

# LYCONET AGREEMENT

## for Independent Lyonet Marketers

Version: July 2018

### Preamble

Lyoness Asia-Pacific Limited, with its registered office at Suite 3101-02, 31/F, Tower 6, The Gateway, Harbour City, Tsim Sha Tsui, Hong Kong, operates a marketing program referred to as "Lyonet" (hereinafter: "**Lyonet Marketing Program**").

An essential element of this marketing program is the Lyonet Agreement for Independent Lyonet Marketers, which enables participants to promote the distribution and use of the Cashback World Program as independent, self-employed, commercial sales agents and to obtain benefits from the same. After concluding the Lyonet Agreement with Lyoness Asia-Pacific Limited (hereinafter referred to as "**Lyonet**" in this context), the contracting party shall become an independent Lyonet Marketer (hereinafter: "**Marketer**").

The Cashback World Program is a shopping community operated by myWorld International Limited, with registered office at 40 Bank Street, London EC14 5NR, United Kingdom with its subsidiary companies and cooperation partners, which enables participants (hereinafter: "**Members**") to obtain benefits from the purchase of goods and services from Loyalty Merchants (hereinafter: "**Loyalty Merchants**").

### 1. Object of the agreement

1.1 According to this Lyonet Agreement, the Marketer shall be entitled to promote the distribution and use of the Cashback World Program and the Lyonet Marketing Program, but only if the respective requirements according to section 4 are satisfied

- (a) by gaining new Members and supporting existing Members,
- (b) by gaining new Marketers and supporting existing Marketers, and
- (c) by gaining new Loyalty Merchants and supporting existing Loyalty Merchants.

1.2 "**Loyalty Merchants**" are Loyalty Merchants that sell goods or services exclusively to consumers and

- (a) do not have more than 100 employees (full time equivalent),
- (b) do not have an annual turnover of more than HKD 120 million,
- (c) do not have more than 10 branches in Hong Kong and do not have an international branch structure,
- (d) do not operate or use a regular customer loyalty program (with a personal loyalty card),
- (e) are not franchises, or
- (f) are not controlled by a foreign parent company.

However, Loyalty Merchants that do not meet this requirement may also be considered as a Loyalty Merchant, provided that myWorld International Limited confirms this in writing on a case-by-case basis. The recruitment and support of Loyalty Merchants that do not qualify as Loyalty Merchants within the meaning of this section 1.2 are not covered by this Lyonet Agreement. The Marketer is specifically prohibited from conducting initiation talks or negotiations with such companies or from engaging in any other promotional activity in order to recruit them.

1.3 As consideration for these activities, the Marketer shall receive remuneration according to the Lyonet Compensation Plan in **Annex 1** to this Lyonet Agreement (see also section 8).

### 2. Basis for the agreement

The sales activities of the Marketer shall be governed exclusively by this Lyonet agreement, including all annexes.

### 3. Legal relationship

3.1 Lyonet grants the Marketer a non-exclusive right to act as a sales representative for Lyonet under the terms of this Lyonet agreement. The Marketer shall not be subject to any regional restrictions with regard to the performance of his/her sales activities, but shall always be responsible for ensuring that he/she fulfils the legal requirements applicable in the respective country, including but not limited to applying and holding all relevant permits, visa, and registrations; the Marketer shall indemnify and hold Lyonet completely harmless in the event of any third party claims, arising out of or in connection with a breach of this Agreement

3.2 The Marketer shall act as an independent entrepreneur in the performance of the commercial activity. No form of employment, service, or partnership of any kind whatsoever is established between Lyonet/Lyoness Asia-Pacific Limited and the Marketer or any other entity of the Lyoness group. The Marketer shall provide his/her contractual services solely as an autonomous and self-employed activity, legally independent of Lyonet and shall not be bound in particular to instructions from Lyonet.

3.3 The Marketer is expressly prohibited from giving the impression in the course of business that he/she is an employee or otherwise on the staff of Lyonet/Lyoness Asia-Pacific Limited, or of any affiliated company.

