

**CONFIDENTIAL**

---

**SUBSCRIPTION BOOKLET**

---

**ELEVATE HOLDINGS, INC.**

**A Cayman Islands Exempted Company**

Maximum Offering: \$400,000

6% Convertible Notes (total shares on conversion of 5,000,000)

Price Per Share on Conversion: \$0.08

(per person \$7,000 max)

Minimum Investment: \$1,400

6% Convertible Notes (total shares on conversion of 17,500)

Price Per Share on Conversion: \$0.08

**May \_\_, 2019**

**DELIVERY OF THIS BOOKLET TO ANYONE OTHER THAN THE PERSON NAMED ON THE FRONT COVER IS UNAUTHORIZED, AND ANY REPRODUCTION OR CIRCULATION OF THIS BOOKLET, IN WHOLE OR IN PART, IS PROHIBITED. THE INFORMATION CONTAINED IN THIS SUBSCRIPTION BOOKLET AND THE ATTACHMENTS HERETO IS CONFIDENTIAL AND PROPRIETARY TO ELEVATE HOLDINGS, INC. IN THE EVENT YOU CHOOSE TO PARTICIPATE IN THIS OFFERING, PLEASE FOLLOW THE DIRECTIONS CONTAINED IN THIS BOOKLET. IN THE EVENT YOU CHOOSE NOT TO PARTICIPATE IN THIS OFFERING, PLEASE IMMEDIATELY RETURN THIS BOOKLET AND THE ATTACHMENTS HERETO IN THEIR ENTIRETY TO ELEVATE HOLDINGS, INC, AT THE ABOVE ADDRESS.**

## SUBSCRIPTION INSTRUCTIONS

This subscription booklet relates to the private offering (this “*Offering*”) by **ELEVATE HOLDINGS, INC.** (“*Company*”) pursuant to Regulation S of the Act, of up to \$400,000 in notes convertible (“*Notes*”) into 5,000,000 Class B Shares (“*Class B Shares*”) of the Company in at a conversion price of \$.08 per Class B Share.

The minimum investment is \$1,400 in Notes due in three (3) years or converted to 17,500 Class B Shares (unless such minimum is waived by the Company in its sole discretion). **There is no minimum amount of financing required before the Company may begin closing on subscriptions.**

This Offering shall terminate on May 31, 2019, or on such earlier date as determined in the sole discretion of the Company (the “*Termination Date*”). In addition, the Company, in its sole discretion, may extend the period of the Offering.

This Subscription Booklet includes the following documents, each of which you should carefully review and understand:

<b>Business &amp; Investment Summary</b>	Included as <u>Exhibit A</u> to this booklet is a brief description of our business and the capital structure of the Company.
<b>Subscription Agreement</b>	Included as <u>Exhibit B</u> to this booklet is a Subscription Agreement (the “ <i>Subscription Agreement</i> ”).
<b>Risk Factors</b>	Included as <u>Exhibit C</u> to this booklet are “ <i>Risk Factors</i> ” associated with an investment in the Company.

### **Submission of Subscription**

In order to participate in this Offering, on or before the Termination Date, you will receive an invitation email with a link to your subscription documents. You must be an active Empower Member referred by another Member and not be a citizen of the United States. You must complete and sign the Subscription Agreement where indicated in your linked documents required to be provided to the Company, and complete your payment by wire to the company.

You must pay the purchase price for the Notes subscribed for by wire to “ELEVATE HOLDINGS, INC.” pursuant to the following instructions:

Bank Name: DBS Bank Ltd, Singapore  
Bank Address: 12 Marina Boulevard, DBS Asia Central, Marina Bay Financial Centre Tower 3, Singapore 018982  
SWIFT: DBSSSGSG  
Beneficiary Name: Elevate United Pte. Ltd  
Beneficiary Account: 072-008234-6

### **Acceptance of Subscription**

Delivery of an investor's Subscription Agreement executed by the Company will constitute the Company's acceptance of that investor's subscription. The Company reserves the right, in its sole discretion, to reject any subscription if it believes the investor does not meet the qualifications to invest in the securities or for any other reason. The Company may also, for any reason, limit the amount of the investment of any investor to a maximum of \$7,000 USD per investor. In addition, the Company reserves the right, for any reason, to amend, modify and/or withdraw all or a portion of the Offering.

### **Additional Information**

Before you decide to invest, you may, if you desire, make inquiries about the Company and its business or any other matters relating to the Company and your possible investment in the Company, by meeting with the Company's management and/or obtaining documents and any other information which you believe necessary to make an investment decision. In connection with such inquiry, any documents that you wish to review, will be made available for inspection and copying or provided, upon request, subject to your agreement to maintain such information in confidence. You should address any inquiries or requests for additional information or documents in writing to:

[Finance@Elevateunited.cn](mailto:Finance@Elevateunited.cn)

or

**Elevate Holdings, Inc  
c/o Campbells  
Floor4, Willow House, Cricket Square  
Grand Cayman KY1-9010  
Cayman Islands**

## EXHIBIT A

### BUSINESS SUMMARY

Elevate Holdings, Inc. (the Company) is a newly formed Exempted Company incorporated in the Cayman Islands and offers an exclusive, online members community, focused on empowering individuals to optimize their health, wellness and life experience. The Company is building a community based on values, product quality, life coaching, physical and mental health information and an on-line business platform.

