

# PM-International Taiwan Distributor Agreement

I. Distributor applicant (Hereinafter referred to as Party B) and PM-International Taiwan (Hereinafter referred to as Party A) both agree to comply with the following terms based on the principle of responsibility, good faith and mutual respect:

- (1) Party B shall be an adult of at least 20 years old. A minor who is under 18 years of age is required to provide his/her legal representative's consent form before participate.
- (2) Personal membership: Applicant who apply for membership in his/her own name shall attach photocopy of his/her personal ID card (front & back).
- (3) Applicant who intend to be Party A's distributor shall have full capacity and sign this document in person.
- (4) Party B is willing to abide by the laws and ethics of the Republic of China and will not harm Party A's company image and goodwill and other distributors' rights. Party B is willing to take full responsibility for damages to Party A arising from Party B's actions.
- (5) Party B agrees, after becoming a Distributor, to operate its own business independently without consider itself as having employment relationship with Party A. Party B agrees that it will not declare itself as Party A's employee, person in charge, agent, representative or principal, nor shall it make public statement on behalf of Party A.
- (6) Any fees or taxes incurred from Party B's purchase or sale of Party A goods to third parties shall be borne by Party B.
- (7) Party B warrant that it is fully aware of the content of Party A, including: how to correspond with Party A, administrative operations agreements, introduction of the Company's product and business promotion methods, of which Party B agreed to promote accordingly. Party A's distribution agreement is deemed as part of the Agreement with full binding power on both parties.
- (8) Party A is entitled to modify the contents of PM-International Taiwan Distributor Agreement due to changes in government decree, request of the competent authority, changes in market structure and requirements of Party A's business. Party B agrees to fulfill the rights and obligations of both parties according to the revised contents of which Party A reported and filed with the Fair Trade Commission.
- (9) This Agreement shall enter into force as of the date of application and signing.
- (10) Party B agrees to carry out Distributor part of the business promotion based on Party A's company documents, policies, publications and the Multi-Level Marketing (MLM) method. Shall Party B violate relevant provisions, Party A may terminate Party B's distribution rights and proceed with the following provisions:

1. In the events attributable to the Distributor and handling method for its return goods:

- (1) If Party B breached the operating regulations, plans, agreements or other matters attributable to Party B, Party A may terminate the Agreement with Party B.
- (2) If Party B's distribution rights was cancelled or terminated by Party A due to the above causes, Party A is entitled to refuse Party B's request for the returning of goods purchased from Party A.

2. The specific case of Distributor's breach of contract and the handling methods:

- (1) Party B shall not violate the following regulations while engaging in Party A's business promotion:
  - A. To promote or sell goods or services or introduce others to participate in the distribution organization by methods of bullying or misleading.
  - B. To raise funds from others in the name of multi-level marketing business.
  - C. To distribute in a manner that violates known orders or good customs.
  - D. To engage in improper door-to-door sales to affect consumer interests.
  - E. To violate the Multi-Level Marketing Supervision Act, criminal law or other regulations.
  - F. Prohibition of competition.
- (2) If Party B violates the above regulations when engaging Party A's business, Party A is entitled to remove or terminate the Agreement with Party B.
- (3) If Party B's distribution rights was cancelled or terminated by Party A due to the above causes, Party A is entitled to refuse Party B's request for the returning of goods purchased from Party A.

(11) Distributor shall not make false or misleading statement for the following matters when introducing others to participate in the distribution:

1. Distribution system and Distributor inclusive criteria.
2. Relevant laws and regulations regarding multi-level marketing.
3. Distributor's duties and obligations, exit plan or organization criteria, as well as the rights and obligations arising from the exit.
4. Relevant matters regarding goods or services.
5. The method of calculation, basis and reasons for the multi-level marketing business whose value is reduced due to the deduction of returned goods or services in accordance with the provisions of Article 21(3) or Article 24.
6. Other matters specified by the competent authority.

II. Party B agreed that Party A's operating rules and regulations announced in Party A's company shall be deemed as part of Agreement.

III. Both parties agreed that Taiwan Taipei District Court shall be the court of first instance for any dispute, doubt, litigation and other act arises from the Agreement.

IV. Both parties shall hold the Agreement as evidence.

V. Method of replacement

In case the purchased goods are defective or the packaging is damaged, the Distributor shall replace the goods immediately or bring the goods, invoice and original purchase order to Party A within 14 days to replace for the same product(s);

The unacceptable items include: goods that was destroyed intentionally and goods that was damaged by improper usage. Note: replacement will not be processed during the performance cut-off period (1st to 5th of each month).

