



# Peraturan Perniagaan Pengedar CNI

## CNI 直销商商业守则 | Distributor Rules And Regulations



# CNI DISTRIBUTOR RULES AND REGULATIONS

## OBJECTIVES

1. To clarify Distributor's rights, duties and responsibilities.
2. To clarify a Distributor's obligation to the rules of Direct-Sales Act.
3. To clarify the existing relationship among Distributors in order to promote good coordination.
4. To clarify the existing relationship between Company and Distributor in order to enhance business development.
5. To assure Distributors of the profits they deserved under the selling scheme and Business Development Plan.
6. To cultivate a good business ethic among the distributors.

### **Note:**

The violation of CNI rules and regulation will affect not only the performance of our distributor, it will also cause unnecessary interference from the government authority. In regard to this matter, CNI Enterprise will greatly appreciate the full co-operation of every distributor.

## DISTRIBUTOR'S OBLIGATION

### **I, a CNI Distributor, shall abide by the following principles:**

1. I shall abide and support the company's rules and regulations and the Direct-Sales Act.
2. I shall cultivate a sincere approach in developing CNI's business and in recommending the Company's products.
3. I shall offer the very best service to my customers.
4. I shall uphold the reputation of the Company to gain the utmost trust of my fellow Distributors.
5. I shall carry out my duty as a Distributor or sponsor in accordance with the rules and regulations setforth.
6. I shall agree to the Company's addition or deletion of the content of CNI Distributor Rules And Regulations so as to ensure a smooth business operation.
7. I shall leave it to the company's discretion or the government's discretion if found violated the Company's rules and regulations or the Direct-Sales Act.

# 1. ELIGIBILITY

- 1.1 Subject to the provisions of these Rules and Regulations and such policies as may be determined by the Company from time to time any person above the age of 18 regardless of sex, race, political belief or religion may apply for registration as a distributor of the Company provided such person is sponsored by a registered and authorised distributor of the Company.
- 1.2 (a) Married couples must not sponsor each other or by another to obtain separate distributorship otherwise than is permitted under these Rules and Regulations.
- (b) Married couples of the executive rank who have already been separately appointed as distributor prior to marriage are entitled to continue their individual executive rank distributorship provided their individual executive distributorship has not lapsed or terminated subject that an election must be made as to which of the distributorship shall be the primary distributorship.
- (c) Where only one or none of the spouse has attained executive rank the married couple is allowed to maintain only one distributorship of their choice and the other distributorship shall be terminated and the downline of the terminated distributorship will be passed up free from any claim from the distributor concerned. If no election is made by the married couple the Company may terminate either one of their distributorship.
- (d) Rule 1.2 (c) shall apply to lawful polygamous couples except that in cases where the distributor has more than one lawful wife or the distributor is married to a person having more than one (1) lawful wife then :
- i. where the registered distributor is the husband, the other wife or wives may apply for separate individual distributorship on condition that such application for separate distributorship is sponsored by the distributor-husband and in such an event the separate individual distributorship shall be deemed to be a primary distributorship;
  - ii. where the registered distributor is the wife, the other wife or wives may apply for separate individual distributorship on condition that such application for separate distributorship is sponsored by the said distributor-wife and in such an event the separate individual distributorship shall be deemed to be a primary distributorship;
  - iii. where the other wife or wives aforesaid is already a distributor of the Company prior to marriage that other wife or wives is allowed to maintain their individual/separate distributorship with the Company and in such an event the separate individual distributorship shall be deemed to be a primary distributorship

PROVIDED ALWAYS THAT if the spouse or anyone of the wives attains executive rank, then notwithstanding the provision of Rule 5.18 the distributor, the spouse and the other wives (irregardless of rank) is prohibited from participating in any sales or recruitment or otherwise be involved in any activities of other direct sales company or other companies which the Company deems to be in competition with the Company or which may adversely affect the interest of the Company and the Company shall be entitled to take such action pursuant to Rules 10.1 or 10.4 or 2.6 against the distributor or the spouse or the other wives.

- (e) For the purposes of the rules herein references to the "other wife or wives" shall mean the wife or wives of the distributor not named as the spouse in the distributor's application form or other notification and where the distributor omits to name the spouse in the application form or other notification references to the "other wife or wives" in the rules herein shall mean the wife or wives of the distributor other than the first wife and references to the "distributor-husband" shall mean the husband who is registered as a distributor of the Company and references to the "distributor-wife" shall mean the wife who is registered as a distributor of the Company.