3.4 The Marketer is not authorised to conclude contracts or receive services on behalf of Lyonet/Lyoness Asia-Pacific Limited or any other group companies of the Lyoness or myWorld Group. A violation of this section 3.4 shall entitle Lyonet to terminate this Lyonet Agreement for good cause in accordance with section 13.2.

3.5 Only one registration (i.e. one ID number) shall be permitted for each natural or legal person. The residential or business address (registered office) of the Marketer must be stated in the registration. Multiple registrations made to obtain unjustified benefits from the Lyonet Compensation Plan shall entitle Lyonet to terminate the contractual relationship for good cause and to withdraw the benefits obtained in this manner. In the event of multiple registrations, the ID numbers last registered shall be deleted. Any benefits from the Lyonet Compensation Plan obtained solely by means of multiple registrations shall be forfeited.

#### **4. Requirements for the activity and the entitlement to remuneration**

4.1 In order to conclude this Lyonet Agreement, natural persons are required to have reached the age of 18.

4.2 As a condition for the entitlement to claim remuneration, the Marketer must be active in the exercise of a commercial activity. In doing so, the Marketer must independently ensure that his/her business is duly registered and that he/she has the necessary regulatory approvals to practice his/her trade. He/she must ensure the proper payment of taxes and levies and shall indemnify and hold Lyonet harmless in the event of any third party claims arising out of or in connection with a breach of this Agreement.

4.3 The recruitment of new Loyalty Merchants requires the activation of the respective Loyalty Merchant by myWorld International Limited or one of its group companies or cooperation partners as well as a separate training of the new Loyalty Merchant.

#### **5. Rights and obligations of the Marketer**

5.1 The Marketer shall be entitled to use the organisational support and assistance of third parties for his/her sales activities. The sales activity itself must always be performed by the Marketer himself/herself. The Marketer must ensure that the obligations of this contract are also met by these third parties. If using independent third parties, the Marketer shall remain fully responsible towards Lyonesse Asia-Pacific Limited, and shall ensure that the third parties respect all terms and conditions of this Agreement. The Marketer shall be responsible for any default of a third party and shall keep Lyonesse Asia-Pacific Limited harmless in case of any breach of a third party.

5.2 The Marketer shall be obliged to make only such statements about Lyonet, a company affiliated with Lyonet, the Lyonet business model, and its distribution and marketing that are in accordance with Lyonet's official documentation.

5.3 As soon as the Marketer becomes aware of a possible violation of the provisions of this Lyonet Agreement by another Marketer, he/she must notify Lyonet without delay.

5.4 If the Marketer intends to hold events against payments or otherwise offer services in connection with the Cashback World Program or the Lyonet Marketing Program to third parties for a fee, he/she must first obtain the consent of Lyonet in written form (an electronic message is sufficient).

#### **6. Member registration**

6.1 The Marketer can use the original registration form to recruit new Members to the Cashback World Program to promote the Cashback World Program. Among other things, he/she shall bear in mind that he/she has no power of representation and therefore is not authorised to receive declarations under the Cashback World Program. Membership in the Cashback World Program shall be constituted only upon acceptance of the registration application by the respective contractual partner of the Member.

6.2 The Marketer has the following obligations when registering new members:

6.2.1 The Marketer must ensure that the newest version of the General Terms and Conditions for Cashback World Members ("**Cashback World GTCs**") is available to the Member in the place where the registration takes place and that the Member can examine the *Cashback World GTCs*. Lyonet shall provide the Marketer with the required *Cashback World GTCs* in the version required for the respective country at [www.lyonet.com](http://www.lyonet.com) (log-in area) for downloading. The Marketer shall receive the necessary registration applications in printed form directly from Lyonet after the appropriate order has been placed. Lyonet shall provide the Marketer with a new version if any such document is updated.

6.2.2 When completing the registration form and thus before membership is established, the Marketer shall present the *Cashback World GTCs* to the Member without being asked and shall expressly point out that they are an indispensable part of the contract to be concluded. The Marketer shall document this accordingly.