VI. Replacement and returning of goods and the handling method for defective goods.

(1) 1. Cancellation or termination

Party B shall, within 30 days from the date of the Agreement, notify Party A to cancel or terminate the Agreement in writing. Party A shall, within 30 days after the expiry or termination of the Agreement, accept Party B's returning goods request, receive the goods returned from Party B and refund to Party B the purchase price and other fees paid to Party A. Party A shall, before refund to Party B, deduct any loss of value of the goods due to reasons attributable to Party B and the bonus or remuneration paid to Party B for such purchase. If Party A needs to pick up the return goods, the corresponding freight charges shall be deducted.

2. Termination of the Agreement

Party B may terminate the Agreement in written, withdraw from Party A's multi-level marketing scheme or organization at any time after 31 days from the contract date and request for returning the goods within 30 days after termination of the Agreement. However, if the goods is held by Party B for more than six months since the receiving date, the goods is not allowed to be returned. In the event where Party B request for returning the goods, Party A shall re-purchase the goods by 90% of the original purchase price paid by Party B less the bonus or remuneration paid to Party B for such transaction and impairment value of the returned goods. If Party A needs to pick up the return goods, the corresponding freight charges shall be deducted.

3. In the event of cancellation or termination the Agreement under this clause, please refer to the details return and refund methods stipulated in the Company's Distributor Agreement.

(2) Documents required upon returning goods and exit and precautions

Note: The Distributor rights shall be withdrawn upon the returning of goods, which shall be handled according to the "Replacement and returning of goods and the handling method for defective goods" stipulated in the Agreement.

1. If the Distributor wishes to return goods, cancel or terminate the Agreement, the following documents shall be attached:

- (1) Fill out the return goods application detailing contents of the return goods with signature of the buyer on the original invoice.
- (2) Attach photocopy of ID card.
- (3) Original sales invoice / receipt of the purchase (according to the tax law requirements, the original sales invoice / receipt shall be returned along with the returned goods). If it is lost, it shall be provided by the Company.
- (4) Notice of cancellation or termination of the Agreement.

※Table of calculations for the impairment of the return goods

Reason for returning goods		Condition of the goods	Impairment value	Refund amount	
Exiting and returning goods	30 days after the contract date (i.e. within the statutory right of cancellation / termination)	Can be resold	0%	100%	
		Cannot be resold	100%	0%	
	More than 30 days after the contract date (i.e. after the statutory right of cancellation / termination)	Can be resold	31-45 days after the contract and purchase date	10%	90%
			46-90 days after the contract and purchase date	25%	75%
91-180 days after the contract and purchase date			50%	50%	
	Cannot be resold	181 (including) days after the contract and purchase date	100%	0%	

2. The eligibility of the distributor will be expired when the cancellation or termination of the Agreement coming into effect. Re-application will be available after one year. During this period, the person who withdrawn is not allowed to take over other distributor's eligibility or join the Company's other distributors organization under any third party's name, otherwise the Company has the right to revoke its distributor's eligibility at any time, and the Company will reserve the right to refuse its right to apply for membership permanently.

3. If the Distributor withhold downstream information, provide to organization as public distribution network or fail to return information to the party to whom it act as agent for the membership application and/or goods ordering procedures, the Company may, after it is verified to be true, revoke its distributor's eligibility at any time, and the Company will reserve the right to refuse its right to apply for membership permanently.

4. The Distributor's previous qualifications and performance points will not be retained upon re-application for joining the Distributor organization.

(3) Bonus Recovery: The Company shall deduct the bonus or remuneration received by the Distributor for the original transaction from the refund if the Distributor voluntarily cancels or terminates the Agreement. The Distributor's upstream distributor(s) who had received the reward or remuneration for such transaction is obliged to refund the same, or else the Company is entitled to withhold or recover.

(4) Handling method for matters attributable to the Distributor's exit: Where the Distributor's qualification was revoked by the Company due to the Distributor's violation of national laws and regulations, breach of the Distributor Agreement, violation of the code of practice or other acts damaging to the interests of the Company, the Company is entitled to refuse its voluntary cancellation or termination of the Agreement and all applications for the returning of goods.

(5) Processing principles of the parties: The Distributor who wants to cancel or terminate the Agreement voluntarily shall go to the Company or its regional sales center to carry out the exit procedures in person. If it cannot be done in person, it may be entrusted to an agent by power of attorney and affidavit.

VII. The Distributor agrees that Party A may, for the purpose of calculating the bonus, managing downstream distributors' activities or product sales and other multi-level marketing operations, allow Party B's direct upstream distributor and supporter of Party A's abovementioned business to be informed, process and utilize Party B's personal information via the downstream organization report or other appropriate means. Party B shall, in compliance with Personal Data Protection Act, ensure that the third party fully understood the third person's personal information it provided, including but not limited to the specifications and notices available at the time of Party A's collection of personal information, and obtain the third party's consent and authorization to provide the third party's personal information to Party A. Party B shall ensure that Party A uses such information without violating the law, otherwise it shall be obliged to bear all legal responsibilities. Party B agrees to be fully liable for damages if any information provided by Party B caused damages to Party A or claims from third party.