- (f) A distributor of the rank of Diamond and above may with the consent of the Company :
- (i) sponsor his/her spouse to be a distributor as his/her immediate downline; or
  - (ii) sponsor himself/herself to be a distributor as his/her immediate downline;

SUBJECT ALWAYS that such a distributor being sponsored under Rule 1.2(f) (i) or (ii) above shall only be entitled to bonus and aset fund and car fund (if qualified) but shall not be entitled to recognition for promotion and/or any trip or other promotion incentives and the sponsoring distributor shall always be the primary distributor as defined below and the distributor being sponsored shall be the secondary distributor.

- (g) Where a distributor and/or his spouse, singularly or collectively, has or maintains more than one (1) distributorship such a distributor and/or his spouse shall elect which of the distributorship shall be deemed to be the primary or secondary distributorship. A primary distributorship shall be entitled to enjoy all the rights, privilege and benefits of a distributorship. A secondary distributorship shall only be entitled to bonus, car fund and aset fund but shall not be entitled to recognition for promotion and/or any trip or other promotion incentives. For the purpose of these Rules in cases of lawful polygamous marriages the distributorship held by the named spouse or the first wife as the case may be shall be the secondary distributorship.

#### **ILLUSTRATIONS**

- (i) Ah Chong and Ah Mooi are married. Ah Chong is a distributor of the Company while Ah Mooi is not. No distributor is allowed to sponsor Ah Mooi to be a distributor of the Company [Rule 1.2(a)].
- (ii) Andy and Cindy are single and both are executive rank distributors of the Company. Subsequently Andy and Cindy gets married. Both Andy and Cindy are entitled to maintain their separate executive rank distributorship with the Company [Rule 1.2(b)].
- (iii) Alex and Dianne are both executive rank distributors of the Company. Alex did not renew his distributorship and allows his distributorship to lapse. Later, Alex decides to rejoin as a distributor. Alex cannot be sponsored by any distributor including his wife, Dianne [Rule 1.2(a) and 1.2(b)].
- (iv) Andrew and Catherine are single and are non-executive rank distributors. Muniandy is single and is an executive rank distributor whereas Nagamah is single and is a non-executive rank distributor.

Subsequently Andrew gets married to Catherine and Muniandy married Nagamah.

Upon marriage Andrew and Catherine must elect to surrender one of their distributorship. Similarly Muniandy and Nagamah must also elect to surrender one of their distributorship. If no election is made the Company may terminate any one of the married couple's distributorship [Rule 1.2(c)].

- (v) Ahmad is a distributor of the Company and is married to Aminah, Siti and Zubaidah. Zubaidah is named in the application form as the spouse of Ahmad. No person is allowed to sponsor Zubaidah to be a distributor of the Company [Rule 1.2(a)]. Aminah and Siti may join the Company as a distributor but must be sponsored by Ahmad and nobody else [Rule 1.2(d)(i)].

In the above illustration if Zubaidah is the registered distributor, then Siti and Aminah may only be sponsored by Zubaidah [Rule 1.2(d)(ii)] and no one can sponsor Ahmad [Rule 1.2(a)].

- 1.3 The Company reserves the right to reject any application for registration as distributor without assigning any reasons whatsoever. If the prospective distributor's application is rejected by the Company the sponsoring distributor shall forthwith refund the sum paid for the Starter Kit to the prospective distributor if the Starter Kit is returned to the sponsoring distributor in good and saleable condition.
- 1.4 A company or partnership may not apply to be registered as a distributor.
- 1.5 A person whose distributorship has lapsed or who has on his own accord surrendered or terminated his distributorship may at any time apply to rejoin as a distributor under his previous sponsor.
- 1.6 (a) Subject to acceptance by the Company an ex-distributor may be sponsored under any line or group if he has been inactive for a continuous period of not less than six (6) months prior to him rejoining as a distributor and not less than six (6) months have lapsed from the expiry of the Appointment Period.
- (b) A person shall be deemed not inactive if he sells or attempt to sell or assist to sell any of the Company's products; or if he takes part directly or indirectly in any stage of the sales of the Company's products; if he assists in the sponsoring of any person as a distributor of the Company; if he participates or appear (whether in person or as nominee or representative of another distributor) in any of the Company's functions or activities or the Company's distributors functions or activities in matters related to the Company; if he makes any presentation of the Company's Development/Marketing Plan to potential distributors; if he is seen or appears in Distribution Centres, Service Centres or other places where the Company or its distributors carries out business. For the avoidance of doubt the provisions of Rule 2.6(b) shall apply to this Rule 1.6(b).
- (c) An applicant must declare in writing whether he or his spouse is or has been a distributor of the Company and shall state in such declaration the reason(s) for cessation of his or his spouse's distributorship. If the ex-distributor fails or neglect to make such a written declaration or makes any misleading or false declaration, the Company shall be entitled to summarily terminate his distributorship.