6.2.3 Before completing the registration, the Marketer must enter his/her information in the designated area of the registration form. To complete the registration of the Member, the Marketer must upload an adequately recognisable picture of the registration form fully completed and signed by the Member in the designated area.

6.2.4 In addition, the Marketer undertakes always to have an adequate number of copies of the current *Cashback World GTCs* available for examination and to hand them over at the request of the Member.

6.2.5 The Marketer shall keep all original registration forms securely and make them available any time at the request of Lyonet.

6.2.6 Lyonet reserves the right to carry out random checks of the registration forms.

6.3 Liability of the Marketer when registering Members:

- 6.3.1 The Marketer shall be fully liable for compliance with the provisions of this section 6. This liability shall also extend to all persons whom the Marketer uses to fulfill his/her contractual obligations to the same extent as for the conduct of third parties attributable to him/her.
- 6.3.2 The Marketer must record all data of the Members to be registered with the utmost care and shall be liable for all disadvantages resulting from any violations of this obligation. The Marketer shall obey all data protection regulations and laws.
- 6.3.3 Any violation of this section 6 by the Marketer shall entitle Lyonet to extraordinarily terminate the entire contractual relationship for good cause.

## 7. Communication Material

- 7.1 Lyonet shall make the advertising and information material (documents, catalogues, presentations, etc.) (hereinafter: "**Communication Material**") required by the Marketer to perform his/her sales activities under this Lyonet Agreement available to the Marketer for downloading free of charge at [www.lyconet.com](http://www.lyconet.com) (log-in section).
- 7.2 The Marketer may use only the Communication Material authorised by Lyonet at any given time. Such material is available at [www.lyconet.com](http://www.lyconet.com). Before using any communication material, the Marketer must check whether it reflects the current version. The culpable use of unauthorised or outdated Communication Material by the Marketer shall entitle Lyonet to terminate this Lyonet Agreement immediately for good cause according to section 13.2.
- 7.3 In the event of termination of this Lyonet Agreement, the Marketer shall immediately destroy or return the Communication Material in his/her possession and confirm the destruction or return in writing to Lyonet, if necessary.
- 7.4 Publications and advertisements, as well as the use of trademarks applied for and/or registered for Lyonet or companies affiliated with Lyonet, such as the company logo and the brands Lyonet, Lyoness, Child & Family Foundation, Greenfinity Foundation, etc., require the prior written consent of Lyonet. The publication and use of trademarks applied for and/or registered for myWorld International Limited with its group companies and cooperation partners such as Cashback World or myWorld require the prior written consent of myWorld International Limited. This shall also apply to any use over the Internet or other electronic media. The right of the Marketer to use the Communication Material authorised by Lyonet according to section 7.2 shall remain unaffected.
- 7.5 The Marketer shall indemnify Lyonet from all claims by third parties against Lyonet in connection with the culpable violation of their industrial property rights by the Marketer.

