

FIREFLIER LIGHTING LIMITED

Exclusive Distributor

The exclusive distributor agreement is concluded for a fix term of a year. Based on the different levels of a target countries' /regions' population, a sales target is set to guarantee the mutual benefit of both parties. An amount of 1% of the sales target has to be given as a deposit to make sure the goal(s) are achieved. The supplier will refund the deposit by 1% of goods' value from every order's amount, until the deposit is completely returned to the distributor.

1. If the distributor can achieve the goal within a year, the exclusive distribution agreement can be automatically extended by another year without any written notification.

2. If the distributor cannot achieve the goal(s) within one year, the supplier reserves the right to continue the exclusive agreement or not. But in order to cover the loss of the market share for the supplier, the remaining deposit will not be refunded immediately, whether or not the exclusive distribution is renewed or terminated. The remaining deposit can be refunded again by 1% of the sales order amount (when new orders placed), not depending on whether exclusive distribution is degraded to non-exclusive distribution agreement or not, until it is completely returned by 1% of the sales order amount.

Market divisions based on population (Population according to latest UN population census)

Population of target country/region		Sales Target / Year	Deposit
Market A	>100 million	3,000,000.00	US \$30,000.00
Market B	50-100 million	2,000,000.00	US \$20,000.00
Market C	20-50 million	1,000,000.00	US \$10,000.00
Market D	5-20 million	600,000.00	US \$6,000.00
Market E	3-5 million	300,000.00	US \$3,000.00
Market F	1-3 million & ≤1million	100,000.00	US \$1,000.00

Non-Exclusive Distributor

There are two types of Non-Exclusive Distributor agreements:

Type 1. Normal Non-Exclusive Distributor

Distributorship can be granted without any requirement(s) which is a non-exclusive agreement.

Type 2. Non-Exclusive Distributor with Protection Period

- A period of 3-8 months can be granted as protection period

Type 2.1 :

(Markets E-F): - A maximum of 8 months of protection period can granted if goals achieved.

- Firstly 3 months of protection period is granted. If a total order amount of US \$20,000 or greater is placed during the 3 months' protection period, this period will be added by a further 5 months upon the 3 month protection period (Altogether 8 months).

- If the distributor achieves 10% or greater of total annual sales target within the 8 month period, they will have a priority right to become an exclusive distributor for extra 12 months. Within this extra 12 months, the distributor needs to reach the annual sales target.

- However after the additional 5 months are added, if the distributor does not reach the 10% of the total annual sales target within 8 months, the supplier reserves the right to re-evaluate if the protection period will be extended or not.

- During protection period, the supplier will not authorize or quote to any new agency and/or customer(s) on this country/region. However if there are no orders placed within 3 months protection period, the supplier reserves the right to re-evaluate and decide if the protection period will be extended or not.

Type 2.2

(Markets C-D): - A maximum of 8 months of protection period can granted if goals achieved.

- Firstly a period of 3 months of protection period is granted. If a total order amount of US \$50,000 or greater is placed during the 3 months' protection period, this period will be added by a further 5 months upon the 3 month protection period.
- If the distributor achieves 20% or greater of total annual sales target within the 8 month period, they will have a priority right to become an exclusive distributor for extra 12 months. Within this extra 12 months, the distributor needs to reach the annual sales target.
- However after the additional 5 months are added, if the distributor does not reach the 20% of the total annual sales target within 8 months, the supplier reserves the right to re-evaluate if the protection period will be extended or not.
- During protection period, the supplier will not authorize or quote to any new agency and/or customer(s) on this country/region. However if there are no orders placed within 3 months protection period, the supplier reserves the right to re-evaluate and decide if the protection period will be extended or not.

Type 2.3:

(Market A-B): - A maximum of 8 months of protection period can granted if goals achieved.

- Firstly 3 months of protection period is granted. If a total order amount of US \$100,000 or greater is placed during the 3 months' protection period, this period will be added by a further 5 months upon the 3 month protection period (Altogether 8 months).
- If the distributor achieves 30% or greater of total annual sales target within the 8 month period, they will have a priority right to become an exclusive distributor for extra 12 months. Within this extra 12 months, the distributor needs to reach the annual sales target.
- However after the additional 5 months are added, if the distributor does not reach the 30% of the total annual sales target within 8 months, the supplier reserves the right to re-evaluate if the protection period will be extended or not.
- During protection period, the supplier will not authorize or quote to any new agency and/or customer(s) on this country/region. However if there are no orders placed within 3 months protection period, the supplier reserves the right to re-evaluate and decide if the protection period will be extended or not. (A reduced target can be negotiated for a particular region.)

*More info, please check the table sheet of the Page 3.

Distributor Requirements	Non-exclusive Distributor	Non-exclusive Distributor with Protection Period	Exclusive Distributor
Deposit	✗	✗	✓
Achieve sales target within one year	✗	✗	✓
Place an order within 3 months	✗	✓	✗
Achieve a certain percentage of the sales target within 8 months	✗	✓	✗
Distributor Benefits	Non-exclusive Distributor	Non-exclusive Distributor with Protection Period	Exclusive Distributor
24 hours reply guaranteed service	✗	✓	✓
Share buying leads from the target market	✗	✓	✓
Priority Delivery guarantees and 24 hour tracking	✗	✓	✓
Favorable payment terms	✗	✗	✓
Distributor price	✓	✓	✓
Special customer protection and exclusive protection period	✓	✓	✓
Full Technical support	✓	✓	✓
Label customers logo on product (Depending on laws of every market)	✓	✓	✓
Design and provide packaging	✓	✓	✓
Website content and pictures provided	✓	✓	✓
Full support during warranty claims and subsequent repairs and replacements	✓	✓	✓
New product information notified in advance	✓	✓	✓
Advance information on upcoming offers of promotion	✓	✓	✓