### **ILLUSTRATIONS**

Ahmad is sponsored by Bakri and Ahmad's distributorship is valid from 1.1.2005 to 31.12.2005. Ahmad surrenders his distributorship on 1.5.2005. Ahmad may rejoin as distributor at any time if he is sponsored by Bakri. If Ahmad desires to be sponsored by any person other than Bakri, he may only do so from 1.7.2006 if he is totally inactive [Rule 1.6(a)].

- 1.7 (a) A distributor is not entitled to hold more than one (1) distributorship at any one time otherwise than permitted by these Rules and Regulations nor can he be interested or have or own any financial interest (directly or indirectly) in the distributorship of another in the Company other than any interest acquired by way of transfer sale or assignment to which the Company has granted its written consent or is otherwise acquired pursuant to Rule 9.4 below.
- (b) A distributor shall not enter into any arrangement with another distributor where he is subject to the control of that other distributor or where that other distributor will have or own a financial interest (directly or indirectly) in his distributorship
- 1.8 In furtherance of Rule 1.7(a) and (b) above a person may not apply or be registered as a distributor of the Company if he/she is acting as a nominee of a distributor or other person. A person is presumed and deemed to be the nominee of another distributor if :
- (a) that distributor participates or assists in the sales, sponsorship and/or promotion for the said person; or

- (b) that distributor accepts or receives any benefit from the sales commission bonus or incentive of the said person; or.
  - (c) the said person permits, allows or authorizes that distributor to utilize the bonus or commission paid to the said person for that distributor's own purchase or other distributor's purchases; or
  - (d) the said person uses that distributor's address for all correspondences with the Company.
- 1.9
- (a) Where a distributor withholds or fails to disclose or reveal to the Company any relevant information which if disclosed or revealed to the Company would result in the Company rejecting the distributor's application or furnish the Company with false or misleading information, then in such an event the Company shall be entitled at its discretion to summarily terminate the distributorship and/or transfer or move the distributor and his entire downline or any part thereof to another group deemed appropriate by the Company and/or suspend the distributor for any period of time or otherwise take any action deemed fit by the Company. The disclosure of such information aforesaid shall not be limited to that stipulated in the application form and the onus shall be on the distributor to make such relevant disclosure and declaration to the Company.
  - (b) Where the Company has reason to believe that a sponsor is aware or should have been aware that the distributor he sponsored has withheld or failed to disclose or reveal the aforesaid information referred to in Rule 1.9 (a) above or furnish the Company with false or misleading information the Company shall be entitled to take such action as it deems fit against the said sponsor including but not limited to suspension, withholding of bonus, commission benefits and incentives and termination .
- 1.10 Without prejudice to any other rights and power of the Company, where it is found or the Company has reason to believe that a distributor possesses two (2) or more separate distributorship by himself (unless permitted under these Rules and Regulations) or through his nominee(s) or is deemed to have two (2) or more separate distributorship the Company may in its absolute discretion :-
- (a) terminate the latest distributorship and the downline of the terminated distributorship passed upwards; or
  - (b) terminate the latest distributorship and/or transfer or move the latest distributorship and its entire downline or part thereof to the earlier distributorship or such group deemed appropriate by the Company including but not limited to transferring the entire downline of the latest distributorship to the upline of the earlier distributorship.
- and in such an event the distributor shall indemnify the Company against any loss or damage suffered by the Company arising from the aforesaid termination or cancellation or transfer or movement.
- 1.11 Where the Company exercises its right to transfer or move any distributor and/or its downline or part thereof to another group the Company is not required to obtain the consent of any distributor within the group to be transferred/moved or the group to whom the other group is to be transferred/moved and no distributor shall be entitled to any claim for any loss or damage howsoever suffered arising or resulting from or incidental to the transferring or moving of any distributor or group as aforesaid.
- 1.12 Where a distributor has reason to believe that another distributor possesses two (2) or more distributorship with the Company by itself or through its nominee(s) or spouse the distributor may lodge a written complaint with the Company and furnish the Company with relevant documents supporting such complaint and the Company shall at its absolute discretion take such action as it deems fit if the Company is satisfied that the complaint is true provided always that the Company shall be entitled not to consider any such complaint if the complaint is made after the expiry of two (2) years