Our Mission is simply and boldly to significantly improve lives, one friend at a time. Our members will receive empowering, motivating, life-enhancing and life-extending information and access to powerful nutrition, with 35% member discounts, and 22% direct or online consumer referral commissions.

Member benefits include:

- >Life coaching to elevate their own personal performance every day, through optimal health, wellness, vitality, lifestyle, relationships and finances.
- >Access to ongoing unbiased health information, news and mentoring guidance, based on real science and medicine, which is easy to understand and then to implement in their lives.
- >Access to an internet-based platform for creating their own community within Elevate by referral from their website to like minded individuals.
- >Financial incentives from membership resulting from member discounts or commission.
- >Participation in special international seminars to enhance their understanding and to be mentored to achieve their full potential in the many key areas of their lives.

Our financial plan is to initially focus on select Asian markets with four products and our on-line community services.

Our capitalization plan includes the offering of \$250-350,000 in notes convertible to Class A shares, which has been subscribed and will close in the second week of May. The next element of the Company plan is to offer the Leaders and Members the opportunity to invest up to \$400,000 in Notes convertible to Class B shares (non-voting). This offer will expire at the end of May, but can be extended at the Company option. The Notes carry an interest rate with quarterly payments that can be in cash or shares at the choice of the Company. Following these two offerings, we expect that the Company will be self-funding and not require additional capital until it registers its shares in a public offering.

These Notes have a three-year term and may be held by the investor for the entire term while they receive interest on the Notes. If the Company registers its shares in a public offering the Notes may be converted to Class B shares so that they may be traded in the market after their restrictions lapse.

Fully diluted shareholdings (assuming both offerings are fully subscribed and the notes fully convert to shares) will be as follows:

Management Team Class A:	38,000,000
Class A investors:	10,000,000
Class B investors (this offering):	5,000,000

**EXHIBIT B**  
**SUBSCRIPTION AGREEMENT**

(See attached)

**Confidential Document**  
**1001191**

**EXHIBIT C**

**RISK FACTORS**

(See attached)

**Confidential Document**  
**1001191**

## RISK FACTORS

***An investment in our Class B Shares underlying the Notes is highly speculative and subject to a high degree of risk. Therefore, only those who can bear the risk of losing their entire investment should participate in this Offering. You should carefully read and consider the following risk factors and all other information contained herein before you decide to buy Notes. The following risks and uncertainties are not the only ones that are facing us; there may be additional risks and uncertainties not presently known to us, or that we currently consider immaterial. If any of these risks actually occur, our business, financial condition and/or operating results could be materially harmed. In such a case, you may lose all or part of your investment.***

***We have a limited history of operations and accordingly there is no track record that would provide a basis for assessing our ability to conduct successful commercial activities. We may not be successful in carrying out our business objectives.***

We were incorporated in April 2019 and have recently started our operations. Accordingly, we have no track record of successful business activities, strategic decision making by management, fund-raising ability, and other factors that would allow an investor to assess the likelihood that we will be successful as a start-up company. There is a substantial risk that we will not be successful in our activities, or if initially successful, in thereafter generating significant revenues or in achieving profitable operations.

WE EXPECT TO BE SUBJECT TO SEVERAL RISKS IN CONNECTION WITH OUR PROPOSED ACTIVITIES, INCLUDING BUT NOT LIMITED TO THE FOLLOWING:

***We could be adversely affected by management changes or an inability to attract and retain key management, directors and consultants.***

We expect to incur a low level of overhead and be run by a small number of executives, who will in turn rely on a small group of employees. Our future success depends to a significant degree on the skills, experience and efforts of our top management and directors. We also expect to depend on the ability of our executive officers and other members of senior management to work effectively as a team. The loss of one or more of our executive officers, members of our senior management or directors could have a material adverse effect on our business, results of operations and financial condition. Moreover, as our business evolves, we may require additional or different management members, directors or consultants, and there can be no assurance that we will be able to locate, attract and retain them if and when they are needed.

***As we expect that substantially all of our revenues will be derived from the sale of products to members in China, any material adverse change in our business relating to China would likely have a material adverse impact on our overall business.***

We expect that substantially all of our revenues will be derived from the sale of products and services that are delivered to members in China. This geographic concentration in our business means that events or conditions that could negatively impact this geographic region or our operations in this region would have a greater adverse impact upon our overall business and financial results than would be the case with a company having greater geographic diversification.

***Our proposed operations servicing China Members will be subject to compliance with a myriad of applicable laws and regulations, and any actual or alleged violations of those laws or government actions otherwise directed at us could have a material adverse impact on our business and the value of our company.***

The Chinese government has adopted anti-pyramid selling and multilevel marketing legislation. We built our company as a Cross Border E-Commerce referral format so in-country operations will be negligible and we will not be labeled a pyramid scheme. We plan to continually evaluate our operations in China for compliance with applicable laws and regulations, including seeking the input of outside professionals and certain Chinese authorities. Should the government authorities determine that our activities violate applicable laws and regulations, including China's direct selling, pyramid selling or multilevel marketing laws and regulations, or should new laws or regulations be adopted, there could be a material adverse effect on our business, financial condition and results of operations.

