

## **Regulations for Team Partners of PM-International Hong Kong Ltd (21<sup>st</sup> Sep, 2020)**

### **1. Legal status of team partners**

1.1 “Team partners” refers to independent team partners and independent contractors who are authorized by PM to sell PM’s products, recruit downline team partners and receive bonuses in accordance with the sales incentive plan.

1.2 Team partners make commercial profits by operating PM’s products in the form of self-employed sales.

1.3 You should be at least 18 years of age to become a team partner. We also allow minors above 16 years who have signed up as a Team Partner with proper written authorization from parents or legal guardians.

1.4 You must submit a team partner agreement and manage your direct sales right in a country or market where you have the legal right of abode or citizenship and the legal right to do business. If you are unable to provide any supporting documents to prove your legal right of abode or citizenship and your legal right to do business in the country or market in which the team partner agreement is submitted, the company may declare your team partner agreement invalid from the beginning. You shall only apply to become a team partner in an approved operating market.

1.5 The product distribution activities of team partners include selling PM’s products directly to end customers in their own name, recommending end customers to purchase products directly from PM, recommending customers directly to PM and introducing new team partners as referees.

1.6 Team partners shall not have the duty to operate PM business and may enjoy the maximum degree of freedom and determine the time, location and volume of business at will. Team partners shall bear all business-related expenses. Team partners as operators shall comply with all regulations related to PM business, local legal provisions and relevant legal provisions of your country (company registration, individual income tax, sales tax, social insurance and competition law, etc.).

### **2. Commencement, transfer and termination of the identity of team partners**

2.1 An application for becoming a team partner requires completing the relevant legal

procedures and filling out the relevant forms. The application shall legally take effect as soon as the application form is accepted. PM will notify the applicant as soon as the application is accepted.

2.2 A person shall only have one direct sales right. You shall not have beneficial interests in more than one direct sales right. You shall abide by the provisions of the Code of Conduct of World Federation of Direct Selling Association. The Code of Conduct of World Federation of Direct Selling Association is available on the website [https://wfdsa.org/download/resources/resources\\_for\\_dsas\\_and\\_member\\_companies/Code-of-Ethics-Booklet-2017.pdf](https://wfdsa.org/download/resources/resources_for_dsas_and_member_companies/Code-of-Ethics-Booklet-2017.pdf).

2.3 If it is necessary to change the referee or transfer the direct sales right, an application shall be filed to the company, and the relevant charge (the charge applies to the application for “referee change”) shall be collected. You shall not transfer your direct sales right or any of it unless you have obtained the prior written consent from the company. If any proposal for transfer is deemed by the company to be false and is made to circumvent the provisions of this policy and procedure, the company will not agree to the proposal for such transfer. The company shall not acknowledge any transfer and the transferee shall not have any rights until the approval of such transfer by the company is obtained. Unless otherwise agreed in writing by the company, any exceptions and waivers made by the company for the benefit of direct sales right in the contract will be automatically terminated after the transfer of such direct sales right.

2.4 Transfer as a result of death.

- 1) Natural persons. If you are a natural person, your direct sales right will be transferred to your heirs or other beneficiaries in accordance with your will, intestate legal succession or otherwise after your death. When the company receives a court order or has an appropriate legal document indicating that the transfer to a qualified transferee is submitted to the company, the transfer will be acknowledged by the company. The company encourages you to consult a professional lawyer specializing in property planning about the transfer of direct sales right so that you can make appropriate arrangements.
- 2) Participant in a Business Entity. If you are a Participant in a Business Entity, upon your death your interest in the PM direct sales right will be transferred according to the Business Entity’s legal documents and applicable law governing the transfer, provided that all Persons of the transferee are qualified to hold an interest in a PM direct sales

right under these Policies and Procedures. The transfer of your interest will be recognized by the Company when a court order or proper legal documents addressing the transfer to a qualified transferee are submitted to the Company.

2.5 When there is no owner of direct sales right for the time being at any time, or when there is a window period for the temporary absence of the owner due to probation of will or other court proceedings, the upline team partner at the president level will be responsible for the operation of such direct sales right.