from the date that other distributor has been accepted as a distributor of the Company. Nothing herein shall affect the rights and powers of the Company under Rule 1.10 herein.

## **2. MODE AND MANNER OF APPLICATION**

- 2.1 Applicants must submit their application using the Company's prescribed form together with the registration fee. Every applicant must be sponsored by an existing distributor of the Company.
- 2.2 Where any of the information declared or stated in the prescribed form is false or misleading or incorrect or the Company has reason to believe that such information in the prescribed form is false, misleading or incorrect the Company shall be entitled to :-
- (i) summarily terminate the distributorship; or
  - (ii) transfer or move the distributor and/or his entire downline or part thereof to a group deemed appropriate by the Company; or
  - (iii) suspend the distributor for any period of time; or
  - (iv) withhold any bonus, commission, benefits or incentives due or accrued to the distributor; or
  - (v) take any action deemed fit or appropriate by the Company.
- 2.3 Successful applicants will be appointed and registered as a distributor and would be given an authority card and a starter kit complete with the Company's Business Development Manual and related product's information. Successful applicants have the right at any time to terminate the distributorship within 10 working days from the date of joining as a distributor and all moneys paid will be refunded to the distributor free of interest except that refund for the starter kit would be made in accordance with Rule 2.4 below.
- 2.4 The registration fees would be refunded to all unsuccessful applicants. Where the starter kit is returned to the distributor, the refund shall be made by the distributor and where the starter kit is returned to the Company the refund shall be made by the Company provided always that a refund would be made only if the starter kit is in good and saleable condition.
- 2.5
- (a) The successful applicant named in the prescribed form shall be registered as a distributor of the Company.
  - (b) Where the distributor is married he is required to declare the name and particulars of his spouse to the Company;
  - (c) Where the distributor has more than one lawful wife, he shall nominate any one of his wives for the purposes of Rule 9.4 (b) hereof;
  - (d) The distributor is encouraged to name a beneficiary which rights of the beneficiary shall only crystallise if the distributor leaves no lawful spouse or the lawful spouse or nominated spouse fails to assume/acquire the rights of the distributorship in accordance with these Rules and Regulations or fails to comply with any of the conditions imposed by the Company. Where the named beneficiary is a minor the distributor is required to appoint a trustee to hold the benefits upon trust for the beneficiary. The decision of the Company on whether a spouse or nominated spouse had failed to assume/acquire the rights of the distributorship in accordance with these Rules and Regulations or failed to comply with the conditions imposed by the Company shall be final and conclusive and shall be binding on the spouse or nominated spouse or the named beneficiary as the case may be.

## ILLUSTRATION

Ah Moi is the lawful wife of Ah Beng. Ah Beng has named Ah Chai as his beneficiary. Ah Beng dies.

If his wife, Ah Moi complies with all conditions imposed by the Company for the transfer of Ah Beng's distributorship to her. Ah Chai has no claim and no rights to Ah Beng's distributorship or the benefits or rights thereunder notwithstanding that Ah Chai is named as the beneficiary.

If his wife, Ah Moi, fails to comply with the Company's conditions for the transfer of Ah Beng's distributorship to Ah Moi, the Company is entitled to transfer Ah Beng's distributorship to Ah Chai. [Rule 2.5(d)].

