed by them (and forming part of the Board) to approve the Transfer. The Non-Transferring Party shall then, within thirty (30) days following its written acceptance of such offered Equity Interests, subject only to obtaining approval/filing and registration from the Registration Authorities and Commerce Authorities, purchase such Equity Interests on the terms and conditions specified in the Transfer Notice.
- (c) If the Non-Transferring Party consents to the Transfer Notice, it shall deliver a written notice to the Transferring Party within thirty (30) days after receipt of the Transfer Notice. If the Non-Transferring Party fails to respond in writing to Transfer Notice within thirty (30) days of receipt, it shall be deemed to have consented to the proposed Transfer as set forth in the Transfer Notice. On receiving the consent or deemed consent of the Non-Transferring Party to the Transfer, the Transferring Party shall be free during the period of ninety (90) days (or another period as agreed in writing by the Parties) following the expiration of the thirty (30) days’ notice period to transfer such Equity Interests to the Transferee at a price and on terms and conditions no more favourable than those specified in the Transfer Notice.
- (d) Unless for any delay caused by the competent authorities, the Transfer shall be completed within the ninety (90) days period described in Article 7.2(c) above, failing which, the Transferring Party shall not be permitted to transfer its Equity Interests to the Transferee without again complying with the procedures set forth in Article 7.2.

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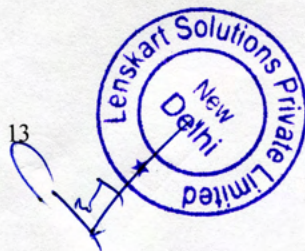
7.3 **Transfers to Affiliates.** Notwithstanding the above provisions including clauses 7.1 and 7.2, the Foreign Party may freely Transfer its Equity Interests in the Joint Venture to any of its Affiliates and the Chinese Party hereby irrevocably consent to and shall cause its appointed Directors to vote in favour of such Transfer.

7.4 **Tag-along Right**¹. Subject to the above provisions, if a Foreign Party intends to Transfer any Equity Interests held by it to any Third Party, the Chinese Party, shall not have the right to require the intended transferee to purchase any of the Equity Interests held by the Chinese Party along with the Equity Interests held by Foreign Party.

However, if at any time, the Chinese Party proposes to sell all or part of its Equity in the Joint Venture (“**Chinese Party Equity/Shares**”), the Chinese Party, shall send a written notice (the “**Sale Notice**”) to the Foreign Party, setting forth in detail the terms of the proposed sale, including the (i) name of the Third Party purchaser, (ii) the proposed sale price per Share (“**Chinese Party Share Sale Price**”), (iii) the date of the proposed sale (which shall not be less than 60 (sixty) business days from the date of the Sale Notice) and (iv) number of Chinese Party Equity/Shares in the Company that are proposed to be sold. The Foreign Party shall, at its sole discretion, have the right to transfer its Equity Shares in the Joint Venture to the Third Party purchaser, together with the Chinese Party’s Equity being sold by the Chinese Party to the Third Party purchaser on the same terms and conditions as set out by the Chinese Party (the “**Tag Along Right**”) at the Chinese Party Share Sale Price and subject to any other terms and conditions that the Chinese Party Equity sale may be subject to as mentioned in the Sale Notice and/or offered to the Third Party. However, the Foreign Party shall not be obligated to make any representations and warranties, or to provide any indemnities or be bound by any other agreements or other covenants, with respect to any matters other than title to the Foreign Party Equity Shares sold or transferred by it, such title being free and clear of all encumbrances. By written notice sent within 30 (thirty) business days of receipt of the Sale Notice, the Foreign Party shall convey whether it chooses or does not choose to exercise the Tag Along Right.

If the Foreign Party exercises its Tag Along Right as mentioned above, then the Chinese Party shall ensure that the Third-Party purchaser purchases or accepts the

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Transfer of Foreign Party Equity Shares along with the Chinese Party Equity / Shares mentioned in the Sale Notice at the Chinese Party Share Sale Price and on the same terms mentioned in the Sale Notice and/or offered to the Third Party. As a precondition to the transfer of the Chinese Party Equity/ Shares to the Third-Party purchaser, the Chinese Party shall ensure that all equity/shares of the Chinese Party and the Foreign Party (as determined by the Foreign Party) are sold and transferred simultaneously.

- 7.5 **No Drag-along Right**². The Parties hereby agree that the Chinese Party shall not enforce the Drag along right on the Foreign Party while transferring its equity in the Joint Venture, in part or full, in favour of Third Party unless opted for by the Foreign Party as per terms of Article 7.4 above.
- 7.6 **Compliance with PRC Law**. Any Transfer as mentioned in this Article 7 shall be subject to the then applicable PRC Law and be effective upon the necessary government approvals, filings and registrations, if required,. Further, if required by the Foreign Party including w.r.t making appropriate disclosures to any regulatory authorities in India, the Joint Venture shall issue the documents or provide details as may be required and prescribed by the Foreign Party in accordance with applicable Indian Law and the Chinese Party shall ensure such compliance.
- 7.7 **Put Option**. Notwithstanding anything contained under this Agreement, the Parties agree, acknowledge and undertake that as long as the Foreign Party is the shareholder of the Joint Venture, the Foreign Party shall have the right to require the Chinese Party and/or other shareholders (if any), as the case may be, to purchase (“**Put Right**”) all / any of the shares held by the Foreign Party (“**Put Shares**”) in the Joint Venture. The Put Right shall be exercised by the Foreign Party, by delivering a written notice (“**Put Notice**”) to the Joint Venture, the Chinese Party and/or other shareholders, if any. Within 15 (fifteen) business days following the date of the Put Notice, the Parties shall appoint (at the cost of the Joint Venture) any reputed firm as a valuer (“**Valuer**”) to determine the exercise price for the Put Shares (“**Exit Price**”). The Parties shall promptly submit all data requested by the Valuer in connection with such determination. The Valuer shall determine the Exit Price within a period of 15 (fifteen) days from the date of appointment, however it is clarified that such Exit Price shall in no event be less than the price per share at which the shares or other securities of the Joint Venture were issued and purchased by the Foreign Party. Simultaneous with the remittance by the Chinese Party and/or other shareholders, if any, as the case may be,

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of the Exit Price in the Foreign Party's nominated bank account, the Foreign Party shall transfer the legal and beneficial title to all the Put Shares, to the Chinese Party and/or other shareholders, if any, as the case may be, and shall deliver the share certificates qua the same.

Notwithstanding any other provisions of this Agreement, the Chinese Party hereby agree that it shall, if required, cause all its appointed directors to vote in favour of or approve exercise of such option by the Foreign Party without imposing any restrictions, limitations, terms or conditions.

ARTICLE 8. RESPONSIBILITIES OF THE PARTIES

8.1 The Chinese Party's Responsibilities.

The Chinese Party hereby agrees that all the obligations of the Chinese Party as mentioned herein shall be performed by the Chinese Party itself and in capacity of the Joint Venture partner with integrity and for mutual benefit of the Parties as well as the Joint Venture. The Chinese Party shall ensure that the all the obligations of the Joint Venture/ Baofeng Framekart Technology Limit shall be performed and undertaken by the Chinese Party and the Chinese Party shall keep the Foreign Party indemnified in respect of non-performance of such obligations and undertakings.

The Chinese Party hereby confirms and accepts that no separate remuneration shall be paid by the Joint Venture and/or the Foreign Party to the Chinese Party for fulfilling its obligations as mentioned in this Contract.

In addition to other obligations set out in this Contract and the Articles of Association, the Chinese Party shall:

- (a) assist the Joint Venture in applying with and obtain from the Registration Authorities all certificates and documents that are required for converting Baofeng Framekart from a Chinese domestic company into the Joint Venture, including a new business license issued by the Registration Authorities ("**Business License**"), provided that all application documents shall first have been approved by the Foreign Party in writing and that the Foreign Party shall promptly provide all required documents and information to the Joint Venture and take such other actions as requested by the Registration Authorities;
- (b) assist the Joint Venture in applying with and obtain from the Commerce Authorities all approvals/filings, certificates, licenses and other relevant documents required for converting Baofeng Framekart from a Chinese domestic company into the Joint Venture, including an approval certificate/filing receipt to be issued by the Commerce Authorities provided

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that all application documents shall first have been approved by the Foreign Party in writing and that the Foreign Party shall promptly provide all required documents and information to the Joint Venture and take such other actions as requested by the Commerce Authorities;

- (c) assist the Joint Venture in carrying out all other change registration formalities with competent authorities in the PRC, including tax, foreign exchange and customs registrations and etc.;
- (d) provide the Joint Venture with relevant premise that is used as the registered address and manufacturing facility of the Joint Venture and the roads and other infrastructure facilities in connection with the premise (including the maintenance of the premise and the roads and other infrastructure facilities). For first 5 (five) years (i.e. from December, 2017 till December, 2022) the said premise and infrastructure facility shall be provided by the Chinese Party free of charge as per applicable law and subsidies. Thereafter, it shall be the Chinese Party's responsibility to ensure renewal of the documents for remaining tenure of the Joint Venture permitting the Joint Venture to use the relevant premise and other infrastructure facilities. Costs, if any in respect of the same shall be borne and paid by the Joint Venture;
- (e) provide the Joint Venture with a transformer for transmission of the electricity free of charge for a period of five (5) years (commencing from December, 2017 till December, 2022) as per applicable law and subsidies. Thereafter, it shall be the Chinese Party's responsibility to ensure provisioning of a transformer for transmission of the electricity for remaining tenure of the Joint Venture. Costs, if any in respect of the same shall be borne and paid by the Joint Venture;
- (f) assist the Joint Venture in applying with the landlord of the Industry Cluster Area where the Joint Venture is located for a dormitory with 40 rooms for the factory workers, free of charge for a period of five (5) years (commencing from December, 2017 till December, 2022) as per applicable law and subsidies. Thereafter, it shall be the Chinese Party's responsibility to ensure provisioning of such dormitory;
- (g) assist the Joint Venture in applying special incentives and concessions from the competent government authorities, including but not limited to land and building;