2.6 There is no limit to the existence of the identity of team partners, and team partners may apply for cancellation at any time during the termination period of compliance with the law. The right to terminate permanently for important reasons shall not be affected. If a team partner violates the provisions of Clauses 4.1, 4.2, 5.2 and 5.3 below, PM will regard this as an important reason for giving a notice to the team partner.

2.7 Within 30 days after the applicant's application is accepted, the applicant may cancel its team partner application in writing without giving any reasons for withdrawal.

2.8 If a team partner has not made any purchase in the past 12 months, the PM system will automatically delete its team partner account with the company.

2.9 At the end of the status as a team partner, unless otherwise provided by the existing applicable law, if you apply for a refund for the return to PM within twelve months from the order date, as long as the products and business sales aids sold by PM to you have not been unsealed and expired and can be resold, PM will refund 90% of the original purchase amount to you after deducting 10% of the original purchase amount as an administrative fee, provided that PM will first deduct the bonuses paid. You shall only apply for the return of the products or business sales aids purchased by you directly from PM. PM will not refund any freight of the products to you. In order for PM to correctly cancel the cumulative bonus for the return at the time of order, you must keep the original sales order invoice. When you request a refund, you must provide the original sales order invoice to PM. If feasible, the method of refund will be based on the actual method of payment. If the payment is made in cash, the credit limit of the products will be arranged. PM may choose such other alternatives to refunds as it thinks fit in lieu of the refund. Any refund for the return will affect your eligibility for bonuses and your title. If a bonus has been paid for the products returned, PM will recover such bonus. PM will not refund for any products or business sales aids and ancillary services purchased by you from other team partners. The refund policy for return in this section may not apply to certain promotional products.

You must personally go to PM Hong Kong and produce an original sales receipt together with the products and/or business sales aids to make a refund. PM will not refund any freight incurred by you as a result of the return of the products.

### **3. Eligibility of team partners for bonuses**

3.1 Team partners shall have the right to receive business bonuses by recommending new team partners and cultivating downline team partners to operate the business. Please refer to the “*Marketing Plan and Additional Benefits*” manual for the requirements for obtaining bonuses. PM shall have the right to specify when the relevant bonus requirements will take effect and be terminated and altered.

3.2 PM pays bonuses on a regular basis every month. A single bonus of less than 50 euros and/or a single accumulated bonus of more than 50 euros on a monthly basis will not be paid and will be retained in the team partner’s account, and such bonus may be used for future purchase of products.

If no purchases have been made in the past year, but there is still a bonus balance in the team partner’s account, and the system automatically deletes the team partner’s account, bonus will not retain.

3.3 You will not be assured that there will be a specific income, nor will you be assured that there will be a certain level of profit or achievement. As a team partner, it takes a lot of time, effort and investment for the business to be rewarded with a generous bonus. In managing your direct sales right, you shall be responsible for your own financial problems and pragmatic management--you shall not (i) cause liabilities in order to purchase products or business sales aids and ancillary services; (ii) quit your existing job before you are confident that you will be able to afford the rest of your life; and (iii) spend more than your bonus. This is not the cause of “getting rich quickly”. Your profits shall only be obtained through successful retail sales by you and your downline organizational team partners.

3.4 Maintaining the fairness of the sales incentive plan is essential for the company. You shall comply with the terms and conditions set out in the “*Marketing Plan and Additional Benefits*” manual, and you shall not use false ID numbers, names and team partner numbers to purchase redundant products to maintain your level. You shall not hoard goods or use any other means to manipulate the terms and conditions of the sales incentive plan or its spiritual and legislative intent.

#### **4. Distribution activities of team partners anywhere**

4.1 Without the prior written consent of PM, team partners are not allowed to carry on any business for PM's competitors. PM's competitors refer to any companies that provide goods or services by direct sales or pyramid sales and any other companies competing with PM in the market.

4.2 To the extent permitted, team partners shall be responsible for completely separating PM's business activities from those of other companies. This means that team partners shall not be allowed to use the PM brand or claim themselves to be PM's team partners in their own activities, nor shall they operate PM's products with those of other companies. In addition, team partners shall not directly or indirectly recommend any products and services of other competing companies to any other team partners of PM or actively participate in any activities in other competing companies and even replace PM's activities.