The Chinese government scrutinizes the activities of direct selling companies. Our business will be subject to regulations and examinations by municipal and provincial level regulators. Our business operations and the value of our company can be adversely affected by Chinese government scrutiny of our operations, even if that scrutiny does not result in investigations of our operations.

Various other factors could harm our proposed business in China, such as worsening economic conditions in China, adverse local publicity, geopolitical or trade tensions between the U.S. and China or other events that may be out of our control. Although we intend to work closely with both national and local Chinese governmental agencies in conducting our business, our efforts to comply with national and local laws may be harmed by a rapidly evolving regulatory climate, concerns about activities resembling violations of direct selling, pyramid selling or multi-level marketing legislation, subjective interpretations of laws and regulations, and activities by individual members that may violate laws.

Any determination that our operations or activities, or the activities of our individual members, employee sales representatives, or importers of record are not in compliance with applicable laws and regulations could result in the imposition of substantial fines, extended interruptions of business, restrictions on our future ability to obtain business licenses or expand into new locations, changes to our business model, the termination of required licenses to conduct business, or other actions, any of which could materially harm our business, financial condition and results of operations.

***Our failure to develop, maintain and expand our member relationships could adversely affect our business.***

We intend to distribute our products through independent members, and to depend upon them directly for all of our sales in most of our markets. Accordingly, our success will depend in significant part upon our ability to attract, retain and motivate a large base of members. Our direct selling organization is headed by a relatively small number of key members. The loss of a significant number of members, or the loss of one or more key members, could materially and adversely affect sales of our products and could impair our ability to attract new members. Moreover, the replacement of members could be difficult because, in our efforts to attract and retain members, we compete with other direct selling organizations, including but not limited to those in the personal care, cosmetic product and nutritional supplement industries. Our members may terminate their services with us at any time and, in fact, like most direct selling organizations, we have a high rate of attrition.

Our number of active members or their productivity may not increase and could decline in the future. We cannot accurately predict any fluctuation in the number or the productivity of members because we primarily rely upon existing members to enroll and train new members and to motivate new and existing members.



Operating results could be adversely affected if our existing and new business opportunities and products do not generate sufficient economic incentive or interest to retain existing members and to attract new members.

The number and productivity of our members could be harmed by several factors, including:

- adverse publicity or negative perceptions regarding us, our products, our method of distribution or our competitors;
- lack of interest in, or the technical failure of, existing or new products;
- lack of interest in our existing compensation plan for members or in enhancements or other changes to that compensation plan;
- our actions to enforce our policies and procedures;
- regulatory actions or charges or private actions against us or others in our industry;
- general economic and business conditions;
- changes in management or the loss of one or more key member leaders;
- entry of new competitors, or new products or compensation plan enhancements by existing competitors, in our markets; and
- potential saturation or maturity levels in a given country or market which could negatively impact our ability to attract and retain members in such market.

***We may in the future face, lawsuits, claims, and governmental proceedings and inquiries that could harm our business.***

We may in the future face, lawsuits, claims, and governmental proceedings and inquiries that could harm our business. Prosecuting and defending these and any other matters may require significant expense and attention of our management and can expose us to adverse publicity, regardless of the outcome. Further, in the event of an adverse outcome, we could be required to pay substantial damages, fines or penalties and cease or be prevented from conducting certain practices or activities.

Such matters can be complex, can extend for a protracted period of time, and can result in unpredictable expense. There can be no assurance that we will be able to successfully defend or resolve any such litigation, claims or governmental proceedings or inquiries, or that the significant money, time and effort spent in defending these matters, or any related adverse publicity, will not adversely affect our business, financial condition and results of operations.

***Although we expect that virtually all of our members will be independent contractors, improper member actions that violate laws or regulations could harm our business.***

We expect that virtually all of our members will be independent contractors and, accordingly, we will not be in a position to directly provide the same direction, motivation and oversight as we would if these members were our own employees. As a result, there can be no assurance that our members will participate in our marketing strategies or plans, accept our introduction of new products, or comply with our member policies and procedures. Extensive federal, state, local and foreign laws will regulate our proposed business, our proposed products and our proposed network marketing program. While we plan to implement member policies and procedures designed to govern member conduct and to protect the goodwill associated with our trademarks and trade names, it can be difficult to enforce these policies and procedures because of the large number of members and their independent status.

Depending upon the size and diversity of our member force, we may experience problems with members from time to time, especially with respect to our members in foreign markets. For example, if our members engage in illegal activities in China, those actions could be attributed to us. Chinese laws regarding how and when members may assemble and the activities that they may conduct, or the conditions under which the activities may be conducted, are subject to interpretations and enforcement that sometimes vary from province to province, among different levels of government, and from time to time. Members can be accused of violating one or more of the laws regulating these activities, notwithstanding training that we attempt to provide. Enforcement measures regarding these violations, which can include arrests, raise the uncertainty and perceived risk associated with conducting this business, especially among those who are aware of the enforcement actions but not the specific activities leading to the enforcement action. This environment creates uncertainty about the future of doing this type of business in China generally and under our business model, specifically.

