

## PARTNER GENERAL TERMS OF CONTRACT AND USE

### PREAMBLE

The Lavylites network is a unique distribution system that helps the use and distribution of Lavylites products through its contracted independent Partners. The products are available at the [www.lavylites.com](http://www.lavylites.com) Internet webshop via independent distribution companies with exclusive right of distribution (hereinafter Distribution Company). The revenue generated by Partners and their career is achieved through their individual efforts and work; the revenue they generate depends on the volume of products distributed by network Partners, which is presented in detail in the Compensation Plan. The Association has developed the present Partner General Terms of Contract and USE (PGTCU) to maximise its number of Partners, as provided by relevant legislation and technical frameworks, which offers its Partners the opportunity to take part in the marketing programme and other related distribution systems. The Association has the right to unilaterally amend the PGTCU in writing at any given time. Any amendment, section added or deleted from the PGTCU shall always be published on the Association's website, indicating the date of entry into force of the given amendment, which shall automatically be accepted by the Partners upon its publication on the website. By accepting the GTC, the Partner assumes commitments for continually monitoring the PGTCU and its Annexes, complying with terms and conditions in effect, as well as its rules of procedure. In the following, when referring to the present Partner General Terms of Contract and Use, this refers to the current valid version and every one of its Annexes. LAVYLITES company name, brand name, trademark and logo: the Association, names used, the name of the association or similar names (such as the domain name, names of products, product family names), trademarks or logos belong to their owner and cannot be used in any sort of material whatsoever, including the duplication of brochures, displayal on clothing, as well as advertisements. It is necessary to indicate that the Partner is an "Independent Partner" on any advertisement approved by the Association. Use of the company name of the Association and the Distributor, or their logos is strictly prohibited without displaying "Independent Partner".

### DEFINITIONS, GENERAL INFORMATION

#### Definitions

**Association:** Lavylites Limited. (seat: Room 09, 27/F, Ho King Commercial Centre, 2-16 Fa Yuean Street, Mongkok, Kowloon, Hong Kong; company registration number: 2351801; managing director: Higuchi Koichi)

**Distributor company:** business associations exclusively authorised to distribute Lavylites products.

**Partner Member:** a natural and legal person that uses a service and acts on their own behalf during contracting; an adult natural or legal person with legal capacity and the ability to act who, based on their nationality, has the right to accept the present PGTCU without any restriction and conclude the agreement with the Association and who

established their contracting intent and will be devoid of misrepresentation, deceit and unlawful threat. The Association emphasises that by concluding the present agreement, using the services provided by the Association, contacting the Association in any given manner - except if the Association provides written authorisation - the Partner does not become an authorised representative of the Association, i.e., is not authorised to approach a third party making the impression that they are an employee/contracted employee of the Association or representative authorised in any given form.

**Distribution system:** an organisation, method or know-how used for marketing purposes to sell the product.

**Electronic path:** use of cable, radio technology, optical or other electromagnetic devices to process electronic data, store data and transfer data;

**Audio recording, spot:** every recorded recording of the products of the Association, their brand names, trademarks or logo must be submitted for approval in writing to the managing director of the Association or her/his authorised representative (by attaching the planned recording). This attachment must include the final version of the advertisement and its audio/visual recordings.

**Advertisements, spots:** The Association supports the advertisements and spots of Partners as one of the methods used to build their business activity. Guidelines to be applied on a compulsory basis in respect of advertisements, spots constitute a part of the Agreement concluded between the Association and the Partner. The Partner is an independent contracting entity; is not an employee of the Association or any of its subsidiaries and cannot make the impression that it is. Moreover, under no circumstances may the Partner claim that any given new Partner is an employee of the Association.

**Advertising permit:** the preliminary written approval of the Association required to place the advertisements of the Partner in any given media, i.e., newspaper, advertisement, flyer, spot, electronic media, etc. The Partner shall be responsible for obtaining the advertising approval permit for every single advertisement from the Association. The Partner may not accept any advertisement from anyone on the assumption that it has been approved. The Support Unit issues approval in writing.

**Information:** any data, signal, image that can be processed, stored and transferred electronically, verbally or by other written means regardless of whether its content is under protection.

