

DISTRIBUTOR'S RULES & REGULATIONS

The following HW Distributors' Rules & Regulations are implemented with the purpose of safeguarding the rights and regulating the obligations of its Distributors rather than restraining their independent business activities. In order to mould yourself to be a responsible and ethical HW Distributor, you must understand and abide by the Rules & Regulations, which have the objective of building a healthy business networking environment for your long term and profitable business at HW, promoting unity and positive harmony among fellow Distributors, and between Distributors and the Company. Your strength and success as an HW Distributor is a collective effort, founded upon the enduring partnership of commitment and trust that exists between the Company and our Distributors.

It is the responsibility of each Distributor to (i) read, understand, adhere to and ensure that he/she is aware of and operating under the most current version of the Rules & Regulations; (ii) update their contact details and correspondence/email addresses as the Company will send communications to the Distributor's last known address as stored in its database. Each Distributor agrees that the relationship between a Distributor and the Company is entirely contractual. Accordingly, the Company will not recognize any claim by a Distributor that the relationship is or has been quasi-contractual, has arisen by implication from any continuing practice or course of action, has been verbally authorized by any employee of the Company in contradiction of the Rules & Regulations or policy, or is otherwise implied in fact or in law.

The HW Distributors' Rules & Regulations in their present form and as amended by the Company from time to time without giving prior notice to be incorporated into and form an integral part of the Distributor Application Form and constitute part of the contract between the Company and the Distributor.

1 Eligibility to Become a Distributor

- a) Any individual who is of legal age residing in Malaysia, Singapore and Brunei can apply to be an HW Distributor by completing the Distributor Application Form manually or via e-registration. Any application in the name of a company or a third party will not be accepted.
- b) The Company reserves the right to reject any application without assigning any reason whatsoever.
- c) A Distributor of the Company must not be an existing agent, representative, employee or spouse of an employee of the Company.
- d) All applications must be sponsored by an existing authorized Distributor.
- e) A legally married couple is allowed to apply the distributorship for both parties with condition that one of them must be directly recommended by another party. In the event of a violation, the two are to be penalized together, and even terminated.
- f) The new joining spouse also may to become of his/her direct recruit downline without affecting the existing organisation network.

2 Bonus Payment

- a) All Bonuses are computed monthly based on the SV month.
- b) Monthly Bonus Cheques will be issued on or before the 25th of the following month. In

some unforeseen situations, there may be delays due to external factors beyond the Company's control.

- c) Upon receiving their monthly Bonus Statements, Distributors should check to ensure the figures are accurate. Any queries should be made within 14 days from the issuing date of the statements, failing which the Bonus Statement is deemed correct.

3 Rectification Procedure For Violation of the Rules & Regulations

- a) Violation of the Rules & Regulations is a serious issue and constitutes a breach of contract by the Distributor. It is likely to cause a negative impact not only on the business of the independent Distributors involved, but also of others. At the same time, it may cast a dishonourable image and negative impression on the Company, its Distributors, business partners, officers, shareholders, Board of Directors and agents or the general public, media and relevant authorities.

The Company provides guidance and advice in rectifying any violation and when the severity of the situation warrants, it shall take appropriate action against the Distributors involved. In the event of violation, the following procedure shall be observed:

- i) Upon any violation of the Rules & Regulations, a complaint has to be lodged immediately with the Company. The complainant may have to fill in the Customer Service Complaint/Request Form, giving details pertaining to the nature of the alleged violation. The complainant must also inform his/her upline about the complaint lodged against the Distributor concerned.
- ii) Upon receiving the complaint, the Company shall notify the Distributor concerned, demanding a swift response and give him/her the opportunity to explain himself/herself regarding the alleged violation.
- iii) In the event the Company finds that the information provided by both the complainant and the Distributor concerned is inadequate, the Company reserves the right to request for more details from either party. The Company may at any time withhold commissions under the marketing plan and whatever product campaigns and incentives, or withdraw benefits and privileges of the Distributor pending the final outcome of the investigation.
- iv) Upon securing all details pertaining to the alleged violation as claimed by the complainant, the Company shall talk to the Distributor concerned, ensuring that the violation is not repeated. If necessary, the complaint lodged shall also be submitted for further discussion by the Company in consultation with the Management and top leaders.
- v) If by acting on the principle of impartiality, the Company is convinced that the only way to rectify the established violation is to suspend or terminate the distributorship of the Distributor concerned, it shall write a letter informing the Distributor concerned about its decision. The letter shall be posted through registered mail to the last known address of the Distributor as listed in the Company's database and the postmark shall be taken as the proof of receipt. In the event of suspension, the letter shall state a brief description of the complaint

lodged against the suspended Distributor, in addition to spelling out the necessary steps in rectifying his/her behavior as well as the deadline for their compliance.