4.3 Soliciting team partners or customers to join other direct marketing companies. You shall not directly or indirectly solicit, entice or recommend any team partners or customers to (i) establish a relationship with other direct marketing companies; (ii) promote, sell or purchase products or services; (iii) become a salesperson; (iv) contact or encourage any team partners or customers to do any of the above acts or terminate their relationship with the company.

4.4 The company's career opportunities are not based on race, gender, faith or political connections. When you train your downline organizations, sell products or promote career opportunities, you shall not promote, advocate, sell or popularize any other organizations or individuals, whether religious, political, commercial or social or any printed matters, books or other materials that imply the association between any companies and any other organizations. Any meetings, telephone calls or any other parties between the company and team partners shall not be used as forums for the promotion or expression of personal beliefs, other organizations, companies, events or individuals.

#### **5. Purchase and distribution of PM's products**

5.1 Team partners shall only purchase products directly from PM. Team partners shall not purchase products from any other team partners.

5.2 Team partners shall only resell products in their Resident Market. The Products you sell must also be purchased directly from PM in your Resident Market and you shall not

sell products in your Resident Market that you acquire directly from any team partners or PM in your Non-Resident Market.

5.3 Team partners shall only sell PM's products to end customers through personal direct sales. Team partners shall not promote the sale of PM's products through retail stores, trading markets, online stores, mass media and other similar sales activities.

For more information, please refer to PM's "*Guidelines of Use for Internet and Social Media Policy for Team Partner*" which state on team partner Info-Center within PM office after login ([www.pm-international.com](http://www.pm-international.com)).

5.4 You shall not promote relevant products or business opportunities through interviews with any media, publications, news reports or any other public information, business or sources of industrial information without the specific prior written permission of the company. The above publications include private publications, paid member publications or publications of private organizations. You shall not be interviewed by the media on behalf of the company, nor shall you claim that you have been authorized by the company to be interviewed as a representative. Any media access or inquiry shall be referred to PM Hong Kong (for team partners in Hong Kong) at (852) 2723 1161.

5.5 Team partners shall not induce customers to purchase products or services by informing them that they will enjoy a rebate or discount by introducing customers to the seller, in the event that there is no guarantee for such rebate or discount.

5.6 Team partners are free to choose whether and how many PM's products are purchased without restrictions on the purchase quantity and stock quantity requirements. You shall use your personal judgment to determine the stock quantity you need based on reasonable retail sales and personal needs. The quantity of the products ordered by you shall not exceed the reasonable stock quantity, and the company will not provide arrangements for retention and inventory services for your order quantity.

5.7 The payment for all products purchased by team partners shall be calculated at the effective price of PM for a specific period. The price of the products shall not include any taxes, freights and packaging costs. PM reserves the right to change the price of the company's products at any time without prior notice. The delivery service shall only be implemented after the full payment. The delivery time of the delivery service shall usually be one week.

5.8 The company does not accept orders on credit. The company will not deliver the ordered products or allow you to take delivery of the ordered products until the payment for the ordered products is paid in full. You are free to choose the terms of payment such as credit card, cash, transfer and cheque.

5.9 If any cheque is returned due to insufficient deposits or any credit card payment is canceled for some reason, you shall immediately pay to the company the full amount payable in respect of the return of the cheque or the cancellation of the credit card payment. Your failure to pay in full such amount payable immediately will constitute a breach of the contract.

5.10 You shall not use any credit card of others to order the company's products or business sales aids and ancillary services without the prior written authorization from others. If required by the company, you shall provide the company with a written copy of the authorization obtained as required.

5.11 Unless otherwise provided by the existing applicable law, if you notify the company within 7 days after purchasing the products directly from the company, the company will replace the products which are delivered by the company by mistake or are defective. If the same products cannot be replaced, the company will refund the full purchase money.

5.12 You understand that the company will incur administrative time and expenses when processing products and/or business sales aids which have been purchased by you but not yet been received by you and/or delivered to you. Therefore, you agree to the following terms and conditions:

1) When the products and/or business sales aids should be taken delivery of by you but have not been taken delivery of by you in the company for any negligence within 15 days from the date of purchase; or

2) If you require the company and the company agrees to deliver any products and/or business sales aids to you, but the company fails to deliver the products and/or business sales aids to you due to the incorrect or incomplete delivery address provided by you or the absence of the consignee provided by you at such address, and you fail to take delivery of the purchased products and/or business sales aids in the company for any negligence within 15 days from the date of purchase.