**Cosmetic product:** Regulation (EC) No 1223/2009 of the European Parliament and of the Council on cosmetic products: "any substance or mixture intended to be placed in contact with the external parts of the human body (epidermis, hair system, nails, lips and external genital organs) or with the teeth and the mucous membranes of the oral cavity with a view exclusively or mainly to cleaning them, perfuming them, changing their appearance, protecting them, keeping them in good condition or correcting body odours."

**General advertisement:** The Partner is entitled to advertise its business activity in any given form within the limits defined by law and the ethical framework of the present PGTCU if the Partner does not use the name, products, word marks, trademark and logo diagrams of the Association. The reproduction of the marketing instruments, printed materials and products of the Association is prohibited; only originals, recordings released by the Association may be used. Every recording released by the Association is copyright protected and its duplication in any form whatsoever is subject to written approval by the Association. This restriction equally applies to making photocopies, graphic reproductions, adaptations, partial or full production and use of product photos and duplicates. The Partner is not entitled to state that the Association approves any one of its motivation brochures or training material used within the Association's structure.

**Interviews in the media:** The Partner is not permitted to give interviews in connection with the Association in any given media, including television, radio, newspapers, magazines, commercial journals or the Internet. Only authorised representatives of the Association may make statements.

**Audio and Video recordings, duplication:** only Partners that requested and received the preliminary consent of the Association may release or record audio and video tapes, CDs, DVDs or other formats on which audio and visual recordings may be recorded. Recordings must satisfy the following criteria: 1. The Support Unit must approve the quality and content of the recording made in writing; 2. One final copy must be submitted for approval; 3. The Partner that made the recording must be identifiable on the cover and the label and it is necessary explicitly label that they are the Independent Partner of the Association; 4. Duplication, release of the recordings made by the Association is prohibited, nor may the logo, material of the Association be featured on recordings authorised for release and it is also necessary to clearly label (in visible and audible manner) on these that the recording is not an official recording of the Association.

## **General information**

### **General information of the Association**

Lavylites Limited. (seat: Room 09, 27/F, Ho King Commercial Centre, 2-16 Fa Yuean Street, Mongkok, Kowloon, Hong Kong; company registration number: 2351801; managing director: Higuchi Koichi)

E-mail: [lavylites.limited@lavylites.com](mailto:lavylites.limited@lavylites.com)

Web: [www.lavylites.com](http://www.lavylites.com)

## **REGISTRATION AND SPONSORING**

The legal relationship between the Association and the Partner is established by means of registration. The Partner is entitled to bring new Partners into the network. The Partner shall fully present every information without misunderstanding or distorting this information whenever the Partner offers the Association's network to new applicants. The new applicant is entitled to freely select the Partner team they would

like to join. Allocation in a binary system: the Sponsor shall bear liability for the allocation of any new Partner in the binary structure (allocation tree). If the Partner makes an error during allocation, the sponsoring Partner may request the correction of the error in writing from the Association within 1 (one) workday. This document must include information in connection with the given Partner, including their name, Partner ID number, current allocation, desired allocation, as well as an explanation on how the error occurred and when the allocation took place. The Association shall assess this request and make a substantive decision on the allocation of the Partner or the rejection of the request. The Association reserves the right to approve or reject the request for allocation submitted by the Partner. The Partner is not authorised to sponsor another Partner or external entity in an alternative marketing or direct sales group, except if the Partner preliminarily sent notification in writing to the Association on membership termination. The Partner is not authorised to take part in any activity that results in another Partner either directly or indirectly joining another group engaging in network marketing or other direct marketing activities. New Partners become a Partner of the Association after ordering and paying for the Starting Kit. The new registered Partner may be deleted from the Association's registration system if payment is not made within ten calendar days following registration.

## **TERMINATION, SUSPENSION OF THE AGREEMENT**

### **Termination of the Agreement**

The Agreement shall terminate:

- upon the termination of the Association without legal successor;
- upon the death of the Partner.

If a decision is made to terminate the Association without legal successor, the Association shall immediately notify the other party about the decision made. If the agreement is terminated pursuant to the death of the Partner, the binding bequeath decision shall prevail, one of the original copies of which must be presented to the Association. In this case, if the inheritor specified in the binding bequeath decision wishes to continue the activity of the deceased, the inheritor shall conclude an agreement with the Association in the position of the deceased Member. If the inheritor does not wish to conclude an agreement, the Association shall settle accounts with the inheritor. If spouses were in the position and wish to split after divorcing, the binding decision shall prevail in respect of the position and related accounts in the absence of mutual agreement.