- vi) Failure on the suspended Distributor's part in rectifying his/her behavior within the deadline stipulated shall eventually lead to termination of his/her distributorship.
 - vii) The Company reserves the right to take necessary actions against the terminated Distributor and demand any compensation for damages and legal costs incurred, if any.
 - viii) The Company reserves the right to amend or change any part of the above procedure when necessary without giving prior notice.
- b) The Company shall send a registered letter to inform the Distributor about the suspension/termination of his/her distributorship.
 - c) The legally married couple that registered as distributors, if either party violates the rules, both shall be punished to avoid any fraudulent case.

4 Representations Made By Distributors

- a) Distributors shall present the Company's products and HW's Marketing Plan truthfully and fairly. The Distributors shall not disseminate or spread any inaccurate and untruthful information related to the Company and Company's products.
- b) It must be made clear that the Company's programmes are based on sales of the Company's products. It shall be stated that profits only come through diligent and committed efforts.
- c) Distributors shall not make claims on any of the Company's products other than those found in current Company literature and/or labels. If the reputation of the Company is damaged for this reason, the Distributor concerned will be held responsible for all costs or damages arising from such action. Furthermore, they shall not bind or commit the Company to any settlement related to such costs or damages.
- d) All statements regarding product description and use must conform in every way to the written policies of the Company.

5 Labeling and Packaging

- a) Distributors shall not alter, relabel, repackage, rebundle, unbundle, sell in loose form, or otherwise change any of the Company's products or sell any product under any name or label other than that authorized by the Company.
- b) All products of the Company shall be marketed and sold in its original form and packing.
- c) Distributors shall not display or sell the Company's products in any public or private places unless prior written approval from the Company has been obtained.

6 Pricing

- a) No Distributor is allowed to under-price or over-price any product of the Company for the

purposes of gaining higher profits or promoting sales.

- b) This action may warrant termination and/or legal action by the Company.
- c) The integrity of HW's Marketing Plan and the confidence of other Distributors should be upheld at all times.
- d) Under-pricing or over-pricing in the above context means:
 - i) All products of the Company shall be sold at its Retail Price as prescribed or approved by the Company. No Distributor is allowed to raise or lower the price of any product.
 - ii) No Distributor is allowed to carry out their own promotion unless with prior written approval from the Company.
 - iii) Products obtained during promotions or with purchase offers shall be sold at its retail price.
 - iv) A Distributor is not allowed to instigate, encourage, indulge and teach downlines to obtain bonus rebate/ refund of commission in order to be more competitive in pricing.
 - v) A Distributor is not allowed to resell the Company's products to their downlines, sidelines and other groups without the submission of sales report to the Company.
 - vi) A Distributor is not allowed to purchase/sell to the staff of the Company and vice versa.

7 Advertising and Use of Name

- a) Distributors shall not advertise the Company's products and/or its Marketing Plan without the prior written consent of the Company except by use of the exact language used in the Company's printed materials.
- b) Apart from printed materials that the Company may supply and/or sell to Distributors, a Distributor should not use the name of the Company, the Company's logo and/or other representation of the Company without prior written approval of the Company. Upon expiration, suspension/termination of a distributorship, the affected Distributor:
 - i) Shall remove and discontinue the use of all the Company's signs and/or any other representations; and
 - ii) Shall not use any name, sign, label, stationery, products name, copyrights, designs and/or any printed material related to any of the Company's products.
- c) Distributors may not register or use any of the Company's name(s), trademark(s), logo(s) or product name(s) in any website, URL (Uniform Resources Locator) address, Domain name, electronic media advertising or other forms of advertisement.
- d) In case of violation, the company reserves the right to pursue with legal action.

8 Cross-Sponsoring

- a) No Cross-Sponsoring of distributorship shall be allowed. Cross-Sponsoring in this context means:
 - i) Signing up an existing Distributor from another group.
 - ii) Signing up the spouse when the husband is already a Distributor or vice versa.
 - iii) Signing up under another sponsor to operate his/her distributorship when his/her distributorship is still valid.
 - iv) Allowing other people or relatives to use his/her distributorship to do business.
- b) In the event of Cross-Sponsoring, the following actions shall be taken:
 - 1
 - i) The distributorship of the Distributor who signs up Distributors of other group shall be terminated.
 - ii) All Distributors involved shall be transferred back to their original sponsor.
 - 2
 - i) If the spouse “A” of a Distributor “B” is found to have signed under another group.
 - ii) “A’s” distributorship will be terminated and all of “A’s” downline Distributors shall be transferred to “B”.
 - 3
 - i) If Distributor “A” is found to have used other people’s or relative “B’s” distributorship under another group to carry out business.
 - ii) “B’s” distributorship will be terminated and all of “B’s” downline Distributors shall be transferred to “A”.
- c) The Company reserves the right:
 - i) To withhold bonus payment of the offending Distributor.
 - ii) To terminate the offending Distributor at the Company’s discretion.