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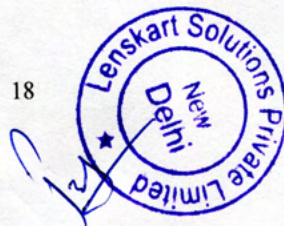


- (h) assist the Joint Venture in arranging for utilities and service at a subsidized cost, including water, sewage treatment, electricity, heat, communications and transportation, and other utilities needed for the Business;
- (i) assist the Joint Venture in applying for licenses for the import of equipment and machinery, tools, raw materials, office furniture, vehicles and other materials required for the Joint Venture's production and operations and for the export of products manufactured by the Joint Venture, and in carrying out all import export and customs formalities in respect thereto;
- (j) assist the Joint Venture in obtaining all necessary entry visas, work permits, residence permits and other necessary documents for its expatriate personnel;
- (k) assist the Joint Venture in identifying and recruiting suitable and qualified Chinese working personnel;
- (l) assist the Joint Venture in procuring equipment, office furnishings, supplies, materials, fuel, means of transportation and communications equipment and other materials required for the Joint Venture's production and operations from sources in China;
- (m) assist the Joint Venture in efficient and effective production, procurement, management of human resources and day to day financial management of the Joint Venture;
- (n) ensure environment and safety compliances and nil default of regulatory and legal guidelines by the Joint Venture in terms of laws and regulations of PRC. The Chinese Party shall further ensure that environment and safety standard will be of internationally acceptable standard and will ensure full safety of man and material;
- (o) assist and ensure that the Joint Venture completes all the formalities pertaining to environmental protection facilities for running, operating and maintenance of the manufacturing plant or unit and processes followed and obtains the environmental acceptance approval;
- (p) indemnify and compensate the Joint Venture and the Foreign Party for any loss, claims (including third party claims), actions, costs etc. incurred by the Joint Venture and the Foreign Party due to any issue relating to the environmental acceptance approval of the spectacle frames processing project;



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- (q) assist and ensure full compliance of all Labour and Economic laws of PRC as well as applicable international laws by the Joint Venture in letter and in spirit;
- (r) undertake operations in such a manner that in terms of Chinese Law no legal or other liabilities accrue to the Joint Venture or the shareholders and Director of the Joint Venture in any manner what so ever;
- (s) provide an undertaking to indemnify and compensate the Joint Venture and the Foreign Party for any loss, claims (including third party claims), actions, costs etc. incurred by the Joint Venture and the Foreign Party due to any issues relating to the lease of the plant from SHIDA;
- (t) clear all the overdue amount of social insurance and housing funds due till date of the signing of the Joint Venture Contract and to keep the Foreign Party and the Joint Venture indemnified in respect of consequences arising from non-compliance of the same;
- (u) ensure payment of individual income taxes for all employees prior to signing of the Joint Venture Contract and during the term of the Contract as per applicable laws;
- (v) provide an undertaking to indemnify and compensate the Joint Venture and the Foreign Party for any loss, claims (including third party claims), actions, costs etc. incurred by the Company and the Foreign Party in connection with tax incompliance prior to conversion of Baofeng Framekart Technology Limited into a Joint Venture;
- (w) provide an undertaking to indemnify and compensate the Joint Venture and the Foreign Party for any loss, claims (including third party claims), actions, costs etc. incurred by the Company and the Foreign Party in connection with non-compliance of the Administrative Standard and Code of Conduct of the Baofeng Framekart Technology Limited before incorporation of the Joint Venture and during the term of the Agreement;
- (x) ensure and confirm that the Joint Venture timely meets the production and supply schedule as per requirements of the Foreign Party and business plan of the Joint Venture.
- (y) ensure high quality production at most competitive cost so that the Foreign Party is able to expand its market and the Joint Venture can be profitable;



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- (z) ensure that the Joint Venture meets all purchase requirements of the products of Foreign Party as first priority on cost plus 10 percent basis and to market balance production in Chinese and International market, as approved and specified by the Foreign Party in terms of this Contract;
- (aa) ensure that the Joint Venture keeps and maintains the financial accounting in respect of purchase, sales, production and entire operations in a transparent manner and provide free access of the same to the Foreign Party and its designated representatives or experts;
- (bb) provide other reasonable assistance in China or in India to the Foreign Party which may be required to enable the Joint Venture to carry out its Business as contemplated by this Contract and/or the Foreign Party in complying with Indian Law.

8.2 **The Foreign Party's Responsibilities.** In addition to other obligations set out in this Contract and the Articles of Association, the Foreign Party shall:

- (a) reasonably cooperate with the Chinese Party in connection with the establishment of the Joint Venture pursuant to Articles 8.1(a) to 8.1(c), provided that the Joint Venture shall reimburse the Foreign Party for all out-of-pocket costs and expenses incurred by the Foreign Party or its Affiliates in connection with Articles 8.1(a) to 8.1(c) and shall indemnify and hold harmless the Foreign Party and its Affiliates for any loss, claims (including third party claims), actions or costs suffered or incurred by the Foreign Party or any of its Affiliates arising therefrom;
- (b) assist the Joint Venture in developing Joint Business Plan to plan Monthly/Quarterly/Yearly Production schedule.

ARTICLE 9. BOARD OF DIRECTORS

9.1 **Composition, Appointment and Decision Making of Board.** The Board shall be established on the Establishment Date. It shall be comprised of four (4) Directors, each serving a term of three (3) years, with two (2) Directors to be appointed by the Chinese Party and two (2) Directors by the Foreign Party. The Foreign Party will appoint one of the Directors to be the Chairman of the Board, who shall also be the legal representative of the Joint Venture. The Chinese Party will appoint one of the Directors to be the Vice-Chairman of the Board. Whenever the Chairman of the Board

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is unable to perform his responsibilities for any reason, the Vice-Chairman of the Board shall perform such responsibilities. The Parties undertake to cause their appointed Directors to vote, and take any other required actions, in accordance with the provisions of this Contract.

9.2 **Change of Directors**. Each Party shall have the full power and authority to remove its appointed Director with or without cause and to appoint a new Director to replace any such removed Director and a Director appointed by a Party may only be removed by such Party. Any vacancy on the Board shall be filled by the original appointing Party and the other Party shall co-operate and participate in passing all required corporate resolutions approving such appointment. Any change of Directors shall be reported to the competent authorities for record.

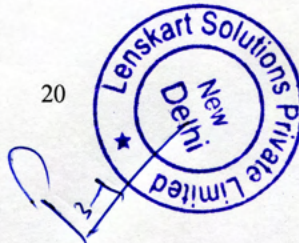
9.3 **Decision by Unanimous Vote**. The Board is the highest authority of the Joint Venture and shall decide all important matters of the Joint Venture. Resolutions in respect of the following matters shall require unanimous vote of all Directors, present in person or by proxy, to be passed:

- (a) any amendments to the Articles of Association;
- (b) the increase or reduction of the Registered Capital;
- (c) the termination, dissolution or liquidation of the Joint Venture;
- (d) the merger or division of the Joint Venture;
- (e) the conversion of the incorporation form of the Joint Venture;

Resolutions in respect of the following matters shall require majority vote of all Directors, present in person or by proxy, to be passed:

- (a) the establishment and dissolution of branches, liaison offices or subsidiaries of the Joint Venture;
- (b) additional funding other than equity contributions for Joint Venture's business activities, e.g. Third Party financing such as bank borrowings;
- (c) in addition to the Parties' obligations contemplated hereunder, other reasonable assistances which may be required from either Party to enable the Joint Venture to carry on its Business;
- (d) subject to the Parties' rights to nominate in Article 10, the appointment,

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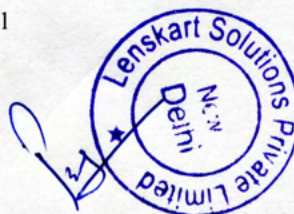
replacement, dismissal and remunerations of the General Manager, Factory Head, CFO, and other members of Management Body;

- (e) any determination and change of the organization structure, functions, positions, responsibilities and authorities of the Management Body;
- (f) the formulation or change of any accounting policies or practices of the Joint Venture;
- (g) approval of the Annual Budget and Business Plan;
- (h) the adoption of environmental, health and safety policies, programs and procedures for the Joint Venture;
- (i) the profit distribution plan and allocation of various funds of the Joint Venture, including the statutory reserve fund, expansion fund, the bonus and welfare fund for employees and etc.;
- (j) the appointment, replacement and dismissal of the Statutory and Internal Auditor;
- (k) the coverage, insured value, and term of the insurance of the Joint Venture;
- (l) the extension of the Joint Venture term;
- (m) to open and any change to the bank account of the Joint Venture; and
- (n) other matters requiring Board's decision pursuant to the PRC Law, this Agreement, or the Articles of Association of the Joint Venture.

9.4 **Decisions on Other Matters.** Matters not set forth in Articles 9.3 hereof shall be decided as follows:

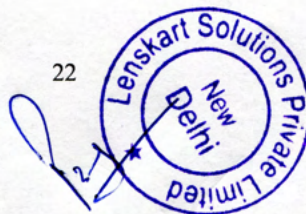
- (a) the Board may at any time add or remove any matter to the list of matters in Article 9.3 the matters as suggested by the Foreign Party and Chinese Party on basis of the mutual discussions and consent. Such modifications shall be carried out by majority vote of all Directors; and
- (b) all other matters of the Joint Venture shall be decided by the Management Body of the Joint Venture in the course of daily operation unless the Management Body otherwise decides to bring such matter before the Board in which case such matter shall be passed with unanimous vote of all Directors.