- 2.6. (a) Notwithstanding that the Company permits the distributor and his spouse or nominated spouse (in the case of a lawful polygamous marriage) to function as a single team/unit and notwithstanding that the Company honours the spouse or nominated spouse of the distributor in its official function or publication, only the person registered as the distributor is entitled to be paid or enjoy the bonus, commission, incentives and other benefits accrued or earned. The spouse or nominated spouse of the distributor as the case may be shall have no right and no locus standi to any claim against the Company for any bonus, commission, incentives and other benefits accrued or earned unless Rule 9.4(a), (b) or (c) applies.
- (b) Where the spouse of the distributor does or carry out any act or thing and if such act or thing if done or carried out by the distributor would result in -
- (i) a breach of any law or regulation governing direct sales; or
  - (ii) would result in a breach of any of the terms and conditions of the Rules and Regulations or the Code of Ethics; or
  - (iii) would entitle the Company to terminate or suspend the appointment of the distributor; or
  - (iv) would entitle the Company to take any action against the distributor including but not limited to the suspension or withholding any bonus, commission, incentives or other benefits;

then in any such case the actions of the spouse shall be deemed to be the actions of the distributor and all rights and remedies that the Company may have against the distributor under these Rules and Regulations or in law or in equity shall be enforceable against the distributor as if the actions of the distributor's spouse is/are the action(s) of the distributor himself.

## 3. SPONSORSHIP

- 3.1 (a) Subject to the provisions of these Rules a registered and authorized distributor may sponsor any person who satisfy the requirements stipulated in these Rules and Regulations and such other criteria as may be required to be fulfilled by the Company to be a distributor. Upon sponsoring a person to be a distributor of the Company the sponsor must immediately submit the duly completed prescribed form and any other re-levant documents to the Company for processing.
- (b) A distributor sponsoring a person to be a distributor of the Company must satisfy himself that the person being sponsored fulfils the requirement of these Rules and Regulations and such criteria as may be imposed by the Company from time to time and is a fit and proper person to be a distributor of the Company and in particular the distributor must ensure that:
- i. the person being sponsored is not an existing distributor or spouse of an existing distributor of the Company;

- ii. the person being sponsored is not a nominee of a distributor or ex-distributor or spouse of such distributor or ex -distributor;
  - iii. the restriction set out in Rule 1.6(a) above does not apply;
  - iv. the particulars completed by the person being sponsored are fully and correctly completed and in particular the distributor shall check and verify the particulars with the identity card of the person being sponsored;
  - v. the person being sponsored executes the application form and fully understands the contents thereof
- (c) A distributor must not on any account whatsoever procure or engage the services or assistance of any person, body, company or firm to assist him in sponsoring or in sales or in any manner whatsoever whether or not such services or assistance is rendered for a fee or free of charge. A distributor is prohibited from participating in any seminars, programmes or activities purporting to offer such services or assistance.
- (d) Likewise a distributor may not through himself or any firm, company or body provide or offer to provide the services or assistance referred to in Rule 3.1(c) above to the Company's distributors or the public or attempt to do any of the foregoing.
- (e) Any distributor found to be in breach of Rule 3.1(c) or (d) or (f) shall be liable to have his distributorship terminated or be suspended or sanctioned in such manner as the Company deems fit. For the avoidance of doubt it is not an infringement of Rule 3.1(d) above if a distributor assists his own downline if such service rendered is voluntarily and free of charge and does not infringe any of the Rules and Regulations herein.
- (f) No distributor may conduct or promote the sponsoring of any person to be a distributor of the Company over the Internet until such time that sponsoring over the Internet is permitted by the Company.
- 3.2 A distributor must not procure or induce any person to become a distributor of the Company:
- (a) by force, threats, intimidation or coercion; or
  - (b) by making or providing false or misleading information or representations including the false representation that a distributor would obtain financial gain merely through the act of sponsoring persons to be distributors of the Company or exaggeration of the returns as a distributor of the Company; or
  - (c) by providing or promising to provide gifts monies or other form of inducement or incentive; or
  - (d) falsely or fraudulently using the Company's name or logo or trademark to induce or entice the person to become a distributor; or
  - (e) by engaging the services of another party
- 3.3
- (a) A distributor must not directly or indirectly entice or cause another distributor to surrender or terminate his distributorship or become inactive or allow his distributorship to lapse or leave his upline.
  - (b) Notwithstanding the provisions of Rule 1.5 above and notwithstanding the six (6) months inactivity rule in Rule 1.6(a) above a distributor who has committed a breach of Rule 3.3(a) above may not sponsor that other distributor to his group or any other group. Similarly that other distributor may not reapply or be sponsored by any distributor other than his previous sponsor
- 3.4 A distributor must forthwith provide proper business training and guidance to the new distributor sponsored by him immediately upon appointment by the Company.
- 3.5 A distributor must maintain an independent and professional relationship with his downline.