## 8. Lifeline

- 8.1 The "**Lifeline**" of each Marketer consists of the Marketers or Members recruited by him/her, the Marketers or Members recruited by them (second level), and the Marketers or Members recruited by the second level Marketers or Members (third level), etc. The Lifeline thus consists of all Marketers or Members assigned to the Marketer based on his/her recommendations and all successive recommendations, regardless of the level. The Lifeline is also referred to as the "**Downline**". The "**Upline**" consists of the Marketer's recommender. The next Marketer in the Upline is referred to as the "**Coach**" and the second in the Upline is referred to the "**Senior Coach**".
- 8.2 The Marketer's compensation according to the Lyonet Compensation Plan shall be calculated based on all purchases made by all Marketers or Members at any level of his/her Lifeline. Purchases from another Lifeline of another Marketer shall not qualify for compensation. (even if the Marketer has mediated the conclusion of the Lyonet Agreement with the Marketer).
- 8.3 The Lifeline basically cannot be changed and compliance with it is a core principle of the Lyonet Marketing Program for the protection of all Members and Marketers. Marketers who have not been eligible for compensation in the last 12 months can change their *Recommender* by appointing another Marketer as the *Recommender* to Lyonet with the new Marketer's consent. If this new Marketer is also a Member, the Recommender may be changed only if the requirements for a change are also met as a Member. This means that no purchases shall have been made from *Loyalty Merchants* over a period of six months nor shall there have been any entitlement to compensation in the last twelve months. In this case, the Marketers or Members recruited directly or indirectly by the old Marketer (regardless of the level) shall remain in the original position of the original Recommender. The entitlement to compensation is defined and regulated in Annex 1 of the Lyonet Compensation Plan.
- 8.4 If a Marketer terminates his/her participation in the Lyonet Marketing Program, or changes the Lifeline according to section 8.3 of this Agreement or as a Member, this shall not affect the position of the remaining Marketers or Members of the Lifeline concerned (in the upper or lower part).
- 8.5 Basically, the Marketer's ID number can be transferred to third parties (e.g. by selling the ID number) only with the written consent of Lyonet and with the simultaneous transfer of all contractual relationships existing between the Marketer and Lyoness and (if necessary) the myWorld Group to the third party. However, if the Marketer dies, the contractual relationships existing between the Marketer and Lyoness and (if applicable) the myWorld Group (including his/her ID) shall pass to his/her heirs under the applicable inheritance law. However, the heirs shall have the right to object and refuse the passing of the contractual relationship, notwithstanding anything in the respective applicable inheritance laws.

## 9. Compensation

- 9.1 The Marketer shall be compensated for his/her Lyonet activities according to the Lyonet Compensation Plan in [Annex 1](#). The Marketer shall not be entitled to claim compensation for expenses incurred in the performance of his/her sales activities (especially the reimbursement of travel costs and expenses, material or personnel costs) from Lyonet.

- 9.2 In addition to compensation according to the Compensation Plan, Lyonet may also offer additional premiums at its sole discretion. However, there is no entitlement to this, and Lyonet may at anytime cancel such entitlement without prior notice.
- 9.3 All compensation shall be calculated on a weekly or monthly basis, taking into account all the Shopping Points credited according to the Lyonet Marketing Program (according to the Lyonet Compensation Plan in [Annex 1](#)). Lyonet shall display all the information that is relevant to the compensation of the Marketer according to the Lyonet Compensation Plan in the statements that are made available to the Marketer in the login area of his/her [www.lyconet.com](http://www.lyconet.com) website.
- 9.4 The Marketer must review this statement without undue delay and make any objections in writing to Lyonet on the [Lyonet.com](http://Lyonet.com) website and in the form specified by Lyonet no later than one week after receipt of the statement. Violation of this obligation may entitle Lyonet to claim for damages, and shall act as a waiver of the Marketer's objections.
- 9.5 The compensation due to the Marketer from the Lyonet Marketing Program shall be paid weekly to the Marketer's account, provided that the sum of the payment entitlements reaches an amount of HKD 120. All bank fees associated with the transfer shall be borne by Marketer.

## **10. Secrecy and confidentiality**

- 10.1 The Marketer shall maintain all business and trade secrets of Lyonet that have been entrusted or disclosed to him/her by Lyonet as such during his/her activities confidential, even after termination of this Lyonet Agreement.
- 10.2 The Marketer must return to Lyonet any documents relating to internal business procedures entrusted to him/her immediately after they have been duly used, but no later than upon termination of this Lyonet Agreement.
- 10.3 The Marketer shall also impose these secrecy and confidentiality obligations on his/her assistants and to other third parties (Clause 5)

## **11. Data protection**

- 11.1. To the extent that it is required to implement the Lyonet Agreement, in particular to calculate the Shopping Points and compensation according to the Lyonet Compensation Plan in Annex 1, Lyonesse Asia-Pacific Limited collects stores and processes personal or company data as well as data on sales activities of the Marketers.
- 11.2. All requests for information, changes, and deletion of data may be directed to Lyonesse Asia-Pacific Limited, Suite 3101-02, 31/F, Tower 6, The Gateway, Harbour City, Tsim Sha Tsui, Hong Kong or by e-mail to [international@lyconet.com](mailto:international@lyconet.com). Further privacy provisions related to the use of the Lyonet website can be found in the Privacy Policy at [www.lyconet.com](http://www.lyconet.com).
- 11.3. Lyonet uses internationally recognised security technologies to protect Marketers' data against unauthorised access.
- 11.4. If the Marketer uses additional IT-supported services and Lyonet processes personal data entered by the Marketer in this context, the parties shall conclude a contract data processing agreement.