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- 9.5 **Board Meetings.** The first meeting of the Board shall be held within Forty Five (45) Business Days after the Establishment Date. The Board shall meet at least once every calendar quarter during the first two years after the Establishment Date, and thereafter, at least once every six (6) months or as often as the Board shall decide. Each Party may, with the prior permission of the Chairman, invite translators, attorneys, accountants, and such other advisors as it deems appropriate to be present at the Board meeting for the purpose of assisting that Party's Directors with matters included in the agenda of the Board meeting. Each such person(s) shall not participate in the deliberations of the Board but shall only be present to assist the concerned Party's Directors at whose request the said person(s) is/are present. The Chairman shall call for and chair all Board meetings. Upon written request of half (1/2) or more of the Directors, the Chairman shall call for a Board meeting. The Chairman or any Director authorized by the Board shall set the agenda, including any matters which a Director requests in writing to be so included not less than ten (10) Business Days before such meeting and shall disseminate such agenda not less than five (5) Business Days before such meeting. Both General Manager and CFO shall attend each of the Board meetings as non-voting attendees to answer any inquiry that may be raised by the Directors. The Chairman shall preside over the Board's meetings as chairman of the meeting and shall have one casting vote.
- 9.6 **Place and Conduct of Meetings.** Meetings of the Board shall generally be held at the registered address of the Joint Venture or, if meeting at such location is for any reason not practical, at another mutually convenient location agreed to by the Parties. Notice of time and place of meetings of the Board shall be given in Chinese and English by the Chairman to the Directors in accordance with Article 27.4 not less than fifteen (15) Business Days before such meeting. Moreover, notice of a meeting shall be deemed given to any Director who attends the meeting without protesting, before or at its commencement, the lack of such notice. A Director can choose, at his or her own discretion, to attend a Board meeting in person, by telephone conference call, vide call or other communication facilities that enable all of the participants to communicate with each other, or by proxy. A meeting conducted by telephone, video call or other means of communication is deemed to be held at the place agreed upon by the Directors attending the meeting.
- 9.7 **Proxy.** A Director may attend and vote at a Board meeting by appointing and authorizing in writing a proxy on his/her behalf. A proxy has the same rights and powers as a Director (and to the extent authorized by the Director) as if such Director were present in person. A proxy may, but need not, be a Director, and may serve as proxy for one or more absent Directors. A proxy shall have one vote for each Director

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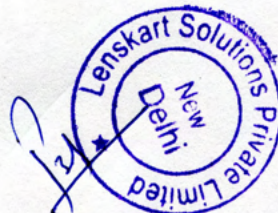
the proxy represents as well as an additional vote if the proxy is also a Director in his/her own right. In the event the proxy attends for the Chairman, then such proxy shall also exercise the casting vote as granted to the position of Chairman in terms of Clause 9.5.

- 9.8 **Quorum.** The quorum for meetings of the Board shall be at least half (1/2) of all of the Directors, either present in person, by telephonic conference, or by proxy. If, upon two (2) successive meeting notices that are properly sent in accordance with the provisions on the Board meeting notice as provided for in this Contract, the quorum as mentioned above is not formed then presence of any 2 (two) Directors at that point of time shall constitute the quorum, failing which the matters will be resolved and decided in accordance with provisions of Clause 9.12 (deadlock).

Notwithstanding anything contained in this Agreement, no meeting of the Board shall deliberate on the matters requiring unanimous votes / decision of the Directors on Board unless at least 1 (one) Director of each of the Parties attends the meeting and is present throughout the meeting, failing which the matter shall be resolved and decided in accordance with provisions of Clause 9.12 (deadlock).

- 9.9 **Record Keeping.** All minutes, resolutions and other records of the Board shall be kept and maintained by the Joint Venture.
- 9.10 **Minutes.** Minutes of each meeting of the Board shall be taken by a Director or another individual designated by the Chairman as the secretary of such meeting and shall be sent to all Directors as soon as it is practicable after each meeting but not later than fifteen (15) Business Days from the date of such meeting. Each Director shall, within fifteen (15) Business Days of receiving the draft minutes, confirm or notify to the Chairman the changes required to be made to the minutes. The Joint Venture shall maintain a file of all Board meeting minutes and all subsequent correspondence exchanged by the Directors in connection with the draft minutes and make the same freely available to the Parties and their authorized representatives. For the avoidance of confusion, the Parties agree that minutes of the Joint Venture's Board meetings thus prepared and accepted shall be for reference and historical purposes only and shall not be deemed to constitute authorization, agreement, or approval; only duly authorized Board resolutions shall constitute authorization or approval.
- 9.11 **Board Resolutions.** If the Board has made a decision on any matter in accordance with this **ARTICLE 9**, a resolution of the Board shall be signed during or immediately after the Board meeting by all of the Directors indicating their respective vote, whether that Director attended the meeting in person, by telephonic conference, or by proxy.

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Such resolution shall become effective and valid upon (i) the signature of each Director indicating their respective vote and (ii) sufficient affirmative votes from the Directors on a Board meeting duly convened in accordance with this Contract. Any action requiring the vote of the Directors of the Board may be taken without a meeting if a written resolution is sent to all members of the Board and signed in one or more counterparts by all of the Directors. Such written consent shall be filed with the minutes of the Board and other records of the Joint Venture and shall have the same force and effect as a vote taken by Directors physically present.

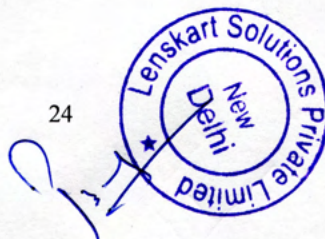
- 9.12 **Deadlock.** As used in this Contract, the term "**Deadlock**" shall mean any circumstance in which the Joint Venture is unable, by reason of lack of a quorum or inability to achieve the votes of the Board that is required under this Contract, the Articles of Association and/or applicable law to take any action on any matter or issue which requires action of the Board, and failure to take such action will cause the cease or interruption of the Business of the Joint Venture or substantial loss of profits of the Joint Venture.

If a Deadlock occurs, the Chairman or the senior management personnel shall meet the representative of the Parties and attempt actively to reach a mutually acceptable solution during a period of ninety (90) days from the date of the second Board meeting at which the Deadlock cannot be resolved.

If the Parties have not succeeded in resolving the Deadlock within the above ninety (90) day period, then either Party may, with a written notice on the other Party, offer, as the case may be, either (a) to sell all of its Equity Interests held in the Joint Venture to the other Party, or to an Affiliate or Third Party designated by the other Party, or (b) to purchase, or designate an Affiliate or Third Party to purchase, all of the Equity Interests held by the other Party in the Joint Venture, at the Fair Value in accordance with the provisions of Article 21.4 hereof.

And if no Party has notified the other Party of its intention to sell its Equity Interest to the other Party or to purchase the other Party's Equity Interest, then either Party may by delivery of a written notice to the other Party terminate this Contract, in which event the procedures of dissolution under Article 24.1 of this Contract shall apply.

- 9.13 **Remuneration.** The Directors shall serve in such capacity without any remuneration, but all reasonable travel and other related costs and out of pocket expenses incurred by a Director arising from participation by him/her (or the proxy designated by such Director to participate in the meeting on behalf of such Director) in a meeting of the Board or performance of his/her other duties and responsibilities as a Director shall be borne by the Joint Venture.



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- 9.14 **Indemnification.** The Joint Venture shall indemnify each Director against all claims and liabilities incurred by reason of performing his/her duty as a Director within the scope of authority of this Contract, the Articles of Association or the relevant Board resolutions; provided that any acts or omissions of such Director which give rise to such claims and liabilities do not constitute intentional misconduct, gross negligence, or violations of criminal laws.

ARTICLE 10. MANAGEMENT

- 10.1 **Management Structure.** The Joint Venture shall establish a management body to be in charge of the day-to-day operation and management of the Joint Venture to be appointed as per the terms of this Contract. Such management body shall consist of a General Manager (the “**General Manager**”) and a Chief Financial Officer (the “**CFO**”) and other mid-level management of the Joint Venture who reports to the General Manager (the “**Management Body**”).
- 10.2 **Appointment of Management Body.** Only the Foreign Party shall have the right to nominate the General Manager, CFO and other personnel of the Management Body appointment of which shall be confirmed by the Board.
- 10.3 **Responsibilities of the General Manager.** The General Manager (in consultation with the Chinese Party) shall be primarily responsible to carry out the following day-to-day operation matters of the Joint Venture:
- (a) Ensuring the efficient and effective production, procurement, human resources management and day-to-day financial management of the Joint Venture;
 - (b) Ensuring the full compliance with all applicable rules and regulations of the PRC and of the internationally acceptable standards concerning operations of the Joint Venture, including, but not limited to, labor protection matters, environmental protection matters and safety matters;
 - (c) Operating the Joint Venture in such manner that there will be no legal or other liabilities incur to the Joint Venture or its shareholder or Directors in any nature whatsoever, except for those incurred during the normal course of business of the Joint Venture;
 - (d) Ensuring the Joint Venture to reach the production and supply schedule all the time;

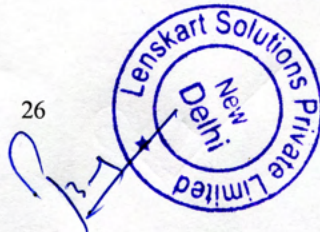


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- (e) Ensuring the high quality production at the most competitive cost by the Joint Venture;
- (f) Ensuring the Joint Venture to meet all purchase requirements from the Foreign Party as first priority on cost plus 10% basis and to distribute the remaining products in Chinese market and international market subject to approval by the Foreign Party in writing in advance;
- (g) Ensuring the Joint Venture to keep the appropriate financial and accounting records in respect of purchase, sales, production and other aspects of the operation in a transparent manner and to provide free access to both Parties and their designated representatives or agents in accordance with Article 14.6(b) hereof;
- (h) Ensuring the operation of Joint Venture to fully comply with this Contract and the Articles of Association of the Joint Venture; and
- (i) Other responsibilities as resolved by the Board from time to time.