Improper member activity in new geographic markets could result in adverse publicity and can be particularly harmful to our ability to ultimately enter these markets. Violations by our members of applicable law or of our policies and procedures in dealing with customers could reflect negatively on our products and operations, and harm our business reputation. In addition, it is possible that a judicial or administrative body could hold us civilly or criminally accountable based on vicarious liability because of the actions of our members. If any of the above or related events involving our members occur, our business, financial condition, or results of operations could be materially adversely affected.

***Direct-selling laws and regulations may prohibit or severely restrict our proposed Cross Border E-Commerce sales efforts and cause our revenue and profitability to decline, and regulators could adopt new regulations that harm our business.***

Our proposed Cross Border E-Commerce selling system will be subject to extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints. These laws and regulations are generally intended to prevent fraudulent or deceptive schemes, often referred to as “pyramid” schemes, which compensate participants for recruiting additional participants irrespective of product sales, use high pressure recruiting methods and/or do not involve legitimate products. They also seek to ensure that claims regarding the ability of participants to earn money are truthful and substantiated.

Complying with these widely varying and sometimes inconsistent rules and regulations can be difficult and may require the devotion of significant resources on our part. There can be no assurance that we or our members will be in compliance with all of these regulations. Our failure or our members’ failure to comply with these regulations or new regulations could lead to the imposition of significant penalties or claims and could

negatively impact our business. If we are unable to continue business in existing markets or commence operations in new markets because of these laws, our revenue and profitability may decline.

We will also be subject to the risk that new laws or regulations might be implemented or that current laws or regulations might change, which could require us to change or modify the way we conduct our business in certain markets. This could be particularly detrimental to us if we have to change or modify the way we conduct business in markets that represent a significant percentage of our revenue.

***The high level of competition in our industry could adversely affect our business.***

The business of marketing personal care, cosmetic, nutritional supplements, and lifestyle enhancement products is highly competitive. This market segment includes numerous manufacturers, members, marketers, and retailers that actively compete for the business of consumers both in the United States and abroad. The market is highly sensitive to the introduction of new products, which may rapidly capture a significant share of the market. Sales of similar products by competitors may materially and adversely affect our business, financial condition and results of operations.

We will also be subject to significant competition for the recruitment of members from other direct selling organizations, including those that market similar products. Many of our competitors are substantially larger than we are, offer a wider array of products, have far greater financial resources and many more active members than we have. Even more numerous are those medium- and small-sized, all privately held Chinese, Taiwanese and Hong Kong companies that are fierce competitors and are much closer to directly competing with us. Our ability to remain competitive depends, in significant part, on our success in recruiting and retaining members with our proposed products, attractive compensation plan and other incentives.

***Challenges by third parties to the legality of our proposed business operations could harm our business.***

We may also be subject to the risk of private party challenges to the legality of our proposed operations, including our proposed Cross Border E-Commerce direct selling system. The regulatory requirements concerning direct selling systems generally do not include “bright line” rules and are inherently fact-based and subject to judicial or administrative interpretation. An adverse judicial or administrative determination against us with respect to our proposed direct selling system, or in proceedings not involving us directly but which challenge the legality of other direct selling marketing systems, could have a material adverse effect on our business. There is also risk that challenges and settlements involving other parties could provide incentives for similar actions by members against us and other direct selling companies. Any challenges regarding us or others in our industry could harm our business if such challenges result in the imposition of any fines or damages on our business, create adverse publicity, increase scrutiny or investigations of us or our industry, detrimentally affect our efforts to recruit or motivate members and attract customers, or interpret laws in a manner inconsistent with our current business practices.

***An increase in the amount of compensation paid to members would reduce profitability.***

We plan to incur significant expense in the payment of compensation to our members. We plan to compensate our members by paying commissions, bonuses, and certain awards and prizes. Factors impacting the overall commission payout will include the growth and depth of the member network, the member retention rate, the type and scope of promotions and incentives, local promotional programs and business development agreements. Long-term promotions and incentives can, in particular, result in uncertain ultimate cost. Any increase in compensation payments to members as a percentage of net sales will reduce our profitability.

***Currency exchange rate fluctuations could lower our revenue and net income.***

We expect that substantially all of our revenue will be derived from operations outside of North America. Revenue transactions and related commission payments, as well as other incurred expenses, are typically denominated in the local currency. The results of international operations are exposed to foreign currency exchange rate fluctuations during consolidation since we translate into U.S. dollars using the average exchange rates for the period. As exchange rates vary, revenue and other operating results may differ materially from our expectations. Additionally, we may record significant gains or losses related to foreign-denominated cash and cash equivalents and the re-measurement of inter-company balances.

Given our inability to predict the degree of exchange rate fluctuations, we cannot estimate the effect these fluctuations may have upon future reported results, product pricing or our overall financial condition. Further, we do not expect to reduce any exposure to short-term exchange rate fluctuations by using foreign currency exchange contracts.