After the expiration of the above period of 15 days, the company will cancel your order for the products and/or business sales aids, and will refund 90% of the selling price to you after deducting 10% of the selling price as an administrative fee, provided that the company will first deduct the bonus paid without prompt, notice or explanation to you. If the company has paid you a bonus for the products, the company will recover such bonus from you. If you require the company to deliver to you any products and/or business sales aids again on the same order at any time, the company will collect the freight for re-delivery and an administrative fee of HKD150.

## **6. Other liabilities of team partners/ penalty for breach of contract**

6.1 Team partners shall be independent business operators and shall not, under any pretext, act as an agent, employee, supervisor, partner, member or joint venture of PM or explain any related business activities in the name of PM and claim that you have these relationships with the company.

6.2 PM is a member of the World Federation of Direct Selling Associations, and its team partners shall strictly comply with the code of conduct of the World Federation of Direct Selling Associations for its members and team partner representatives. PM will promptly inform its team partners of compliance with the relevant code of conduct.

6.3 Any information discussed by team partners about PM's products shall be consistent with PM's official statement, and team partners shall not make in any way any misleading, unfair, inaccurate or slanderous comparisons, claims, explanations or statements such as official information on product catalogues and product labels. Team partners shall not publicize the medical utility of PM's products, nor shall you compare the company's products with drugs or make a statement of drugs or curative effect. Any such statements, declarations or comparisons made by you will result in your own legal liability.

6.4 Team partners shall not make false or misleading claims or statements about the potential revenue from "*Marketing Plan and Additional Benefits*" or the benefits of using the company's products.

6.5 Team partners shall not change the properties, packaging, labels, printed materials or instructions for the use of PM's products, nor shall they allow third parties to make relevant changes.

6.6 Any product information, sales materials and promotional materials used by team



partners shall be official materials published by PM. Any online publicity and sales activities shall be carried out through online stores provided by PM. Team partners shall not refer to any PM-related information on their self-designed promotional materials and websites, and shall not use any of PM's products, trademarks and patented information. For more information, please refer to PM's "*Guidelines of Use for Internet and Social Media Policy for Team Partner*" which state on team partner Info-Center within PM office after login ([www.pm-international.com](http://www.pm-international.com)).

6.7 Use of the company's trademarks and copyrights. Any trademarks and copyrights of the company shall be important property of the company. The company shall have strict regulations for the use of these trademarks and copyrights to ensure that the interests of the company or team partners are not damaged.

For more information, please refer to PM's "*Guidelines of Use of Trademarks, Logos, Brands and Names*" which state on team partner Info-Center within PM office after login ([www.pm-international.com](http://www.pm-international.com)).

6.8 Team partners who violate the provisions of Clauses 4.1, 4.2, 5.1, 5.2, 6.3, 6.4, 6.5, 6.6 and 6.7 will be subject to the corresponding legal responsibility and punishment. The amount of the penalty imposed on PM will depend on the case and the seriousness of the circumstances. The minimum amount of the penalty shall be 500 euros (or subject to the amount in the local currency), and the maximum amount of the penalty shall be 10,000 euros. For any further claims, special injunctions and damages shall not be affected by any claims for penalty.

6.9 All team partners shall understand and comply with all provisions of the code of conduct relating to publicity and recommendation of new team partners. This will effectively avoid any fraud and other competitors' looting. PM will strictly follow up on any violations, which may result in the cancellation of the status of team partners. PM has an additional code of conduct, and its team partners shall abide by it at all times.

Please refer to PM's "*Code of Business Conduct and Ethics*" which state on team partner Info-Center within PM office after login ([www.pm-international.com](http://www.pm-international.com)).

6.10 As a team partner, you shall have a duty to ensure that any information contained in your team partner agreement is updated and accurate in a timely manner. If any changes affect the accuracy of the information contained in these documents, you shall notify the company immediately. If the company determines that any information provided by team partners is false or inaccurate, the company may terminate their direct sales rights or declare the team partner agreement invalid from the beginning.