Cases for terminating the agreement:

- Partner's request for deregistration;
- By mutual agreement of the Parties;
- Withdrawal by the Partner in view of serious breach of contract committed by the Association;
- Withdrawal by the Association in view of serious breach of contract committed by the Partner.

The Parties may mutually agree to terminate the Agreement in writing at any given time.

## **Request of deregistration by the Partner**

The Partner is entitled to terminate the agreement in writing at any given time without having to provide any explanation. The Partner shall send this declaration (request for deregistration) to the Support Unit via registered email. This request for deregistration must include the name and address of the Partner, as well as the Partner's ID (ID number). The Partner acknowledges that all points, bonuses collected shall be lost upon withdrawal, including the commission for the given week of production.

## **Withdrawal by the Association in light of serious breach of contract committed by the Partner**

The Association is authorised to unilaterally terminate the agreement after six months of inactivity and delete the Partner from the Association's network without due warning. In such cases, the Partner is not given notification on an extended deadline. The Association is authorised to immediately terminate the Agreement and the partner position of the Partner, if the Partner

- a. fails to submit the documents requested by the Association in accordance with the Agreement;
- b. provides false or incorrect information to the Association or fails to correct the false or incorrect information provided, or
- c. seriously breaches any of the relevant sections of the Association's PGTCU and its Annexes.

The Partners of the Association acknowledge that the Association carried out a major investment in the benefit of its Partners and that a valuable business contact is established between the parties when the Partner joins the Association's network. The Partner accepts that the Association has the right to protect this business relationship and, therefore, exclude any Partner from the network that violates it or poses a threat to the network. Within its own respective scope of competency, the Association shall terminate the membership of any Partner that engages in cross-sponsoring. The Partner acknowledges that the Association may claim compensation for such conduct.

“Cross-sponsoring” is, on the one hand, sponsoring across the lines within the Association's network, as well as when the Partner also sponsors its own Association Partners in connection with an alternative network marketing or direct sale company programme or offers the products of an alternative network marketing or direct sale company programme. The Partner is exclusively authorised to set up a structure under an alternative sponsor if the Partner has obtained the preliminary written consent of 4 active Partners on a sponsor line directly above them and the written approval of the Association in the following. If the Partner promotes other products/services by building on the network, this shall, however, not exclusively, qualify as serious breach of contract. If the Partner uses results reached with the network in another network, this shall particularly qualify as serious breach of contract by the Partner.

## **Procedure initiated by the Association in the event of the termination of the agreement**

The Association reserves the right to apply the same or different sanctions in the event of similar breaches. The Association shall immediately notify the Partner about the decision made to terminate the agreement, as well as the date of termination of the legal relationship established with the Partner. Certain confidentiality commitments regulated by the present PGTCU and its annexes and the structure of the excluded Partner shall remain valid even after the termination of the agreement. The Association may demand additional guarantees from the Partner to alleviate the consequences of non-performance. In the event of termination, the Association may deny the Partner the privileges it is given, or shall fail to fulfil obligations defined in the agreement, such as, handing out premiums, handing over acknowledgements received at events, participation in sponsor events or the placement of orders. The Association is entitled to either fully or partially reallocate the Partner's Structure under an alternative sponsor in accordance with the conditions defined in the present GTC. If the activity of the spouse, family member or Partner in their structure is retraceable to the activity of the Partner, every sanction, equally including the termination of the Agreement, may be applied in respect of every member of the Partner's Structure. If the Partner makes a complaint in respect of the activity or omission of another Partner, the Association shall review the breach of the terms of the contract if the Association gains knowledge of this within 90 (ninety) days of the occurrence of the alleged breach. If the breach is not reported within 90 (ninety) days, the Association shall not review the case in order to protect the business activity in progress from the enforcement of expired debts; however, may warn the given Partner in writing. Reports made in connection with breaches must always be sent to the Association in writing. If the Partner commits a serious breach of contract, the Partner shall pay a definite sum penalty between 1,000 EUR and 10,000 EUR to the Association pursuant to written notice by the Association. If the agreement is terminated because of serious breach of contract committed by the Partner and the Partner caused damages to the Association, the Association is entitled to demand the payment of the damages incurred due to the Partner and hold back the payment of any potential fees the Partner is due on the grounds of settlement of accounts until the damages claim is settled and offset the amount paid for damages and the premium to be paid to the Partner against each other.