***Changes in tax or duty laws, and unanticipated tax or duty liabilities, could adversely affect our net income.***

In the course of doing business we may become subject to various taxes, such as sales and use, value-added, and franchise. We may also be subject to income taxes in the United States and foreign jurisdictions. Economic and political conditions make tax rules in any jurisdiction, including the United States, subject to significant change. There have been recent changes in U.S. tax law that impact how U.S. multinational corporations are taxed on foreign earnings. There have also been proposals to reform foreign tax laws that could significantly affect the Company's tax position. Although we cannot predict whether or in what form these proposals will pass, several of the proposals considered, if enacted into law, could have an adverse impact on our income tax expense and cash flows.

We may also be subject to examinations of our tax returns and other tax matters by the U.S. Internal Revenue Service and other tax authorities and governmental bodies. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes, which is subject to significant discretion. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, particularly in the U.S., or if the ultimate determination of taxes owed is for an amount in excess of amounts previously accrued, our financial results or operations could be adversely affected.

In addition, our proposed operations will be subject to regulations designed to ensure that appropriate levels of customs duties are assessed on the importation of our products. The failure to properly calculate, report and pay such duties when we are subject to them could have a material adverse effect on our financial condition and results of operations. Any change in the laws or regulations regarding such duties, or any interpretation thereof, could result in an increase in the cost of doing business.

***Transfer pricing regulations affect our business and results of operations.***

In many countries, including the United States, we are subject to transfer pricing and other tax regulations designed to ensure that appropriate levels of income are reported as earned by our United States or local entities and are taxed accordingly. There can be no assurance that we will be found to be operating in compliance with transfer pricing laws, or that those laws would not be modified, which, as a result, may require changes in our operating procedures or otherwise may have a material adverse effect on our financial results or operations.

***Our proposed products and related activities will be subject to extensive government regulation, which could delay, limit or prevent the sale of some of our products in some markets.***

The formulation, manufacturing, packaging, labeling, importation, advertising, distribution, sale and storage of certain of our proposed products will be subject to extensive regulation by various federal agencies, including the Food and Drug Administration (the “FDA”), the FTC, the Consumer Product Safety Commission and the United States Department of Agriculture and by various agencies of the states, localities and foreign countries in which our proposed products will be manufactured, distributed and sold. For example, the FDA may require us and our suppliers to meet relevant current good manufacturing practice (cGMP) regulations for the preparation, packing and storage of foods and over-the-counter (OTC) drugs. We may also be required to report serious adverse events associated with consumer use of certain of our proposed products. Other laws and regulations govern or restrict the claims that may be made about proposed our products and the information that must be included and excluded on labels.

In markets outside the United States, prior to commencing operations or marketing new products, we may be required to obtain approvals, licenses, or certifications from a ministry of health or a comparable agency. Moreover, a foreign jurisdiction may pass laws that would prohibit the use of certain ingredients in their particular market. Compliance with these regulations can create delays and added expense in introducing new products to certain markets.

Failure by our members or us to comply with those regulations could lead to the imposition of significant penalties or claims and could materially and adversely affect our business. If we are not able to satisfy the various regulations, then we would have to cease sales of that product in that market. In addition, the adoption of new regulations or changes in the interpretation of existing regulations may result in significant compliance costs or discontinuation of product sales and may adversely affect the marketing of our products, resulting in significant loss of revenues.

We cannot predict the nature of any future laws, regulations, interpretations, or applications, nor can we determine what effect additional governmental regulations or administrative orders, when and if promulgated, could have on our business. These potential effects could include, however, requirements for the reformulation of certain products to meet new standards, the recall or discontinuance of certain products, additional recordkeeping and reporting requirements, expanded documentation of the properties of certain products, expanded or different labeling, or additional scientific substantiation. Any or all of these requirements could have a material adverse effect on our business, financial condition, or results of operations.

***Failure of new products to gain member and market acceptance could harm our business.***

We expect that an important component of our business will be our ability to develop new products that create enthusiasm among our member force. If we fail to introduce new products on a timely basis, our member productivity could be harmed. In addition, if any new products fail to gain market acceptance, are restricted by regulatory requirements, or have quality problems, this would harm our results of operations. Factors that could affect our ability to introduce new products include, among others, limited capital and human resources, government regulations, proprietary protections of competitors that may limit our ability to offer comparable products and any failure to anticipate changes in consumer tastes and buying preferences.

***New regulations governing the marketing and sale of nutritional supplements could harm our business.***

There has been an increasing movement in the United States and other markets to increase the regulation of dietary supplements, which could impose additional restrictions or requirements in the future. In the United



States, for example, some legislators and industry critics continue to push for increased regulatory authority by the FDA over nutritional supplements. Our business could be harmed if more restrictive legislation is successfully introduced and adopted in the future. In particular, the adoption of legislation requiring FDA approval of supplements or ingredients could delay or inhibit our ability to introduce new supplements. We face similar pressures in our other markets, particularly in China where certain government ministries announced in January 2019 a comprehensive 100-day campaign focusing on companies involved in the sale of certain products, including nutritional supplements. In the United States the FTC Guides Concerning the Use of Endorsements and Testimonials in Advertising (“Guides”) require disclosure of material connections between an endorser and the company they are endorsing and require the disclosure of typical results when these are different from those reported by the endorser. The requirements and restrictions of the Guides may diminish the impact of our marketing efforts and negatively impact our sales results. If we or our members fail to comply with these Guides, the FTC could bring an enforcement action against us and we could be fined and/or forced to alter our operations. Our operations also could be harmed if new laws or regulations are enacted that restrict our ability to market or distribute nutritional supplements or impose additional burdens or requirements on nutritional supplement companies or require us to reformulate our products.