6.11 As a team partner, you will have access to the company's confidential information with business specificity, high sensitivity and commercial value, and the purpose of providing you with confidential information shall be limited to the sale and recruitment of the company's products, training, recommending third parties who are interested in becoming a team partner and further establishing and expanding your business. You and the company understand and agree that unless you abide by your confidentiality obligations, the company shall not provide you with any confidential information.

During the performance of the team partner agreement and within 4 years after the termination or expiration of the team partner agreement, you shall not, for any reason, engage in the following activities in your own name or in the name of any other persons:

- To disclose to any third parties, directly or indirectly, any confidential information relating to the company's network of team partners;
- To disclose passwords or other login codes to log on to the network of team partners directly or indirectly;
- To use such confidential information to compete with the company, or use such confidential information for any purposes other than promoting the company's business;
- To recruit any team partners or customers of the company or the network of team partners, or to attempt to influence or induce in any way any team partners or customers of the company to change their business relationship with the company;
- To use or disclose to others any confidential information relating to the network of team partners within the term of the team partner agreement; or
- To recruit or attempt to recruit current team partners to other direct marketing companies.

When your direct sales right ceases to exist or upon dismissal or termination, you shall destroy or return all confidential information to the company immediately. The obligations in this Section 6.11 shall survive the termination or expiration of the team partner agreement.

## **7. Customer team protection**

7.1 PM shall have a duty to protect team partners of all its teams. If a team partner who has terminated its status as a team partner desires to be re-registered, it shall only be recommended by the same previous referee or be re-registered after at least 12 months from the cancellation of the team partner's account. A team partner who has not made any purchase in the past year and has been automatically deleted by the system may be re-

registered as a team partner by filling in a new application form for team partners, and such team partner shall be free to re-select a referee.

7.2 The customer team protection shall apply to all customers of PM, and the validity period of such protection shall be 6 months.

7.3 The provisions for the details of registration of relatives and friends/partners can be downloaded in the FAQ in the Team Partner Area.

## **8. Use of information relating to final provisions/modifications/consents**

8.1 The contractual partnership between PM and its team partners shall be governed by the laws of Hong Kong.

8.2 The competent court of any disputes shall be Singapore court, if a team partner is neither a German resident nor a resident in Germany at the time of signing this contract or initiating court proceedings, the other party shall have the right to remain unchanged within its jurisdiction when either party lodges claims.

8.3 Any provisions of this contract written by fax or email shall also be binding.

8.4 If any modifications are made to the provisions for team partners, PM shall notify team partners in writing. Within three weeks after the notice is sent, if team partners raise no objections in writing, PM shall announce the modifications to the relevant provisions.

8.5 I agree that if I affect the operation of the business and violate any provisions of this contract, PM may collect, store, process and automatically use my personal data for investigation. For the above purposes, my information may be disclosed to my referees and PM-International Luxembourg and regional headquarters. I also agree that PM shall investigate my creditworthiness when I make payment with my credit card. I understand that I may reject PM's storage, processing and use of my personal data at any appropriate time in the future. These regulations for team partners constitute all terms and conditions of the consensus between the company and team partners and supersede any prior written or oral agreements on the subject matter of these agreements, and any prior or concurrent oral or written agreements shall not be used as evidence to refute the existence of this contract.

8.6 Collection of personal data. When you become a team partner, PM shall be committed to protecting the privacy of team partners. PM shall collect and keep any personal data about

you for the following purposes: to provide you with business support, for the benefit of team partners, and to communicate with you about (i) your distribution rights and downline organizations; (ii) bonuses; and (iii) other related business issues. All information submitted by you shall be held by PM's headquarters and regional headquarters.

8.7 Unless the company receives your written rejection of PM's use of your personal data not less than seven business days prior to its release, PM may use your personal data in the company's activities and business sales aids and ancillary services, including but not limited to your names, photographs, titles, images, recordings and written materials.

In the event of any disputes over decisions, PM-International shall reserve the right to make the final decision.

If there are any differences in the terms and conditions of the Chinese and English versions, the English version shall prevail in all respects.