ARTICLE 11. ACCOUNTS, FINANCIAL STATEMENTS; TAX MATTERS AND INTERNAL MIS

- (a) The CFO under the supervision of Board shall be responsible for the financial management of the Joint Venture.
- (b) Until such time the Joint Venture appoints the CFO, the responsibilities of the CFO identified under various clauses of this Contract, shall be discharged by the Accounting Head, under the supervision of the Chinese Party.
- (c) All important financial and accounting records and statements shall require the approval and signature of the Board and the CFO.
- (d) The Chinese Party shall maintain complete and accurate books, records and accounts of its operations at the registered office of the Joint Venture or any other place subject to the prior approval of the Board in accordance with applicable laws.
- (e) Subject to applicable laws, the financial year of the Joint Venture shall always be the Financial Year unless the Board agrees to otherwise in writing.
- (f) The Chinese Party shall be responsible for preparation and submission of the following to the Board of the Joint Venture (hereinafter collectively referred



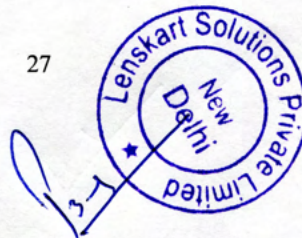
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to as the "Financial Statements"):

- (i) Unaudited consolidated monthly financial statements and the MIS information/ reports, in a mutually agreed format within 3 (three) calendar days after the end of each calendar month;
 - (ii) Unaudited consolidated quarterly financial statements of the Joint Venture within 7 (seven) calendar days after the end of each calendar quarter;
 - (iii) Audited consolidated annual financial statements including but not limited to Balance Sheet, Profit and Loss Account and cash flow statements of the Joint Venture for the Financial Year together with the audit report from the Statutory Auditor within 90 (Ninety) calendar days after the end of each Financial Year;
 - (iv) An annual budget within 30 (thirty) days prior to the end of each fiscal year or prior to the Board meeting where the annual budget is to be deliberated and accepted.
 - (v) Annual report for the Financial Year comprising of the audited financial statements including the (i) Balance Sheet; (ii) Profit and Loss Statement; (iii) Cash Flow Statement; (iv) a discussion of key issues and variances to the budget with comparative figures for the same period during the preceding Financial Year; and (v) the management discussion and analysis of the operations of the Joint Venture for that period within 90 (Ninety) calendar days after the end of each Financial Year.
- (g) These Financial Statements shall be prepared by the Chinese Party and will be approved and certified by the Board and the CFO.
 - (h) The Financial Statements, shall be prepared conforming to Generally Accepted Accounting Practices (GAAP) to be decided by the Board and shall also set out all details required under GAAP and shall be submitted to each Director as per the agreed timelines.
 - (i) At the end of each Financial Year and within such reasonable time as may be decided by the Board of the Joint Venture from time to time, the Chinese Party shall prepare such information as shall be necessary for the preparation for any tax returns and statements and get the same approved by the CFO.

This shall include furnishing each Board of Director with copies of

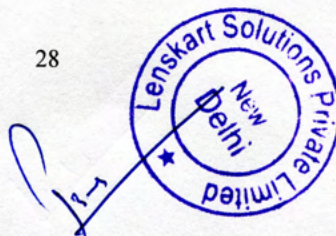
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government receipts for income taxes paid by the Joint Venture. In addition to the foregoing tax information, the Chinese Party shall, itself or through the Joint Venture, provide such information requested by the Foreign Party from time to time, to assist the Foreign Party in preparing and making timely filings of its tax returns and its reporting requirements in India with respect to its investment in the Joint Venture.

- (j) The Chinese Party undertakes to furnish to each Directors of the Joint Venture such information and data as may be required by them from time to time including the agenda and utilization of funds and other information as may be required by them from time to time.
- (k) The Chinese Party shall promptly notify each Director of the Joint Venture as well the Foreign Party of the receipt by the Joint Venture of any notice of winding up or initiation or a threatened initiation of a legal action or any nature, which could have a material adverse impact on the Joint Venture.
- (o) The Chinese Party shall ensure that the production plan and reports, in respect of every purchase order as received by the Joint Venture, shall be prepared. Further, the Chinese Party shall ensure that all the reports and records, as and when required by the Foreign Party, shall be provided to the Foreign Party for its records in the prescribed manner.
- (p) Annual Budget: The Management Body shall be responsible to the Board for preparing an annual operation and budget plan of the Joint Venture ("annual budget") to describe and explain the detailed management and operation plan of each fiscal year which shall be adopted to achieve the overall target of the business plan. The annual budget of each fiscal year shall be submitted to the Board for examination and approval prior to the end of December of the preceding fiscal year or at least one month in advance before the meeting that will deliberate the annual budget, whichever is earlier. The annual budget shall include comprehensive detailed information on the following (as applicable):
 - (q) Procurement of raw material, equipment or other assets of the Joint Venture as well as estimated major repair and maintenance of the assets and equipment of the Joint Venture;
 - (r) Arrangements for and use of funds;
 - (s) Income and expenditures forecast, including details on operational expenses

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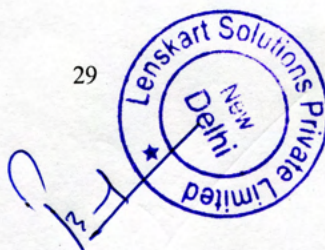
of the Joint Venture by quarter;

- (t) Plans for the training of the employees of the Joint Venture;
- (u) Changes in the internal organization (other than the Management Body);
- (v) Plan for the Joint Venture's personnel development, including change in the number of full time employees;
- (w) Plans for the future development of the Joint Venture;
- (x) Net working capital development by quarter end with breakdown;
- (y) Plans for investment and disposal for tangible and intangible assets;
- (z) Bad debt provision or extraordinary write-off of the Joint Venture's assets exceeding normal depreciation scheme; and
- (aa) Planned extraordinary effects, including but not limited to legal settlements, costs for litigation/arbitrations and other legal or commercial proceedings, if any.
- (ab) Any Capital expenditure of the Joint Venture shall require the written prior approval of the Foreign Party.

ARTICLE 12. SUPERVISORS

- 12.1 **Supervisors.** The Joint Venture shall have two (2) supervisors ("Supervisors"), one of whom shall be appointed by the Chinese Party and the other of whom shall be appointed by the Foreign Party. The appointed Supervisors must meet the conditions set forth in the Company Law. The Supervisors shall have a term of office of three (3) years and shall be eligible for consecutive terms of office upon re-appointment.
- 12.2 **Authorities and Responsibilities.** The Supervisors shall have the authorities and responsibilities set forth in the Company Law and other relevant PRC Law. If a Supervisor discovers irregularities in the operations of the Joint Venture, he or she may conduct an investigation. Such irregularity/ies shall be brought to the notice of the General Manager and the CFO as soon as they have come to notice. If necessary, the Supervisor may engage an accounting firm or other professional bodies to assist him or her in such work. All reasonable expenses necessary for the Supervisors to exercise powers in their capacities as supervisors of the Joint Venture shall be reimbursed by

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the Joint Venture provided a prior approval for the same is obtained from the Joint Venture.

12.3 Limits of Authority. Subject to this **ARTICLE 10**, the Management Body shall formulate all of the Joint Venture's operational policies (except those subject to Board decisions) and the limits of authority covering all levels of operations based on such operational policies. The details of the duties and responsibilities of each member of the Management Body shall be set out in the aforesaid operational policies.

ARTICLE 13. LABOR MANAGEMENT AND RELATED MATTERS

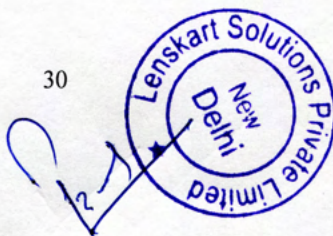
13.1 **Recruiting and Hiring of Employees.** Unless the Parties otherwise agree and except as already provided for in this Contract, the Joint Venture shall have the right to recruit and hire employees directly from any available sources in the PRC and elsewhere. In all cases, the Joint Venture shall be free to select all its employees in accordance with its standards and requirements and shall employ only those persons who are sufficiently qualified for employment.

13.2 **Trade Union.** The employees of the Joint Venture shall have the right to establish a labor union in accordance with Chinese labor union laws and regulations. If a labor union is organized, the Joint Venture shall comply with all applicable labor union laws and regulations.

13.3 Conformity with Labor Protection; Environmental, Health and Safety Matters

- (a) The Joint Venture shall comply with all applicable rules and regulations of the PRC concerning operations of the Joint Venture, including, but not limited to, labor protection, environmental protection matters and safety matters, and shall ensure safe production. The Joint Venture shall maintain good business practices and integrity in its operations.
- (b) As soon as practicable following commencement of the Joint Venture's operation, the Board shall adopt a set of environmental, health and safety policies, programs and procedures for the Joint Venture which require compliance with applicable environmental and safety laws and regulations, and an environmental and safety management system / program to ensure implementation of this Article 13.3 and the Joint Venture's environmental, health, and safety policies. The Parties agree that the Joint Venture shall devote the necessary financial, personnel and other resources to achieve and maintain full implementation of such policies, programs and procedures no

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later than the first anniversary of the Establishment Date.

- (c) The Joint Venture shall, at regular intervals, but not less frequently than annually, review the performance of the Joint Venture under its environmental, health, and safety policies, programs and procedures, report on such review to the Board, and implement such improvements and corrections as may be necessary or appropriate to conform to such policies, programs and procedures. Each Party shall also have the right at any time to conduct its own assessment of the Joint Venture's compliance with such policies, programs and procedures and each Party agrees to provide reasonable assistance to the other Party in connection with such assessment of the other Party.
- (d) The Joint Venture shall provide prompt written notice to the Parties of any significant environmental, health, or safety event, or of any matter affecting or reasonably likely to affect the Joint Venture's operations, including notices of violations, fines, or assessments, citations, suits, complaints, or administrative actions alleging violations of environmental, health, or safety laws and regulations; serious personal injury or property damage, unauthorized releases, spills, or discharges of hazardous materials into the environment, or conditions which may cause the Joint Venture to operate in non-compliance with its environmental, health, and safety policies, programs and procedures.