***Regulations governing the production and marketing of our proposed personal care products could harm our business.***

Our proposed personal care products will be subject to various domestic and foreign laws and regulations that regulate cosmetic products and set forth regulations for determining whether a product can be marketed as a “cosmetic” or requires further approval as an over-the-counter drug. A determination that our proposed cosmetic products impact the structure or function of the human body, or improper marketing claims by our members, may lead to a determination that such products require pre-market approval as a drug. Such regulations in any given market can limit our ability to import products and can delay product launches as we go through the registration and approval process for those products. Furthermore, if we fail to comply with these regulations, we could face enforcement action against us and we could be fined, forced to alter or stop selling our products and/or required to adjust our operations. Our operations also could be harmed if new laws or regulations are enacted that restrict our ability to market or distribute our proposed personal care products or impose additional burdens or requirements on the contents of our proposed personal care products or require us to reformulate our products.

***If we are found not to be in compliance with good manufacturing practices our operations could be harmed.***

Regulations on good manufacturing practices and adverse event reporting requirements for the nutritional supplement industry are in effect and require good manufacturing processes for us and our vendors, including stringent vendor qualifications, ingredient identification, manufacturing controls and record keeping. We will also be required to report serious adverse events associated with consumer use of our products. Our operations could be harmed if regulatory authorities make determinations that we or our vendors are not in compliance with the regulations. A finding of noncompliance may result in administrative warnings, penalties or actions impacting our ability to continue selling certain of our proposed products. In addition, compliance with these regulations has increased and may further increase the cost of manufacturing certain of our products as we work with our vendors to assure they are qualified and in compliance.

***Failure to comply with domestic and foreign laws and regulations governing product claims and advertising could harm our business.***

Our failure to comply with FTC or state regulations, or with regulations in foreign markets that cover our product claims and advertising, including direct claims and advertising by us, as well as claims and advertising

by members for which we may be held responsible, may result in enforcement actions and imposition of penalties or otherwise materially and adversely affect the distribution and sale of our proposed products. Member activities that violate applicable governmental laws or regulations could result in governmental or private actions against us in markets where we operate. We cannot ensure that our members will comply with applicable legal requirements.

***Adverse publicity associated with our products, ingredients or network marketing program, or those of similar companies, could harm our financial condition and operating results.***

Adverse publicity concerning any actual or claimed failure by us or our members to comply with applicable laws and regulations regarding product claims and advertising, good manufacturing practices, the regulation of our network marketing program, the licensing of our proposed products for sale in our proposed target markets or other aspects of our business, whether or not resulting in enforcement actions or the imposition of penalties, could have an adverse effect on our goodwill and could negatively affect our ability to attract, motivate and retain members, which would negatively impact our ability to generate revenue. Further, we cannot ensure that all members will comply with applicable legal requirements relating to the advertising, labeling, licensing or distribution of our products.

In addition, our members' and consumers' perception of the safety and quality of our proposed products and ingredients, as well as similar products and ingredients distributed by other companies, can be significantly influenced by media attention, publicized scientific research or findings, widespread product liability claims and other publicity concerning our products or ingredients or similar products and ingredients distributed by other companies. Adverse publicity, whether or not accurate or resulting from consumers' use or misuse of our products, that associates consumption of our proposed products or ingredients or any similar products or ingredients with illness or other adverse effects, questions the benefits of our or similar products or claims that any such products are ineffective, inappropriately labeled or have inaccurate instructions as to their use, could negatively impact our reputation or the market demand for our proposed products.

***We expect to rely on a limited number of independent third parties to manufacture and supply our products.***

We expect that all of our proposed products will be manufactured by a limited number of independent third parties. There is no assurance that manufacturers will reliably supply products to us at the level of quality we require. If a key manufacturer suffers liquidity problems or experiences operational or other problems assisting with our proposed products, our results could suffer. In the event any of our third-party manufacturers become unable or unwilling to continue to provide the products in required volumes and quality levels at acceptable prices, we will be required to identify and obtain acceptable replacement manufacturing sources or replacement products. There is no assurance that we will be able to obtain alternative manufacturing sources or products or be able to do so on a timely basis. In addition, any actual or perceived degradation of product quality as a result of our reliance on third party manufacturers may have an adverse effect on revenue or result in increased product returns.