## **4. DURATION AND RENEWAL OF APPOINTMENT**

- 4.1 The appointment of a person as distributor and each subsequent renewal shall be for duration of twelve (12) months. The twelve (12) months period aforesaid (whether or not the distributorship has been terminated) shall be referred to as “the Appointment Period”.
- 4.2 Renewal of the distributorship is not automatic and the distributor must apply for renewal of his term of appointment in the prescribed form not later than three (3) months before the expiry of his term. No renewal fee would be charged by the Company. The Company is entitled at its absolute discretion to refuse to renew the distributorship of any distributor for any reason whatsoever and is entitled to take into consideration the conduct of the distributor in deciding whether or not to renew the distributorship or to grant any grace period as it deems fit to the distributor to renew his distributorship.
- 4.3 Unless the Company decides otherwise, where no application for renewal of distributorship is made by the distributor to the Company or if made is not made in accordance with the provisions of Rule 4.2 above or such prescribed mode manner and time of renewal as may be prescribed by the Company from time to time the distributor’s appointment shall be deemed to have been terminated at the expiry of the term of distributorship and thereafter the distributor shall not transact sell or otherwise deal with any of the Company’s products in any manner or on any account whatsoever.

### **ILLUSTRATIONS**

Annuar is accepted as distributor of the Company on 1/1/2006. Annuar’s distributorship will expire on 31/12/2006. [Rule 4.1]

Annuar must submit his application for renewal in the Company’s standard form by 30/9/2006 and if he fails to do so his distributorship shall be deemed terminated unless the Company decides otherwise [Rule 4.2].

If Annuar submits his application within the prescribed time, Annuar’s distributorship is not automatically renewed. The Company is entitled take into consideration the conduct or actions or performance of Annuar in deciding whether or not to renew Annuar’s distributorship with the Company [Rule 4.2].

- 4.4 Notwithstanding that the Company may have renewed a distributor’s term of appointment even though the distributor has not made an application for renewal under Rule 4.2 above, the distributor’s obligation to apply to the Company for a renewal of his appointment in the subsequent year(s) shall not in anyway be affected or construed to be waived by the Company. Accordingly in the event the distributor fails and/or neglects to apply for a renewal of his appointment in accordance with the provisions of Rule 4.2 hereof the provisions of Rule 4.3 hereof shall apply.
- 4.5
- (a) The Company is authorised and shall be entitled to publish the name and particulars of the distributor or his photograph(s) or article(s) about the distributor or any testimonial (s) of the distributor in the CNI Newsletter, newspaper, television, radio, functions, multi-media and other medium to further the interest of the Company;
  - (b) By joining as a distributor of the Company the distributor irrevocably consents and grants unto the Company the authority aforesaid in rule 4.5 (a) above and right to publish free of any charge, commission, royalty or other payment;
  - (c) The aforesaid right shall remain and survive the termination of the distributorship and the copyright in such photographs, articles, testimonial and other documents shall vest and remain with the Company at all times and the Company shall be entitled to publish the same at any time it deems fit free from any claim or hindrance or obstruction of the distributor.