ARTICLE 14. TAXATION, FINANCE AND AUDITING

- 14.1 **Taxation of Joint Venture.** The Joint Venture shall pay all taxes in accordance with PRC Law and shall take all steps necessary and appropriate to enjoy the benefits of any preferential treatment granted to enterprises with respect to taxation, including reduction in and exemption from taxation.
- 14.2 **Fiscal Year.** The fiscal year of the Joint Venture (the "Fiscal Year") shall be the calendar year, i.e. from January 1 to December 31, provided that the first fiscal year starts on the Establishment Date and ends on December 31 of the same year and the last Fiscal Year starts on January 1 of the year in which the Joint Venture is deregistered with the Registration Authorities and ends on the date of such deregistration.
- 14.3 **Base Currency and Financial Statements.** The Joint Venture shall use RMB as its bookkeeping base currency. The financial statements of the Joint Venture shall be kept

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in RMB and shall be prepared in accordance with Chinese generally accepted accounting principles.

14.4 **Financial Reports.** The Joint Venture shall, apart from the reports and records required to provided in terms of this Contract, furnish to the Parties in both Chinese and English (i) the present monthly management reports on a monthly basis, (ii) the quarterly management reports on a quarterly basis and (iii) annual financial reports (which shall include an audited profit and loss statement and balance sheet for the Fiscal Year). All monthly management reports shall be prepared and furnished within three (3) Business Days after the end of each month. All quarterly management reports shall be prepared and furnished within seven (7) Business Days after the end of each quarter. All annual financial reports shall be prepared and furnished within three (3) months after the end of each Fiscal Year, together with an audit report from the Auditor.

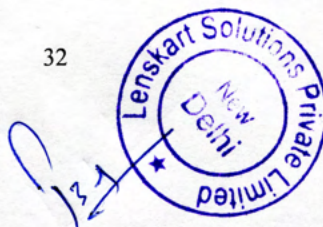
14.5 **Dividends.**

- (a) If the Joint Venture carries over losses from previous years, the profit of the current year shall first be used to cover the losses. No profit shall be distributed unless the deficit from the previous years is made up.
- (b) After all of the losses are made up and the payment of all required taxes by the Joint Venture, the Board shall allocate 10% of the after-tax profits to the statutory reserve fund of the Joint Venture, unless the cumulative amount of the statutory reserve fund has reached 50% or more of the Registered Capital of the Joint Venture, in which case additional contributions, if any, to the statutory reserve fund will be determined by the Board.
- (c) After allocation of the statutory reserve fund, the Joint Venture may, subject to resolution of the Board, set aside an allocation of the Joint Venture's expansion fund and the bonus and welfare fund for employees, which shall be in line with the capital expenditure plan of the Joint Venture in the next year's Annual Budget.
- (d) Subject to Article 14.5(a) through (c) above, profit distribution shall be made to the Parties in proportion to their respective Equity Interests in the Registered paid-up Capital of the Joint Venture. The Parties agree that all of the annual distributable profits of the Joint Venture in each Fiscal Year shall be determined by the Board.

14.6 **Auditing and Inspection**

- (a) At the end of each Fiscal Year, the accounts and books of the Joint Venture shall be audited by an accounting firm recommended by the Foreign Party

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and approved by the Board (“**Auditor**”) and the Auditor shall submit the audited statements to the Board within three months after the end of the financial year.

(b) Each Party or its nominee or other authorized agent or representative shall have free access at reasonable times and intervals during the business hours of the Joint Venture to the books and records of the Joint Venture (including for examination and copying at such Party’s expense).

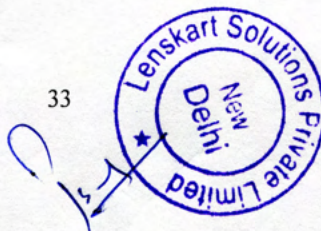
14.7 **Provision of Information Requested.** The Joint Venture shall provide, within the time limit reasonably requested by the Chinese Party or the Foreign Party, data needed by the Chinese Party or the Foreign Party to file tax returns and meet other legal and regulatory requirements in the jurisdiction of its registration.

14.8 **Bank Account.** The Joint Venture shall open bank account with banks approved by the Board in accordance with Article 9.3(e)(m) hereof and, subject to the banking practice, operate the bank accounts with joint signatures of at least one Director appointed by the Foreign Party and one Director appointed by the Chinese Party. The joint signature shall also apply in case of digital authorization of any bank account operation. The existing / old bank account of the Baofeng Framkart Technology Limited shall be closed by the Chinese Party.

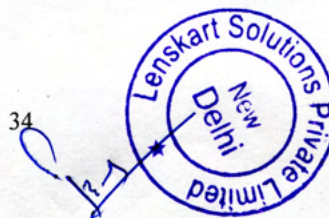
ARTICLE 15. INTELLECTUAL PROPERTY RIGHTS

15.1 Notwithstanding anything contrary contained herein, all Intellectual Property, together with all materials, data, writings and other property in any form whatsoever, which is provided to the Chinese Party or the Joint Venture by or on behalf of the Foreign Party, and which was owned or controlled by the Foreign Party and/or its Affiliates, shall remain and be owned or controlled by the Foreign Party and/or its Affiliates. However, for the purposes of manufacturing, labeling, packaging and dispatching the order of products as part of its business for the Foreign Party / its distributors, as per the requirements of the Foreign Party, under the present Contract and/or the purchase orders from time to time, the Foreign Party hereby grants to the Joint Venture a non-exclusive, non-transferable and non-assignable license to use the Intellectual Property of the Foreign Party for limited purposes as stated herein during the Term. The Joint Venture / Chinese Party undertakes and commits that it shall not acquire any right, title or interest in or to the Foreign Party’s Intellectual Property as a result of its performance hereunder.

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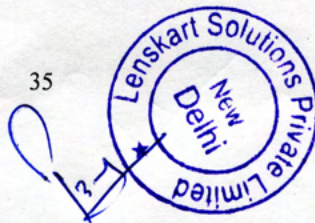
- 15.2 The Joint Venture/Chinese Party herein agree and acknowledge that certain improvements, modifications, revisions or developments may be created by the Joint Venture, either solely or in concert or collaboration with Foreign Party or any other third party, in discharge of it's obligations under the present Contract in respect of the Intellectual Property exclusively owned by the Foreign Party and undertakes that such improvements, modifications, revision or development shall always continue to be the exclusive property of the Foreign Party, and the Foreign Party shall own all rights, title and interest in and to such improvements and developments created during the performance of this Contract and throughout the world and in perpetuity. If required by the Foreign Party, the Joint Venture/Chinese Party agree to execute all the documents including any assignment agreement to ensure ownership of such improved and developed Intellectual Property in name of the Foreign Party /its Affiliates.
- 15.3 The Joint Venture / Chinese Party hereby irrevocably transfer, assign and convey all rights, title and interest in and relating to each of such improvements, modifications, revision or development created under the present Contract while using the permitted Intellectual Property vested in the Foreign Party.
- 15.4 The execution of this Contract constitutes a warranty or representation by the Chinese Party / Baofeng Framekart Technology Limited as to exclusive title with respect to Intellectual Property owned by the Foreign Party and further constitutes an undertaking from Chinese Party / Baofeng Framekart Technology Limited to the effect that the Chinese Party / Baofeng Framekart Technology Limited shall not indulge itself in any such activity which may constitute an infringement or passing off of any Intellectual Property of the Foreign Party either directly or indirectly.
- 15.5 The Chinese Party as well as the Joint Venture shall not use or cause to be used the Intellectual Property of the Foreign Party including but not limited to technical specifications, special function requirements, know-how proprietary information, data bases, industrial processes, unique materials etc. for any purpose other than to manufacture, package and supply of the products to the Foreign Party as its business, nor shall the Joint Venture / Chinese Party authorize or knowingly permit them to be used by anyone else for, or in connection with, any purpose other than the performance of obligations hereunder.
- 15.6 The Joint Venture / Chinese Party shall not, at any time:
- (a) Use the Intellectual Property in packaging material except as is permitted for such use by the Foreign Party;



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- (b) Use the Intellectual Property in relation to any product other than the products for supply to the Foreign Party/its distributors;
 - (c) Use the Intellectual Property with any other brand name(s) or as a part of any other brand name(s);
 - (d) Register or apply for registration of the Intellectual Property or any other trademark or label, brand name, logo etc. deceptively or confusingly similar or identical thereto in its name, appearance or design to the Intellectual Property of the Foreign Party.
- 15.7 The Joint Venture/Chinese Party, unless otherwise permitted in writing by the Foreign Party, shall not permit the visitors to the plant or office to access such areas in the Plant or office where any document or information, in any form whatsoever, pertaining to the Intellectual Property including and not limited to know-how, Intellectual Property and/or the Disclosed Information or Confidential Information are stored or kept or being used so as to minimize the disclosure and misuse of such information.
- 15.8 The Joint Venture/Chinese Party shall not tamper with any markings or names or logos or other indications as may be inscribed in or attached to the Foreign Party's materials/documents/information with the Joint Venture/Chinese Party.
- 15.9 The Joint Venture/Chinese Party, on execution of the present Contract, undertakes that it shall always strictly comply with the instructions, directions and specifications which the Foreign Party or its representatives may give from time to time with regard to the appearance and way of use of the Foreign Party's Intellectual Property on the ordered products. The Joint Venture/Chinese Party shall not use the Foreign Party's Intellectual Property in combination with and/or simultaneously with any other trademark(s) whatsoever. In case it is found out that the Joint Venture/Chinese Party has misused or tried to use the Intellectual Property of the Foreign Party in a manner inconsistent with this Contract then the Foreign Party will be entitled to take appropriate actions against the Joint Venture/Chinese Party as it may be entitled to take under the terms of this Contract and applicable law and equity and recover all direct, indirect, consequential or remote damages suffered by the Foreign Party on this account.
- 15.10 The Foreign Party and the Joint Venture/Chinese Party hereby mutually agree that, should the Joint Venture/Chinese Party become aware of, any actual or potential infringement or wrongful use of the Intellectual Property of the Foreign Party by a third party/any party to this Contract, then the Joint Venture/Chinese Party shall give

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the Foreign Party prompt notice detailing as many facts as reasonably practicable concerning such infringement or potential infringement or wrongful use enabling the Foreign Party to initiate litigation or take appropriate actions designed to enjoin infringers of such Intellectual Property of the Foreign Party. The Joint Venture/Chinese Party shall, at the request of the Foreign Party, give all reasonable assistance without delay to the Foreign Party (including without limitation being named as a party to the proceedings, the provision of evidence and documentation and procuring, where possible, the assistance of relevant employees and other persons) in any action, claim or proceedings brought, threatened or contemplated in respect of the Intellectual Property of the First Party and the Joint Venture/Chinese Party shall bear all reasonable expenses in relation thereto.