## **12. Non-competition/non-solicitation agreement**

- 12.1 The Marketer will not, for any part of the duration of this Lyonet Agreement, directly or indirectly, or through any third party, without the prior written consent of Lyonet, provide such or similar services to a competitor providing services that are identical or like those of Lyonet or manage or participate in a rival company or otherwise support or advise it.
- 12.2 This includes competitors that are involved in the network sector (structure sales) generally.
- 12.3 The activities of the Marketer for competing companies already existing at the time of conclusion of this Lyonet Agreement and disclosed in written form (electronic message) shall be excluded from the aforementioned competition agreement.
- 12.4 During the term of this Lyonet Agreement, the Marketer shall also refrain from soliciting Marketers, Members, or Loyalty Merchants for other network marketing companies in particular, or even attempting to do so.
- 12.5 If the foregoing provisions of this section 12 are culpably violated by the Marketer or his/her assistants or third parties that the Marketer is using, Lyonet shall be entitled to demand the cessation of the aforementioned actions. This shall not affect the right of Lyonet to terminate this Lyonet Agreement and to assert a claim for any damage that has resulted or is resulting.

## **13. Duration and term of this Lyonet Agreement**

- 13.1 The Lyonet Agreement shall be concluded for an indefinite period of time and may be terminated by either party subject to a notification period of 30 days.
- 13.2 Both parties shall have the right to terminate this Lyonet Agreement at any time for good cause without notice. A good cause for termination by Lyonet shall exist especially in the following cases:
- The Marketer deliberately makes false statements when concluding this Lyonet agreement.
  - The Marketer uses unauthorised Communication Material in violation of section 7.2.
  - The Marketer uses trademarks applied for and/or registered for Lyonet or companies affiliated with Lyonet in violation of section 7.4.