9 Resignation, Self-Suspension, Termination, Death or Incapacity

- a) Distributors who have a minimum of 1SV (PS) in any SV month within their distributorship period will maintain their distributorship for the subsequent 12 months from the SV month that they made the last purchase. Thereafter, their distributorship will be terminated automatically at the end of the 12th SV month. At the same time, the company will automatically deduct 12 months of publication fees (print or electronic publications) from its bonuses to ensure that Distributors receive the latest information.
- b) A Distributor whose distributorship has expired can only reapply to be a Distributor again after 14 days from the expiry date. E.g. If the distributorship expires in SV8 2019 (10th September 2019), a new application can only be submitted from 24th September 2019 onwards.
- c) Any Distributor may choose to resign their distributorship with written notice to the

Company and shall have his/her downlines transferred to his/her upline/sponsor.

- d) A Distributor must wait until the expiry of his/her distributorship (12 months from last purchase) or six (6) months after HW received his/her resignation letter, whichever comes later or such other time at the Company's discretion, before reapplying to be a Distributor again.
- e) A Distributor may choose to suspend his/her distributorship with written notice to the Company. In doing so, the Distributor must wait until the distributorship expires (12 months from last purchase) before reapplying to be a Distributor again.
- f) The resigned, suspended or terminated Distributor is not permitted, either directly or indirectly, to participate in the building or development of any of the Company's distributorships. He/She shall cease to identify himself/herself as the Company's Distributor and shall covenant not to influence existing Distributors, employees or agents of the Company or its subsidiaries in any manner that may be detrimental, prejudicial, adverse or which may disrupt the operations or image of the Company.
- g) Any Distributor who has resigned or whose distributorship has been suspended/terminated shall no longer be entitled to the status of his/her distributorship and all of HW's Marketing Plan, benefits and entitlements. Standing orders for future purchases will be terminated and the Company may refund the unutilised funds (if any) after deduction of administrative charges. His/Her downline organisation shall be transferred to his/her direct sponsor. The resigned, suspended or terminated Distributor shall have no further claims whatsoever against the Company. A Distributor who as resigned or been suspended or terminated can reapply for a new distributorship after his/her resignation, suspension or termination subject to the Company's approval and Clause 9 (d).
- h) Any person reapplying to become a Distributor of the Company shall not lay claim of his/her bonuses/ incentives, ranks or positions, which he/she enjoyed or held prior to his/her suspension/termination or resignation.
- i) Upon the demise or incapacity or health problems of a Distributor, his/her distributorship shall be transferred to the Distributor's beneficiary as stated in the Nomination Notice and/or such other document as may be prescribed by the Company and in accordance with the relevant laws of the country concerned.
- j) The Company reserves the right to claim damages from the resigned, suspended or terminated Distributor if he/she is in breach of the Rules & Regulations or have participated in any other actions that may cause losses in terms of financial or otherwise to the Company.

10 Principle of Sponsorship

- a) It is against the Company's policy for any Distributor to change sponsor through any means. Any application submitted with the intent to change sponsors will be rejected.
- b) It is against the Company's policy for a Distributor to be sponsored under two or more

distributorships. Such conduct will result in their distributorship being terminated.

- c) Application for the change of sponsor or transfer of some of his/her entire personal group is not permitted.

11 Marriage

- a) If 2 Distributors are married to each other, both of them either able to retain the original distributorship or apply to the company to terminate one of the distributorships.
- b) If one of 2 Distributors who are married, wish to apply to terminate his/her distributorship and become the partnership with the spouse, his/her downline must be maintained in the original organisation. Example: The Distributor who terminates his/her distributorship, his/her downlines to be owned by his/her upline/ sponsor.
- c) A husband with more than one legal wife, all his wives who wish to be Distributors must be directly sponsored by the husband.
- d) The Distributor referred to in Clause (11a), (11b) and (11c) is required to submit to the Company a copy of his/her marriage certificate and for (11c only) a written notification of his polygamy status. Failing to provide the documents will be considered a violation of the Rules & Regulations of the Company.
- e) The Company may, at its sole discretion, terminate the distributorship of a Distributor if the Company is of the opinion (in which case the opinion shall be final) that the Distributor and/or his/her spouse has violated the Rules & Regulations of the Company.
- f) A Distributor may own or have an ownership interest in only one distributorship except as provided below:
 - i) Where an existing Distributor purchases another distributorship.
 - ii) Where a Distributor (being a transferor), in order to facilitate the transfer of a distributorship in the event of his/her death, requests the name of another transferee to be included into his/her distributorship. The transferee must be his/her next of kin, namely his/her spouse, parent, child, or immediate brother or sister, and the transfer has to be supported by relevant documents. The name of the transferor must continue to remain in the distributorship until her/her death and supporting estate-planning documentation must be provided to the Company. Such transfer shall be subject to such terms and conditions as may be imposed by the Company and the prior written approval of the Company and whose approval may at any time be withdrawn without any notice to that Distributor.
- g) A Distributor is required to report the above issue to the Company, failing which he/she shall be deemed to have violated the Rules & Regulations of the Company.