***We will be subject to anti-bribery laws, including the U.S. Foreign Corrupt Practices Act.***

We will be subject to anti-bribery laws, including the U.S. Foreign Corrupt Practices Act ("FCPA"), which generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business as well as requiring companies and their intermediaries to maintain accurate books and records. In recent years there has been a substantial increase in anti-bribery law enforcement activity by the Department of Justice ("DOJ") and the SEC relating to business operations within certain countries in which we operate, including China. For example, in 2017, a U.S. based direct selling company announced that it

was the target of an investigation being conducted by the SEC to determine whether certain activities related to the direct selling company's operations in China violated the FCPA. Also, in 2017, another U.S. based direct selling company announced that it had initiated a voluntary probe of its operations in China to determine if violations of the FCPA had occurred.

We may be liable for actions of our employees and agents, even if such actions are inconsistent with our policies. Being subject to an investigation by the DOJ or the SEC for an alleged violation of the FCPA could cause us to incur significant expenses and distractions that could adversely affect our business. Violations of the FCPA, or a similar anti-bribery law, may result in criminal or civil sanctions, including contract cancellations or debarment, and loss of reputation, which could have a material adverse effect on our results of operations and financial condition.

***Recently enacted tariffs, other potential changes to tariff and import/export regulations, and ongoing trade disputes between the United States and other jurisdictions, particularly China, may have a negative effect on global economic conditions and our business, financial results and financial condition.***

The United States recently proposed and enacted tariffs on certain items. Further, there have been ongoing discussions and activities regarding changes to other U.S. trade policies and treaties. In response China is threatening to impose tariffs on U.S. imports, or have already implemented tariffs on U.S. imports or otherwise imposed non-tariff barriers such as slow-walking custom clearance of American-made products in response to these U.S. actions. These developments may have a material adverse effect on global economic conditions and the stability of global financial markets, and they may significantly reduce global trade and, in particular, trade between China and the United States. Any of these factors could depress economic activity, create anti-American consumer sentiment, restrict our access to suppliers or customers and have a material adverse effect on our business, financial condition and results of operations. In addition, any actions by non-U.S. markets to implement further trade policy changes, including limiting foreign investment or trade, increasing regulatory scrutiny or taking other actions which impact U.S. companies' ability to obtain necessary licenses or approvals could negatively impact our business.

These tariffs and other policy changes have just recently been announced and are subject to a number of uncertainties as they are implemented, including future adjustments and changes in the countries excluded from such tariffs. The ultimate reaction of other countries, and the individuals in each of these countries, and the impact of these tariffs or other actions on the United States, China, the global economy and our business, financial condition and results of operations, cannot be predicted at this time.

***We may be held responsible for certain taxes or assessments relating to the activities of our members and service providers, which could harm our financial condition and operating results.***

Our members and service providers will be subject to taxation, and in some instances, legislation or governmental agencies impose an obligation on us to collect the taxes, such as value added taxes, and to maintain appropriate records. In addition, we will be subject to the risk in some jurisdictions of being responsible for social security and similar taxes with respect to our members.

***We may be unable to protect or use our intellectual property rights.***

We expect to rely on trade secret, copyright and trademark laws and confidentiality agreements with employees and third parties, all of which offer only limited protection of our confidential information and trademarks. Moreover, the laws of some countries in which we expect to market our products may afford little or no effective protection of our intellectual property rights. The unauthorized copying, use or other



misappropriation of our confidential information, trademarks and other intellectual property could enable third parties to benefit from such property without paying us for it. This could have a material adverse effect on our business, operating results and financial condition. If we resort to legal proceedings to enforce our intellectual property rights, the proceedings could be burdensome, expensive and result in inadequate remedies. It is also possible that our use of our intellectual property rights could be found to infringe on prior rights of others and, in that event, we could be compelled to stop or modify the infringing use, which could be burdensome and expensive.

***We do not expect to have a comprehensive product liability insurance program and product liability claims could hurt our business.***

We do not expect to have a comprehensive product liability insurance program, although the insurance carried by our proposed suppliers may cover certain product liability claims against us. As a marketer of dietary supplements, cosmetics and other products that are ingested by consumers or applied to their bodies, we may become subjected to various product liability claims, including that:

- our products contain contaminants or unsafe ingredients;
- our products include inadequate instructions as to their uses; or
- our products include inadequate warnings concerning side effects and interactions with other substances.

If our suppliers' product liability insurance fails to cover product liability claims or other product liability claims, or any product liability claims exceeds the amount of coverage provided by such policies or if we are unsuccessful in any third party claim against the manufacturer or if we are unsuccessful in collecting any judgment that may be recovered by us against the manufacturer, we could be required to pay substantial monetary damages which could materially harm our business, financial condition and results of operations. As a result, we may become required to pay high premiums and accept high deductibles in order to secure adequate insurance coverage in the future. Especially since we do not have direct product liability insurance, it is possible that product liability claims and the resulting adverse publicity could negatively affect our business.

***We expect to rely on and will be subject to risks associated with our reliance upon information technology systems.***

Our success will be dependent on the accuracy, reliability, and proper use of information processing systems and management information technology. We expect that our information technology systems will be designed and selected to facilitate order entry and customer billing, maintain member records, accurately track purchases and member compensation payments, manage accounting operations, generate reports, and provide customer service and technical support. Any interruption in these systems could have a material adverse effect on our business, financial condition, and results of operations.