## 5. CONDUCT OF BUSINESS

- 5.1 All registered and valid distributor will be issued with an Authority Card and upon receipt of the Authority Card the distributor must forthwith affix his photograph measuring 3.2cm X 3.8cm (without border) onto the said card. Any Authority Card without the distributor's photograph shall not be valid and is deemed to be used without the Company's authority.
- 5.2 At all times when conducting any sales or negotiations the distributor must have in his possession a valid Authority Card and must identify himself with the valid Authority Card and National Registration Identity Card.
- 5.3 A distributor must at all times comply with the provisions of the Direct Sales and Anti-Pyramid Scheme Act, 1993 and all regulations made pursuant thereto (and/or such other legislation in force for the time being) and in particular a distributor who is conducting a door-to-door sales within the definition of the door-to-door sale under the Direct Sales and Anti-Pyramid Scheme Act, 1993 (and/or such other legislation in force for the time being):
- (a) must not without prior appointment call at any premises on a public holiday or on any day between the hours of 7 p.m. and midnight;
  - (b) where the sale of the Company's products is of a value of RM300.00 or more the distributor must ensure that the contract of sale is in writing and shall contain immediately above the place provided for signature of the purchaser the statement " THIS CONTRACT IS SUBJECT TO A COOLING-OFF PERIOD OF TEN WORKING DAYS " printed in upper case in type not smaller than 18 points and shall ensure that the contract is signed by both the distributor and the purchaser and immediately thereafter the distributor must give a duplicate copy of the contract to the purchaser together with a notice informing the purchaser of his right to rescind the contract before the expiry of the cooling-off period aforesaid and a notice in the format prescribed by the Direct Sales and Anti-Pyramid Scheme Act, 1993. In addition the products may not be delivered and no payment may be collected from the purchaser during the Cooling-Off Period;
  - (c) where the distributor is asked to leave the premises of the purchaser he must immediately comply with the directions and not coerce or force the purchaser to listen to his explanation.
- 5.4 A distributor must issue receipts to the purchaser for all products purchased and the receipt must state clearly the product, price, distributor's name, code number and must be signed by the distributor.
- 5.5 A distributor must comply with and abide by the rules and regulations herein (including any amendments thereto) and the Code of Ethics issued by the Company.
- 5.6 A distributor shall present the Company's products and business development plan to potential customers or potential distributors in an honest and truthful manner and shall not make any false or misleading representations or exert any force or any form of intimidation in his enthusiasm to sell the Company's products or to sponsor any person to be a distributor of the Company and on no account whatsoever shall the distributor use racial, political, religious or other sensitive issues to sell the Company's products.
- 5.7 A distributor must demonstrate and explain clearly to the purchaser and his downline the proper usage and effects of the Company's products and shall not on any account whatsoever make any false misleading or other misrepresentation with regard to the description of the Company's products its usage effects and efficacy. In the event the distributor makes any false misleading or other misrepresentations the distributor shall be liable to indemnify and keep the Company indemnified and save harmless against any loss and damage suffered by the Company.

- 5.8 (a) A distributor is an independent contractor/ businessman and shall not claim to be the sole and exclusive distributor of the Company nor shall he hold himself/herself out as the Company's partner or agent. Accordingly the distributor must register his business with the relevant authorities unless the purpose of the distributorship is to purchase goods for his own consumption or for charitable purposes. The distributor shall be responsible to submit the statement of his income and accounts to the relevant authorities and shall bear all taxes penalties and fines imposed by the relevant authorities.
- (b) A distributor may not convert the registration with the relevant authorities from a sole proprietorship to a partnership.
- 5.9 A distributor shall not claim to represent or have the authority to represent the Company in any matters or transaction whatsoever.
- 5.10 A distributor belonging to Executive Rank or enjoying the benefits of the Executive Rank or a distributor whose spouse or the other wife or wives of the spouse is of Executive Rank shall not or in any way be involved or interested whether directly or indirectly in the activities of another direct sales/multi-level marketing company or a company in competition with the Company. A distributor is deemed to be directly or indirectly involved in the activities of another direct sales company/multi-level marketing company or a company in competition with the Company if: -
- (a) he/she and/or his/her spouse or the other wife or wives of the spouse is/are employees (executive or management level and above) shareholder or director of another direct sales/multi-level marketing company or a company in competition with the Company; or
- (b) he/she and/or his/her spouse or the other wife or wives of the spouse is/are distributor(s) or member(s) or agent(s) or representatives or spokesperson or speaker or trainer of another direct sales/multi-level marketing company or a company in competition with the Company; or
- (c) he/she and/or his/her spouse or the other wife or wives of the spouse is/are involved in selling distributing or promoting products of another direct sales/multi-level company or a company in competition with the Company; or
- (d) he/she and/or his/her spouse or the other wife or wives of the spouse is involved in any advisory or consultancy capacity to another direct sales/multi-level marketing company or a company in competition with the Company; or
- (e) he/she and/or his/her spouse or the other wife or wives of the spouse offers or is involved in providing any service or training for any person who is not a distributor of the Company whether or not such service or training involves direct sales or multi-level marketing or a company in competition with the Company.