## **Suspension of the Agreement**

If the Association decides not to terminate the agreement, but to suspend it for an indefinite period (in which case the web office shall be inactivated until the problem is sorted out), the Association reserves the right to ban the Partner from engaging in the activity (e.g. taking orders, sponsoring, amendment of partner information, transfer of bonus or premium) during the period in between the sending of the notification and the issuing of the decision pertaining to the termination of the Partner by the Association.

## **DATA MANAGEMENT, DATA SECURITY**

In full awareness of their criminal and civil law liability, the Partner explicitly declares that the personal data they have provided and given is entirely true and authentic. The Association shall confidentially handle the data provided by the Partner to the extent and for the purpose required for engaging in the distribution system and shall not

ensure access to this data to any third party. The Partner may request information on the data handled by the Association at any given time on their personal site. "Information on personal data" must be referred to and marked in the subject line of emails. The Association shall record changes to electronically handled data as requested in writing by the Partner. The Association handles the personal ID data, address, as well as data relating to the date, time and place of use of the service for the purpose of establishing the present agreement, defining its content, amending it, monitoring its fulfilment, invoicing purchase price instalments and fees, as well as to enforce associated demands, claims. The Partner acknowledges that the Association must screen the client when establishing a business relationship.

For identification purposes, the Association shall at least register the following data:

- First name and surname (given name at birth),
- Address,
- Citizenship,
- Type and number of ID document.

The Association organises promotion, information programmes, conferences and trainings in order for the widest possible scope of individuals to gain knowledge of the services it offers, its distribution system and business policy and compiles a newsletter to present and provide information on how to take part in these. By accepting the present GTC, the Partner consents to the Association sending these newsletters to the email address provided by the Partner. The Partner may subscribe and unsubscribe to this newsletter without limitation. The Association declares that it assumes obligations for preventing the improper use of personal data and preventing unauthorised access to this data by introducing and maintaining rigorous security procedures. The Association assumes obligations for deleting all data of the given Partner if the agreement is not concluded or if it is terminated, as well as for enforcing or ceasing to enforce payment if the Partner owes debts to the Association. For details, see the provisions of the Data Protection Regulation accessible on and downloadable from the Association's website.

## **HANDLING COMPLAINTS**

Satisfying the Partner by fulfilling the terms of the present agreement is the first and foremost objective of the Association. If the Partner has any problem in connection with the content or technical terms of the agreement, its fulfilment or the operation of the electronic system, the Partner may lodge a complaint in regard to these via email to the Support Unit. The Support Unit shall assess the complaints lodged within 30 workdays and notify the plaintiff in writing about the outcomes of this review.

## **LEGAL RELATIONSHIP BETWEEN THE ASSOCIATION AND THE PARTNER, RENDERING OF ACCOUNTS**

The PGTCU does not establish rights for third parties in any organisation in connection with the conduct of the Partner. The Partner acknowledges and accepts that the Association may not hold back the payment of any taxes due by law. The Partner accepts that, as an "independent contracting party", they shall pay the taxes and contributions due by law according to the intervals set. The Association shall, within its own scope of competency, determine when premiums and bonuses shall be paid, as

well as their mode of payment. Based on the business plan, the Association closes its account every Monday at 24:00. Following closure, the distribution of points becomes apparent to Partners, which is published in the Partner's web office. The Partners are authorised to lodge complaints in writing in connection with closure within 1 workday following closure and send these to the Association. The Association shall not bear any liability for errors, problems or omissions the Association did not disclose within the deadline period defined above. The Association shall assess complaints lodged within the deadline period and correct the bonus account, if necessary. The Partner is not authorised to register and reserve the name, commercial name or trademark in any country. Nor is the Partner authorised to issue permission in connection with products or business practice on behalf of the Association, issue approval in connection with these or do business on behalf of the Association. The Partner agrees to assign the any registration or reservation of the name, trademark, logo or commercial name of the Association used by the Partner free of charge if the Partner breaches the present section. Provisions governing the present chapter shall remain in force even following the termination of the Agreement.