15.11 The Joint Venture/Chinese Party expressly covenants that during the term of this Agreement and after the expiration or termination thereof, the Joint Venture/Chinese Party shall not directly or indirectly use or contest or aid in contesting the validity or ownership of Intellectual Property.

15.12 Nothing set forth in this Agreement shall be construed to grant to the Joint Venture/Chinese Party any title, right or interest in or to any Intellectual Property owned or controlled by the Foreign Party or any of its Affiliates. Usage by Joint Venture/Chinese Party of any Foreign Party's Intellectual Property shall be limited exclusively to its performance of this Contract.

15.13 It is hereby clarified that any intellectual property developed by the Joint Venture (being its logo/brand name/ trade name) without utilizing or involving the Foreign Party's Intellectual Property shall belong to and be owned by the Joint Venture.

ARTICLE 16. FOREIGN EXCHANGE MATTERS

16.1 **Compliance with Law.** All matters relating to foreign exchange of the Joint Venture shall be dealt with in accordance with relevant PRC Law. However, where ever required, the Parties shall comply with applicable Indian Laws.

16.2 **Exchange Rate.** In determining RMB equivalent of USD or *vice versa* under this Contract, the exchange rate to be used shall be the middle rate of the buying and selling rates of the RMB against the USD published by the People's Bank of China on the trading day previous to payment.



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ARTICLE 17. INSURANCE

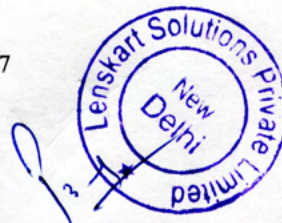
- 17.1 **Insurance.** The Joint Venture shall purchase and maintain various insurance from reputable insurance companies within the PRC to fully and adequately cover the Joint Venture against loss or damage by fire and such other risks as are customarily insured against. Subject to these requirements, the specific coverage, insured value, and term of such insurance shall be determined by the Board.

ARTICLE 18. REPRESENTATIONS AND WARRANTIES

- 18.1 **The Chinese Party's Representations.** The Chinese Party represents and warrants to the Foreign Party and the Joint Venture as follows:

- (a) he is a PRC citizen with good credit standing;
- (b) the execution, delivery and performance of this Contract have been duly authorized by all requisite actions on the part of the Chinese Party;
- (c) the execution, delivery and performance by the Chinese Party of this Contract and the Articles of Association do not and will not, in any material respect, (i) conflict with, or result in any breach of any of the terms of, or constitute a default under, any agreement or contract or other document to which the Chinese Party or any of its Affiliates is a party, or (ii) to the Chinese Party's knowledge, contravene or conflict with any laws binding upon the Chinese Party and its Affiliates;
- (d) there is no agreement, contract, commitment or requirement of any kind arising from the prior business relationships between the Chinese Party or any of its Affiliates and any Third Party that restricts in any way the Chinese Party's execution, delivery and performance of this Contract and the Articles of Association;
- (e) it is not at present involved in or aware of any circumstances which may give rise to any adverse event, legal dispute or civil suit which may affect this Contract in a material manner, nor will it be so involved on the date when the Contract takes effect and on the Establishment Date; and
- (f) upon this Contract taking effect, all obligations set out herein regarding the Chinese Party shall be legally binding upon it.

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18.2 **The Foreign Party's Representations.** The Foreign Party hereby represents and warrants to the Chinese Party and the Joint Venture as follows:

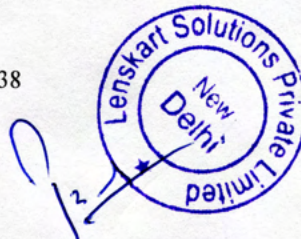
- (a) it is a private limited company incorporated under the laws of the place of its incorporation and is validly existing;
- (b) the execution, delivery and performance of this Contract have been duly authorized by all requisite actions on the part of the Foreign Party;
- (c) the execution, delivery and performance by the Foreign Party of this Contract and the Articles of Association do not and will not, in any material respect, (i) contravene or conflict with any of its constitutional documents or any of its board or shareholder resolutions, (ii) conflict with, or result in any breach of any of the terms of, or constitute a default under, any agreement or contract or other document to which it is a party, or (iii) to the Foreign Party's knowledge, contravene or conflict with any laws binding upon the Foreign Party;
- (d) there is no agreement, contract, commitment or requirement of any kind arising from the prior business relationships between the Foreign Party and any Third Party that restricts in any way the Foreign Party's execution, delivery and performance of this Contract and the Articles of Association.
- (e) it is at present not involved in any legal dispute or civil suit which may affect the Contract in a material manner, nor will it be so involved on the date when the Contract takes effect and on the Establishment Date; and
- (f) upon this Contract taking effect, all obligations set out herein with respect to the Foreign Party shall be legally binding upon it.

ARTICLE 19. CONFIDENTIALITY

19.1 **Acknowledgment.** The Foreign Party and the Chinese Party each acknowledges that any and all Disclosed Information that either one of them receives from the other is the proprietary and confidential information of the Disclosing Party, subject to the provisions of Article 19.4.

19.2 **Prohibitions.** Except as expressly authorized in writing by the Disclosing Party, the Receiving Party may not, during the continuance of this Contract, take or permit any of its Affiliates to take any of the following actions in respect of Disclosed

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Information:

- (a) use such Disclosed Information for any purposes other than the implementation of this Contract; or
- (b) communicate or disclose such Disclosed Information to anyone other than such of the Receiving Party's Affiliates, independent contractors, consultants, agents, directors, officers and employees as shall have a need for such information in order to carry out their respective duties in connection with the implementation of this Contract.

19.3 **Security of Information**. Each Party shall, in respect of all Disclosed Information of which such Party is the Receiving Party:

- (a) be responsible for maintaining the secrecy and confidentiality of such Disclosed Information and all portions thereof;
- (b) require all of its independent contractors, consultants, agents, directors, officers and employees who will have access to such Disclosed Information to strictly adhere to the same standard of confidentiality restrictions that the Parties have agreed to be bound by herein, either as part of their employment agreements or otherwise;
- (c) take all measures necessary to enforce such confidentiality undertakings as against any of its independent contractors, consultants, agents, directors, officers and employees who, in the course of their employment or service, may have had access to such Disclosed Information or any portion thereof, and generally take all measures necessary to prevent unauthorized use and disclosure of such Disclosed Information or any portion thereof;
- (d) at the request of the Disclosing Party, promptly return to the Disclosing Party any and all documents containing the Disclosed Information, and either return all copies thereof or destroy same and certify to the Disclosing Party that it has done so; and
- (e) cause its Affiliates having any access to such Disclosed Information to take all of the aforesaid measures as well.

19.4 **Exclusions**. The obligations of a Party under Articles 19.2 and 19.3 shall not apply to Disclosed Information of which such Party is the Receiving Party but which can be shown by reasonable proof:

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- (a) to have been in the public domain prior to the date on which it shall first have been disclosed to the Receiving Party or any of its Affiliates, or to have entered the public domain thereafter through no fault of the Receiving Party or any of its Affiliates;
- (b) to have been legally in the possession of the Receiving Party or any of its Affiliates in written or physical embodiment form prior to the date on which it shall first have been disclosed by the Disclosing Party or any of its Affiliates;
- (c) to have been provided to the Receiving Party or any of its Affiliates by any Third Party having the legal right to disclose such information to such Receiving Party or Affiliate otherwise than under the provisions of a confidentiality agreement; or
- (d) to have been independently developed by the Receiving Party without reference to any Disclosed Information of which it is the Receiving Party.

19.5 **Limitation of Prohibition.** Nothing herein shall prohibit the disclosure of Disclosed Information to any governmental or regulatory authority if and to the extent required by applicable law or regulations, including any public disclosure requirements applicable to a party whose shares are publicly traded, or to any court of competent jurisdiction or pursuant to any inquiry or investigation by any governmental or regulatory body which is lawfully authorized to require such disclosure, provided that such disclosure is made on a basis affording the maximum confidentiality permitted by such law or regulation and that the Disclosing Party shall have been advised of the need for such disclosure as soon as it shall have become known.

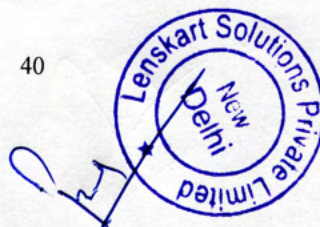
19.6 **Public Announcement.** No public announcement, press release or communication of any kind in connection with the subject matter of this Contract shall be made or issued by the Chinese Party, unless specifically agreed between the Parties hereto or unless an announcement is required pursuant to the relevant laws or the requirements of any stock or securities exchange or any regulatory or governmental body, provided that it must be in respect of this Contract.

ARTICLE 20. NON-COMPETITION

20.1 **Undertaking of Shareholders.** The Chinese Party hereby covenants not to, prior to the termination of or 2 years after the expiration of the term of the Joint Venture,

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whichever is earlier, directly or indirectly, either on their own or through any Affiliate(s), engage in any Business in PRC, except solely through the Joint Venture.³ The Chinese Party shall not during or 2 years after the termination of this Contract, whether directly or indirectly, solicit the employment of any employee or key managerial person of the Foreign Party for itself or its Affiliates. Further, the said obligations shall also be applicable on the Chinese Party in the event Chinese Party exits from the Joint Venture by selling or transferring its shares/equity in the Joint Venture to a Third Party.