There can be no assurance that there will not be delays or interruptions in our proposed information technology services. An interruption or delay in availability of these services could, if it lasted long enough, prevent us from accepting orders, cause members to leave our business, or otherwise materially adversely affect our business.

***System disruptions or failures, cybersecurity risks, and compromises of data could harm our business.***

We expect that our business will be highly dependent on the secure and efficient functioning of our information technology systems, and the security of personal and sensitive business data. We expect to collect certain personal information, including payment data, from members and consumers, as well as our employees. We also expect to develop and maintain sensitive and proprietary business information. Any systems failure or interruption, breach in security, or loss of data, whatever the cause, could adversely affect our operations and financial results.

Systems disruptions and data breaches can derive from natural disasters, accidental technological events or human error, but can also result from fraud or malice on the part of external or internal parties. We expect that our proposed systems, networks and software, like those of other companies, are likely to be the target of cybersecurity threats and attacks, which may range from isolated or random attempts to sophisticated and targeted measures directed specifically at us. The risk of a systems disruption or data breach, particularly through cyber-attack or cyber intrusion, has increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. A material systems disruption or data breach affecting us could damage our reputation, deter members from purchasing our products, and result in cost and liability to us.

Although we intend to implement technical and administrative safeguards to maintain the security and integrity of our proposed information technology systems and data, there can be no assurance that any such security efforts and measures will be effective in a continually evolving threat environment. In addition to the risks presented by malicious actors and natural disasters, many systems disruptions and data breaches are reportedly caused by human error. Therefore, our proposed systems and data will be exposed to the risk that human error could either create a vulnerability that could be exploited by an attacker, or expose our systems and data to unintended risk of compromise. In addition, as described below, we expect that most of our information technology systems and data will be hosted by third-party vendors over which we have limited control. We anticipate that we will be required to expend additional resources in order to continue to enhance our technical and administrative safeguards, and to investigate and remediate any vulnerabilities in our systems, networks and software.

In any case, a data breach or other significant disruption of our information systems or those related to our third party vendors, including as a result of cyber-attacks, could (1) disrupt the proper functioning of our systems and networks and therefore operations, (2) result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of personal, confidential, sensitive or otherwise valuable data or other information, (3) result in a violation of applicable privacy, cybersecurity, data breach notification requirements under applicable laws, regulations and contractual provisions, subjecting us to additional regulatory scrutiny, and exposing us to possible fines, lawsuits and related financial liability, (4) require significant management attention and financial resources to investigate and remedy the breach or disruption, and (5) harm our reputation, cause a decrease in the number of our members and revenue, and otherwise damage our business. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition or results of operations.

***Terrorist attacks, acts of war, epidemics or natural disasters may seriously harm our business.***

Terrorist attacks, acts of war, epidemics or natural disasters may cause damage or disruption to us, our employees, our facilities and our members and customers, which could impact our revenues, expenses and financial condition. The potential for future terrorist attacks, the national and international responses to terrorist attacks, and other acts of war or hostility, such as challenges to Chinese sovereignty claims in the South China Sea or Chinese objection to the Taiwan independence movement and the resultant tension in the Taiwan Strait,

could materially and adversely affect our business, results of operations, and financial condition in ways that we currently cannot predict.

***We may need additional capital, which may not be available.***

The Company is offering its Notes on a “best efforts” basis. There is no assurance that all of the Notes offered hereby will be sold. In addition, there is no minimum number of Notes that is required to be sold. If all Notes are not sold in this Offering, or the Company otherwise requires more operating capital than currently anticipated, the Company may not be able to meet its obligations and otherwise achieve its business plan without obtaining additional funds. There is no assurance that additional financing will be available on terms satisfactory to the Company, or at all.

***Your interest is subject to potential dilution.***

The Company has the right, at any time, to issue additional Notes or other securities in order to raise capital necessary for the operation of the business. If additional funds are raised through the issuance of more Notes or underlying shares, the percentage ownership of the Company’s then existing members will be reduced, and such securities may have rights, preferences or privileges senior to those of the Class B Shares.

***No independent valuation of us has been performed in determining the terms of this Offering.***

No independent valuation of us has been performed in determining the price of the Class B Shares underlying the Notes. Accordingly, our valuation estimates do not necessarily reflect our assets, book value or potential earnings or any other recognized criteria of value.

***The Class B Shares underlying Notes will be Subject to Restrictions on Transfer or Sale***

The Company has not registered the Notes or the Class B Shares underlying the Notes under the laws of any jurisdiction, including, without limitation, under any United States, state or federal securities laws. The Notes and underlying shares are subject to resale restrictions and may be resold only pursuant to registration under applicable law or pursuant to an opinion of counsel to the seller, satisfactory to the Company’s legal counsel, that registration under such laws is not required. Furthermore, there is no existing market for the Company’s securities, and availability of the public market in the near future is uncertain. An investment in the Class B Shares should be considered a long-term investment and should only be considered by investors that can afford a total loss of their investment. In addition, there are certain transfer restrictions contained Notes documentation which you should carefully read before participating in this Offering.

323638097.1

Confidential Document

1001191