12 Divorce

- a) Whenever a distributorship is separated as a result of divorce, the separation must be accomplished in such a way that it does not adversely affect the interests of other

distributorship in the same line of sponsorship.

- b) During the period in which divorce proceedings are pending, none of the parties are allowed to operate or participate in any other direct sales business. Otherwise, it will be considered as a violation.
- c) Both parties are obliged to submit a divorce agreement to the company.
- d) If there is any inadequacy of this method it should be handled in accordance with the laws and regulations of the country.

13 Sale of Distributorship

The sale of distributorship will be subject to the following conditions:

- a) Only a distributorship in good standing with the Company and having the rank of Crown Director (CD) and above and not in violation of the Rules & Regulations may be sold. The Distributor must write in to the Company of approval before any sale of distributorship can be made. Approval is based on the review of the proposed purchaser's qualification and intention to manage and will be subject to the consent and approval of the Company.
- b) The sales of the distributorship follows the below preferential order:
 - i) First priority - The Distributor's immediate sponsor
 - ii) Second priority - Any upline Distributor
 - iii) Third priority - One of the Gold Director downlines sponsored by the Distributor
 - iv) Fourth priority- One of the Distributors in the Company with the rank of Gold Director and above.
- b) Upon approval of the sale by the Company, a sale and purchase agreement must be signed between the buyer and seller. A copy of the duly stamped sale and purchase agreement must be extended to the Company for safekeeping.
- c) Any Distributor who has sold his/her distributorship can only apply to join as the Company's Distributor after one year from the date of the sale. Accordingly, he/she will start from the very beginning with no link to previous downlines.
- d) All bonuses accrued to the previous distributorship will be paid to the new owners. The awards and recognition previously awarded to the distributorship will be transferred to the new owner, if the new owner is presently a Distributor of the Company. However, the new owner has to attain the required qualification before he/she is entitled to acquire any due awards and recognition of the transferred distributorship.
- e) Selling and buying an existing distributorship as a means of changing distributorship is generally discouraged. The Company will closely scrutinise such transactions for violation of other important policies.
- g) The Company reserves the right to disapprove any sale of distributorship without having to give any reason.

14 Prohibited Acts

A Distributor shall not:

- a) Incur any liability or debt in the name or on behalf of the Company;
- b) Make or modify or alter or discharge any contracts in the name of the Company;
- c) Negotiate enter into contracts and/or agreements for and on behalf of the Company;
- d) Sponsor or solicitor attempt to sponsor or solicit another Company's Distributor into any other trade, business or profession in competition with the Company;
- e) Solicit the participation of any Company's Distributor to purchase any products other than the Company's or opportunity to participate in any other trade, business or profession in competition with the Company;
- f) Be engaged in or be interested whether directly or indirectly or whether as principal, agent, servant or licensee in the sale of any products or goods other than those of the Company in any trade, business or profession in competition with the Company;
- g) Influence existing Distributors, employees or agents of the Company or its subsidiaries in any manner that may be detrimental, prejudicial, adverse or which may disrupt the operations or image of the Company;
- h) Be involved in any media release pertaining to HW's corporate-related information (including personal interviews granted) to newspapers/magazines/others without prior written approval from the company.

15 Waiver

- a) Failure to enforce or to require the performance at any time of anyone of the provisions of these Rules & Regulations shall not be construed to be a waiver of such provision, and shall not affect either the validity of these Rules & Regulations or any part hereof or the right of any party thereafter to enforce each and every provision in accordance with the terms of these Rules & Regulations.
- b) Any waiver by the Company can and shall only be effected in writing by the authorised personnel of the Company.

16 Changes and/or Amendments

A Distributor shall comply with the Rules & Regulations of the Company and any amendment made by the Company from time to time provided that such amendment has been published in the HW's Magazine or otherwise notified to the Distributor.