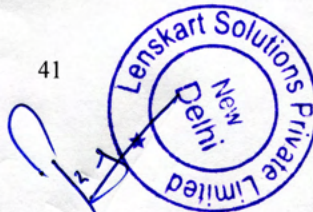
- 20.2 **Undertaking of Senior Management.** Both Parties shall cause the Joint Venture to require each member of the Management Body and other employees of the Joint Venture as determined by the Board to enter into a non-competition undertaking and a non-solicitation undertaking to the maximum extent permitted by applicable PRC Law (whether as part of such person's employment agreement or otherwise).
- 20.3 **Undertaking of the Joint Venture.** Both Parties shall cause the Joint Venture not to sell or license any sample, design, trade secret or other intellectual property related to the product of the Joint Venture, to any Third Party without prior consent of the Foreign Party in writing. Further, the Joint Venture shall not manufacture or deal with products of any competitors unless approved by the Foreign party in writing.

ARTICLE 21. DEFAULT AND REMEDIES

- 21.1 **Default.** Except where otherwise indicated by the context or where the term is otherwise defined for a specific purpose, the term "Default" shall mean any of the following described events involving or affecting either Party, such Party being considered the Party in Default for purposes hereof:
- (a) failure of such Party to perform or observe any obligation under or pursuant to this Contract for any reason other than Force Majeure;
 - (b) any of the representations and warranties given by such Party in this Contract is not true, complete or accurate; and
- 21.2 **Notice and Cure.** No Default under Articles 21.1(a) hereof shall be deemed to have occurred until the Party not in Default shall first have given written notice of such

³ Please consider the necessity to set forth the non-competition obligation.

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Default to the Party in Default and the Party in Default shall have failed to cure such Default through specific performance within thirty (30) days after dispatch of such written notice.

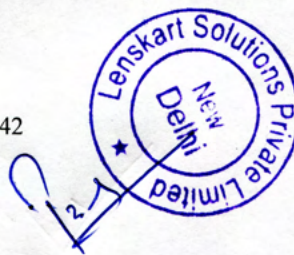
21.3 **Rights of the Non-Defaulting Party.** If a Default shall occur, the Party in Default shall fully compensate the Party not in Default for any direct losses (excluding indirect and consequential losses), damages and expenses, including, but not limited to, all actual losses, arbitration fees, and reasonable attorney fees, incurred thereby due to such Default. In the event, the defaulting Party fails to cure the default within the prescribed cure period, the Party not in Default shall have the right, at any time for so long as such Default shall continue after expiry of the cure period, to do any one or more of the following:

- (a) terminate this Contract as per terms herein;
- (b) at the election of the Party not in Default and in accordance with the procedures set forth in Article 7.1:
 - (i) purchase from or designate an Affiliate or Third Party to purchase from the Party in Default all of the Equity Interests of the Joint Venture held by the Party in Default and its Affiliates at Fair Value and mutually agreed terms, or
 - (ii) require the Party in Default to purchase or to designate an Affiliate or Third Party to purchase from the Party not in Default all the Equity Interests of the Joint Venture held by the Party not in Default and its Affiliates at Fair Value and mutually agreed terms; and/or
- (c) exercise any other legal remedy such Party may have as a result of such Default.

21.4 **Determination of Fair Value.** Whenever it shall become necessary under the terms of this Contract to establish the Fair Value, the Foreign Party may at its discretion engage an independent appraisal institution qualified in PRC, which shall have expertise in the valuation of enterprises generally, knowledgeable about the industry, and independent of both Parties. The appraisal institution shall within forty-five (45) days after the said engagement determine the Fair Value. The Parties shall be bound by such appraisal institution's certification of Fair Value for all purposes of this Contract. The fees and expenses of the appraisal institution shall be shared equally between the Parties.

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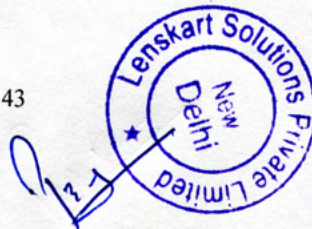
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ARTICLE 22. FORCE MAJEURE

- 22.1 **Definition.** An “Event of Force Majeure” shall mean any event that does not exist as of the date of this Contract and could not have been reasonably foreseen by a Party as of such date, and the occurrence and consequence of which could not have been avoided or reasonably prevented by that Party, including, without limitation the following: earthquake, storm, lightening, typhoon, fire, flood, outbreak or escalation of hostilities, declaration of national emergency, war, insurrection or similar military actions, strikes and other labor actions, acts of or failures to act by government authorities, and any other act or event which is generally accepted as Events of Force Majeure in international commercial practice.
- 22.2 **Performance Suspension.** If, as a direct result of an Event of Force Majeure, the Party that encounters such Event of Force Majeure is unable to fulfill any or all of its obligations hereunder, such Party shall not be considered to be in Default under this Contract, but shall continue to fulfill its other obligations hereunder which are not affected by the Event of Force Majeure, make all reasonable efforts to prevent and to reduce to a minimum the effect of any delay occasioned by the Event of Force Majeure, and use its best efforts to resume normal performance of its obligations under this Contract after the cessation of such Event of Force Majeure as promptly as possible and otherwise perform its obligations as herein agreed to the maximum of its ability. The period allowed for the performance of the obligations affected by the Event of Force Majeure shall automatically be extended, without any charge or penalty, for a period equal to the period during which the Event of Force Majeure continues (subject to the limitation in Article 22.4 below).
- 22.3 **Notice Obligation.** The Party claiming the benefits of Article 22.2 shall promptly inform the other Party of the Event of Force Majeure and, within fifteen (15) days thereof, shall provide all relevant details and appropriate proof of the occurrence and duration of such event, in each case in writing.
- 22.4 **Termination.** The Party whose performance is affected by the Event of Force Majeure shall use all reasonable efforts to overcome the delay or disruption caused by such Event of Force Majeure. If the Event of Force Majeure should continue to produce the effects described in Article 22.1 for a period in excess of one hundred and eighty (180) days then, unless the Board shall unanimously decide otherwise, either Party will have the right to terminate this Contract.
- 22.5 **Change of Laws.** If, after the date of this Contract, any existing PRC Law is changed

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or any new applicable PRC Law is introduced which is applicable to the Joint Venture or to the activities of any Party, and if the effect of such changed or new PRC Law will either provide preferential treatment to or have an adverse effect on either the Joint Venture or any Party, then:

- (a) If the changed or new PRC Law is more favorable to the Joint Venture or to either of the Parties than the PRC Law in effect on the Date of this Contract (and the non-favored Party (or the Joint Venture) is not materially or adversely affected thereby), then the Joint Venture and the Party concerned shall promptly apply to receive the benefits of such changed or new PRC Law. Both Parties and the Joint Venture shall use commercially reasonable efforts to cause such application to be approved by the relevant approval authorities. The Parties shall promptly consult and make all such amendments to this Contract and the Articles of Association as are required in furtherance of above mentioned changes in law to maintain the adversely affected Party's economic benefits under this Contract; and
- (b) If, because of such changed or new PRC Law, either Party's economic benefits under this Contract are materially or adversely affected, then the Parties shall promptly consult and make all such amendments to this Contract and the Articles of Association as are required to maintain the adversely affected Party's economic benefits under this Contract. If the Parties cannot agree on such amendments within one-hundred twenty (120) days from the change in PRC Law, the Parties shall, through consultation, decide whether to terminate this Contract. If the Parties do not reach a mutually acceptable decision within thirty (30) days following such one hundred twenty (120) day period, then the adversely affected Party shall have the right to terminate this Contract.

ARTICLE 23. TERM AND TERMINATION

23.1 **Term and Extension.** The term of the Joint Venture shall be thirty (30) years, commencing from the Establishment Date. With the consent of the Parties, the Board may adopt a resolution to apply to the Commerce Authorities and Registration Authorities for the extension of the Joint Venture term in accordance with PRC Law. However, such consent shall be arrived at by the Parties and the Board at least 10 (ten) months prior to the expiry date of the Contract.

23.2 **Expiration of Term.** The Joint Venture shall be automatically terminated upon the

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expiration of the term of the Joint Venture unless the term has been extended in accordance with Article 23.1 hereof.

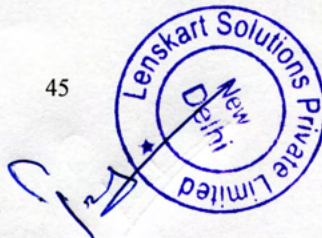
23.3 **Termination Prior to Expiration.** (i) A written notice of termination indicating the intention to early terminate this Contract prior to the expiration of the term of the Joint Venture may be served by the terminating Party in the event that any of the conditions or events (each a “**Termination Event**” and collectively the “**Termination Events**”) set forth below occurs:

- (a) upon mutual agreement by both Parties;
- (b) by either Party in the event of Deadlock as provided in Article 9.12;
- (c) by either Party in the event of an Event of Force Majeure as provided in Article 22.4;
- (d) by either Party if the Joint Venture’s Business License or any renewal thereof is terminated, cancelled or revoked or if the Joint Venture fails to obtain or renew any permits which have a substantial impact on the business operations of the Joint Venture;
- (e) by either Party if the Joint Venture files in any court or agency pursuant to any applicable statute or regulation, a petition in liquidation, bankruptcy or insolvency or for reorganization or for an arrangement or for the appointment of a receiver or trustee of the Joint Venture or of its assets, or is served with an involuntary petition against it in any bankruptcy or insolvency proceeding and such petition is not dismissed within sixty (60) days after the filing thereof, or makes an assignment for the benefit of its creditors; and
- (f) by the Party not in Default in the event of Default as provided in Article 21.1 and, if curable, should such Default not be cured within the period as set forth in Article 21.2.