- (d) The Marketer violates the competition or non-solicitation agreement according to section 12 or violates the obligation to maintain secrecy and confidentiality according to section 10.
  - (e) The Marketer more than once provides wrong advice about the Cashback World Program or the Lyonet Marketing Program. An indication of wrong advice is if an above-average number of contracts mediated by the Marketer (including Members, Marketers, or Loyalty Merchants) is contested, cancelled, or terminated at the earliest possible date by the mediated supplier.
  - (f) The Marketer operates a commercial resale of vouchers of the Loyalty Merchants.
  - (g) The Marketer holds events against a fee or offers services in connection with the Cashback World Program or the Lyonet Marketing Program to third parties for a fee without the prior written consent of Lyonet.
  - (h) The Marketer has been convicted of an intentional criminal offence (i) committed to the detriment of Lyonet or a company affiliated with Lyonet and/or (ii) in connection with the conduct of his/her sales activities according to this Lyonet Agreement; (iii) which has a material connection with the activity of the Marketer according to this Lyonet agreement (e.g. property crimes such as fraud) or (iv) which is so serious that Lyonet can no longer be expected to cooperate further because of the destruction of the necessary basis of trust or a threat of loss of reputation.
  - (i) The Marketer is more than once in arrears with the fulfilment of a contractual payment claim or a not inconsiderable part of it.
  - (j) The financial situation of the Marketer deteriorates so significantly that the sustainable solvency of the Marketer is questionable based on concrete criteria.
  - (k) In addition to the significant damage to the economic interests or the reputation of Lyonet or the Loyalty Merchant, in particular the breach of essential contractual obligations is considered as a good cause.
- 13.3 Any other regulation in this Agreement and every declaration of termination must be in writing in any event. Compliance with the deadline shall be determined by the date of receipt of the letter of termination.
- 13.4 Any participation in the Cashback World Program shall remain unaffected by the termination of this Lyonet Agreement.
- 14. Effects of the termination**
- 14.1 The Marketer shall retain any compensation already paid out. In addition, the Marketer shall be entitled to any compensation payments for which all conditions according to the Lyonet Compensation Plan have already been satisfied at the time of termination. The Marketer shall not be entitled to assert any further claims against Lyonet, subject to mandatory legal claims.
- 14.2 Unless otherwise agreed, payments made by the Marketer (e.g. for services or voucher orders) shall not be refunded. No expenses of the Marketer shall be refunded.
- 15. Liability**
- 15.1 Lyonet shall be liable without limitation for damages resulting from injury to life, limb, or health that are due to a deliberate or negligent breach of obligation by Lyonet.
- 15.2 For damages due to a gross negligent breach of obligations, the liability of Lyonet shall be limited to typical and foreseeable damage.
- 15.3 Other claims for damages shall be excluded, subject to the following section **Fehler! Verweisquelle konnte nicht gefunden werden..**
- 15.4 Insofar as the liability for Lyonet is limited or excluded, the limitations or exclusions shall also apply to the personal liability of the employees, legal representatives, and vicarious agents of Lyonet.
- 16. Changes**
- 16.1 The Marketer undertakes to notify Lyonet in writing of any changes to his/her data that is essential to the contract without undue delay. This obligation applies particularly to changes in the address and bank details. Furthermore, the Marketer undertakes to notify Lyonet immediately of any payment difficulties, but especially of impending insolvency/bankruptcy or imminent over-indebtedness. If changes to the business address are not disclosed immediately, statements that Lyonet sends by post to the last known address shall nevertheless be deemed to have been received by the Marketer.
- 16.2 Individual agreements made in individual cases shall take precedence over this Lyonet Agreement. The contents of such agreements shall be governed by a written contract or written confirmation by Lyonet. No verbal agreements have been made between the parties. Moreover, Lyonet shall be entitled to send contract declarations and information required for the conclusion of the contract via SMS or e-mail to the Marketer provided that the Marketer has specified the corresponding contact data and does not object to the same.
- 16.3 Changes to this Agreement and other contractual agreements between the Marketer and Lyonet communicated in written form to the address or e-mail address indicated by the Marketer shall be deemed to be accepted by the Marketer if the Marketer does not object to their applicability within 30 days of receipt of the written notification of change. At the beginning of this time period, Lyonet shall especially point out to the Marketer that his/her consent to the communicated changes to the General Terms and Conditions shall be deemed to be given if he/she does not object in text form to their applicability within the time period established. The changes to this Agreement shall be deemed to be accepted by the Marketer only if this notice has actually been given.
- 17. Applicable law and court of jurisdiction**
- 17.1 This Agreement is subject to Hong Kong substantive law to the exclusion of the reference norms of international private law.

- 17.2 For all disputes arising from or in connection with this Agreement, the ordinary courts of Hong Kong shall have sole jurisdiction.
- 17.3 The parties shall be obliged to conduct settlement negotiations at the registered office of Lyonesse Asia-Pacific Limited before initiating any possible legal proceedings.

**18. General conditions**

- 18.1 The Marketer shall not be entitled to assign this Lyconet Agreement or the rights and obligations established between the parties based on this Lyconet Agreement to a third party or to transfer it in any other way, including by way of universal succession, without the prior written consent of Lyonesse. However, if the Marketer dies, the contractual relationships existing between him/her and Lyconet shall pass to his/her heirs under the applicable inheritance law. Furthermore, the Marketer shall not be entitled to encumber any existing rights with a lien without the prior written consent of Lyconet.
- 18.2 The Marketer shall not have the right to offset claims of Lyconet. This shall not apply if the claims are reciprocal and interdependent, or if the Marketer offsets a claim that is uncontested, ready for decision, or defined by enforceable final judgement.
- 18.3 Should any provision of this Lyconet Agreement be or become totally or partially invalid, this shall not affect the validity or practicability of the remaining provisions.

**19. Disclaimer**

- 19.1 This document was originally prepared in English. Should there be any discrepancy between the English and Chinese versions, the English version shall prevail.