## **MISCELLANEOUS PROVISIONS**

### **Business secret**

According to the GTC, "Business secret" shall, regardless of its form, refer to the concept of the Association, as well as every fact, data, information, solution or contract offer (including, however, not exclusively, data, address, telephone number, fax number, the banking data of the Partner, customer code, financial information, contracts) relating to its business activity and financial or legal status it has reasonable grounds for refraining to disclose, provided that the Association has taken the necessary measures for keeping these secret. This information shall be classified as a business secret regardless of whether the Association has separately specified this. The Partner hereby agrees to exclusively use any business secret they gained knowledge of for the sale activity between the Association and the Partner, as well as cooperation between the Parties and agrees to confidentially handling such information as a business secret. The Partner acknowledges and agrees that the disclosure of the Association's business secret to the Partner does not imply the assignment of any licence, permit, stake or right in connection with the business secret to the Partner. In accordance with the present GTC, the Partner shall keep the business secret in secret and refrain from disclosing, reproducing, circulating, passing on, decrypting or assigning the business secret or any given part of it in any given form, with any given instrument and for any purpose whatsoever.

Provisions of the present PGTCU pertaining to confidentiality shall explicitly remain valid and in force for an indefinite period following the termination of the partnership. The Partner shall pay a penalty to the Association if, even throughout the duration of the partnership or following its termination, the Partner breaches confidentiality provisions, in which case the Association is not required to prove that damages have been incurred, but shall only be required to prove that confidentiality obligations have been breached by the Partner or the former Partner.



## **Notifications**

The Contracting Parties agree that all sales activities undertaken on the grounds of or in conjunction with the present agreement shall be performed in writing. The Parties hereby declare that if the Partner sends a message in writing to the Association via the site maintained and operated by the Association, this shall be considered a written statement issued by the Partner, as well as how messages sent in writing from the Partner to the Association to the general email addresses specified in the present PGTCU shall qualify as written messages sent by the partner. These statements and notifications shall be considered delivered on the day the addressee is able to access them.

## **Partial invalidation**

If any given provision of the present PGTCU is invalid, becomes null and void or unenforceable based on legislation to be applied, the null and void or unenforceable provision does not influence validity and enforceability according to the law of another country to the fullest degree allowed by law, or makes other provisions governing the present agreement null and void or unenforceable in respect of the parties. The parties agree that the Association shall remedy every provision of the present agreement that becomes invalid, null and void or unenforceable by unilaterally amending the present PGTCU in a manner that the new valid, lawful provision complies as best possible with the contractual will incorporated in the earlier provision deemed invalid, null and void and unlawful.

## **Prevailing law, enforcement of rights**

The law and acts of Hong Kong shall prevail in respect of the present Agreement. The Civil Code of Hong Kong shall primarily prevail in respect of matters not regulated herein. The Parties shall attempt to peacefully resolve any future legal dispute. Should this prove ineffective, the Parties hereby designate the courts of Hong Kong for settling disputes.

## **Assignment of the Agreement, legal succession**

Neither party may assign any right or liability ensuing from the present Agreement or assign any right to a third party by other means, except if the Party is terminated without legal successor pursuant to transformation.

## **Scope and amendment of the PGTCU**

The present GTCU shall enter into force on the date it is published on the website. The Association shall ensure unperturbed access to the current valid version PGTCU on its website. The Association is authorised to unilaterally amend the present PGTCU.

## **Code of ethics**

The Partner hereby declares to at all times respect the Association's Code of Ethics, which is accessible on its website and which constitutes an annex to the present GTCU, and shall do everything in their power for its organisers, employees and

contracted employees that have joined the distribution system to act in compliance with this code.

**Force majeure**

The Association shall not bear liability for late or non-performance if fulfilment is not possible for reasons beyond human control, such as, in the event of a war, strike, riot, fire, earthquake or other natural disaster, or if the procurement resources of the party deplete, or for any other external reason beyond the control of the Association.

LAVYLITES LIMITED.  
Managing Director, Higuchi Koichi

Done in Hong Kong on 01 August 2016