(ii) The Foreign Party shall be entitled to terminate the Agreement or exit from the Joint Venture without assigning any reasons in accordance with the provisions of this Agreement and the Chinese Party shall extend and ensure that the Joint Venture extends all necessary co-operation and assistance to the Foreign Party in this regard.

23.4 **Resolution to Terminate the Joint Venture.** Upon the occurrence of any of the circumstances set forth in Article 23.3 above, the Chairman shall call for a Board meeting and in this case each of the Parties shall instruct the Directors appointed by

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such Party or its Affiliates to vote in favor of a resolution providing for termination of the Joint Venture.

23.5 **Consequences of Termination**. The early termination of this Contract in accordance with Article 23.3 hereof shall be without prejudice to the accrued rights and liabilities of either Party at the date of such termination, and any other rights or remedies under this Contract or under law, except any such rights which shall have been waived in writing by the respective Parties. Upon expiry or termination of this Contract, the Capital Increase Agreement will automatically expire or terminate.

Further, upon termination of the Contract as mentioned in Article 23.3 (i), the Foreign Party shall be entitled to exit from the Joint Venture by exercising its rights under Article 7.2. The Chinese Party agrees that where any consent from the Chinese Party is required for exercise of its rights by the Foreign Party, the Chinese Party shall ensure that its appointed Directors or representatives extends unconditional consent for the same.

Where the termination of the Contract is caused due to acts and omissions of the Chinese Party or acts or omissions not attributable to the Foreign Party, in that event, the Foreign Party shall in its sole discretion be entitled to determine whether the Foreign Party will continue to be partner and shareholder in the Joint Venture. In the event the Foreign Party decides to exit from the Joint Venture entity, then the First Party may do so by either exercising the Put Option or by Right of First Refusal, as the Foreign party deems fit and the Chinese Party shall abide by the same. However, in the event, the Foreign Party desires and concludes to remain shareholder of the Joint Venture entity, then the Foreign Party shall require the Chinese Party to do all or any of the following:

- (a) require all subscription shares and other Securities held by the Chinese Party in the Joint Venture entity to be redeemed or bought back (as applicable) at the terms as may be determined by the Foreign Party;
- (b) require the Joint Venture and other shareholders, if any, to conduct an exit for the Chinese Party, within 60 (sixty) days of notice of the same by the Foreign Party, and which exit shall be conducted in accordance with and subject to the terms specified by the Chinese Party;
- (c) require removal of any key employees or directors (including any Directors appointed by the Chinese Party) and appoint any key employees or directors, as the Foreign Party may determine.

23.6 **Termination of the Parties' Obligations**. Upon the termination of this Contract, each

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of the Parties' obligations hereunder shall be automatically terminated, except that the Chinese Party shall continue providing the relevant premise that is used as the registered address of the Joint Venture until the Joint Venture is duly deregistered with the Registration Authorities.

ARTICLE 24. LIQUIDATION

24.1 **Liquidation.** Upon the expiration of the term of the Joint Venture, its early termination and in the event the Parties decides to windup the Joint Venture is then the Joint Venture shall be liquidated and dissolved in accordance with applicable PRC Law, subject to the following:

- (a) All costs and expenses of liquidation of the Joint Venture, including remuneration of members and advisors to the liquidation committee, shall be borne by the Joint Venture and paid out of the Joint Venture's assets in priority over the claims of other creditors, except that in the event of termination of the Joint Venture as a result of Default by a Party, the Defaulting Party shall be liable for all actual costs and expenses resulting from such liquidation.
- (b) The assets remaining after liquidation of the assets of the Joint Venture and the settlement of all its outstanding debts shall be distributed in proportion to the respective contributions of the Parties to the Registered Capital of the Joint Venture.
- (c) the Chinese Party shall extend all co-operation and assistance as may be required by the Foreign Party in accordance with Indian Law including for repatriation of funds, reports to the competent authorities etc. Further, upon expiry or termination of this Contract, the Foreign Party shall be free to work in collaboration with any other entity or person in respect of production and supply of products required by the Foreign Party and the Chinese Party shall not raise any objections or claims against the same.

ARTICLE 25. GOVERNING LAW AND DISPUTE RESOLUTION

25.1 **Governing Law.** The execution, validity, interpretation, performance and settlement of disputes of this Contract shall be governed by PRC Law.

25.2 **Dispute Resolution.**

- (a) The Parties shall endeavor to resolve any dispute, controversy, difference or claim arising out of or relating to this Contract, including the existence,

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validity, interpretation, performance, breach or termination thereof or any dispute regarding non-contractual obligations arising out of or relating to it, through friendly consultation. Where no resolution acceptable to the Parties has been reached within ninety (90) days from the date such dispute has arisen, such dispute shall be referred to and finally resolved by arbitration administered by the Hong Kong International Arbitration Centre (“HKIAC”) under the HKIAC Administered Arbitration Rules in force at the time of arbitration. The seat of arbitration shall be Hong Kong. The arbitration shall be conducted by the sole arbitrator to be appointed mutually by the Parties.

- (b) The English language shall be used in all arbitral proceedings and related documentation, unless otherwise agreed by the Parties.
- (c) The award of the arbitration tribunal shall be final and binding upon the Parties, and either Party may apply to a court of competent jurisdiction for enforcement of such award. The cost of arbitration shall be borne equally by the Parties save and except the award given by the arbitrator.
- (d) Without prejudice to either Party's right to seek emergency or interim relief in any arbitral proceeding initiated in accordance with the above-rules of arbitration, either Party may apply to a court of competent jurisdiction for interim or emergency relief, including conservatory measures of protection or a preliminary injunction.

25.3 **Continuous Performance.** Save for the part in dispute and under arbitration, the Parties shall continue to perform this Contract during the course of arbitration.

ARTICLE 26. LANGUAGE

26.1 **Language of the Contract.** This Agreement shall be written in Chinese (to be translated by authorized and official personal as per applicable laws) and English and executed in both versions. In case of conflict in interpretation of any language, the version in English language would prevail.

26.2 **Notice Language.** Notification sent by one Party to the other under this Contract shall be in writing and in the English language.

ARTICLE 27. MISCELLANEOUS PROVISIONS

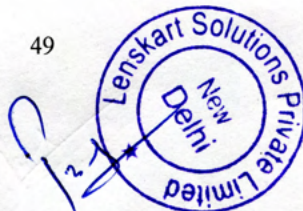
27.1 **Effectiveness of Contract.** This Contract shall become effective upon execution by the Parties.



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- 27.2 **Counterparts.** This Contract may be executed in one or more counterparts, but all such counterparts taken together will constitute one and the same instrument. A facsimile signature will be considered an original signature.
- 27.3 **Amendment.** Any amendments to this Contract must be in writing and signed by the Parties, and, if required under applicable law, subject to the approval of the Commerce Authorities.
- 27.4 **Delivery of Notice.** Any Party may send to the other Party via email any notification under this Contract, which notification shall be subsequently confirmed via registered air mail sent within one Business Day of the transmission of such email. The addresses of the Parties listed in Article 1.1 of this Contract or any new addresses which shall be notified to the other Party under this Contract are the addresses to which such communications shall be directed.
- 27.5 **Notice Delivered.** Notifications sent under Article 27.4 by way of email shall be deemed to have been received by the receiving Party on the third Business Day following the day of sending.
- 27.6 **Constituent Documents.** This Contract and the Articles of Association are the constituent documents governing the establishment and operation of the Joint Venture. In the event of any discrepancy between this Contract and the Articles of Association, the provisions set forth in this Contract shall prevail.
- 27.7 **Provisions Held Invalid.** Any provision of this Contract held by a competent court or arbitration tribunal to be invalid or illegal shall not affect the validity of the other provisions of this Contract. The Parties and the Joint Venture shall continue to implement the other provisions of this Contract.
- 27.8 **Specific Performance.** Each Party recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Contract will cause the other Party to sustain damage for which it would not have an adequate remedy at law for money damages, and therefore each Party agrees that in the event of any such breach, the non-breaching Party shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other similar relief in addition to any other remedy to which it may be entitled.
- 27.9 **No Waiver.** A Party that in a particular situation waives its rights in respect of a breach of contract by the other Party shall not be deemed to have waived its rights against the other Party for a similar breach or default of contract in other situations. A Party's failure to exercise any right, power, or privilege under this Contract shall also

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not operate as a waiver of such right, power, or privilege, and any single or partial exercise of any right, power or privilege shall not preclude exercise of any other right, power, or privilege.

27.10 **Assignees and Successors**. This Contract shall be binding on and inure to the benefits of heirs, executors, administrators, successors and assigns of the Parties hereto. This Contract may not be assigned by either Party without the prior written consent of the other Party unless otherwise agreed in the Contract.

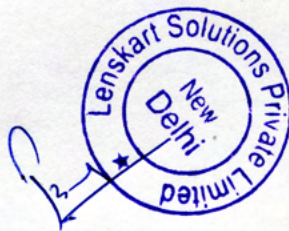
27.11 **Time of Essence**. Time is of the essence of this Contract.

27.12 **No Third Party Beneficiaries**. This Contract shall be binding upon and inure solely to the benefit of the Parties and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person.

27.13 **Costs**. Each Party should bear the costs incurred by it in relation to the preparation, negotiation and execution of this Contract and the Articles of Association of the Joint Venture. Any costs towards stamping and registration of this Agreement shall be borne and paid by the Chinese Party.

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IN WITNESS WHEREOF, each Party hereto have caused this Contract to be executed and delivered by himself or duly authorized representatives as of the date first set forth above.

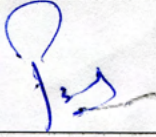
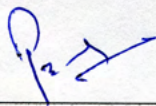
Mr. Geng Yongchao

By: 耿永超

Name: Geng Yongchao

IN WITNESS WHEREOF, each Party hereto have caused this Contract to be executed and delivered by himself or duly authorized representatives as of the date first set forth above.

Lenskart Solutions Private Limited

By:  

Name: Peyush Bansal

Title: Authorized Representative