A company shall be deemed to be in competition with the Company if:

- (i) The company is in the business of or is involved in the sales or marketing or promotion of insurance , trust funds, membership, loyalty programmes, cards, investment programmes, or other products and where such person carrying out such sales or marketing or promotion obtains a benefit (whether monetary or otherwise); or
- (ii) If the modus operandi of the company or business involves any form of recruitment or sponsoring or scheme whereby any person or party recruited or sponsored or participated obtains a benefit (whether monetary or otherwise) or is required to sell or promote or distribute the products of the company.

The type of companies listed above is not exhaustive and whether a company is in competition with the Company is a matter to be determined by the Company absolutely and shall not be challenged by the distributor on any account whatsoever. References to "company" or "companies" above shall include any company incorporated under the Companies Act, 1965, sole proprietors or partnerships (whether or not registered under the Registration of Businesses Act, 1956), bodies (corporate and unincorporated) and societies.

- 5.11 (a) A distributor shall not sell display or promote any of the Company's products in shops, army market/store, mini market, supermarket, shopping complex, departmental store clubs (private or otherwise) or any places opened to the public or a section of the public or over the Internet or sell the Company's products to any person for sale in such places aforesaid and the distributor is prohibited from placing advertisement in newspapers magazines Internet or other publications or electronic or other media promoting himself/herself or promoting the products;
- (b) A distributor is prohibited from purchasing the Company's products from one country and thereafter reselling the said products in a different country. This restriction shall apply regardless of whether the product is within the product list of the Company in the country concerned and whether or not the distributor makes a profit from the sale. For the purpose of this clause the Company shall include the Company's group of companies or related or associate companies.
- (c) A distributor is prohibited from setting up any sales or supply outlet whether formally or informally for the sales or distribution of the Company's products and a distributor is strictly prohibited from affixing or displaying the company's name, logo or signboard in or outside any premise or other place without the express written authority of the Company.
- (d) A distributor shall not on any account and in any manner tamper with the Company's products whether in respect of its contents, labels, literature, brochures or otherwise;
- (e) A distributor is strictly prohibited from selling the Company's products other than in the packing purchased from the Company and any form of repacking or rebundling of the Company's products for sale or otherwise or any sale of the Company's products in loose form or as separate/dismantled parts are strictly prohibited.
- 5.12 A distributor shall not sell or distribute any of the Company's products at any price or terms other than that stipulated and agreed upon by the Company and shall not provide any gifts discount incentives or other promotional gimmicks in the sales or distribution of any of the Company's products other than that approved by the Company. A distributor must comply and adhere strictly to the sales price fixed by the Company.
- 5.13 A distributor -
- (a) must not use the Company's logo, name, trade mark or slogan for any purpose whatsoever without the prior written consent of the Company and must not on any account whatsoever without the prior written consent of the Company first had and obtained publish or distribute any statement, brochure, flyers, pamphlets, advertisement in any media whatsoever pertaining to any matters touching on the Company its products marketing / business development plan and other matters concerning the company;
- (b) must not market, sell, distribute or promote the products, business or activities of another company whether of a direct selling nature or not to a distributor of the Company or recruit or sponsor any distributor to join another company whether of a direct selling nature or not;
- (c) must not make use of or carry out any activities in any of the Company's functions, seminars, meetings, programs, offices, distribution centers, service centers to promote or sell his own products or the products of another company or person;

(d) who is of the rank of Million Diamond Agency Manager (MDAM) or such other rank as the Company may require to be governed by this Rule, may not be involved in or carry out any trade or business without the prior consent of the Company first had and obtained in writing.

- 5.14 A distributor shall not on any account or under any guise whatsoever purchase sell or distribute or enter into any arrangement to purchase sell or distribute any of the Company's products under the name of another distributor whether or not that other distributor consents to such sale or distribution under his name. A distributor shall not entice or make any arrangement with his downline or the downline of another distributor whereby the sales of his downline or the downline of the other distributor is passed off as the sales of the distributor.
- 5.15 A distributor shall not sell or distribute any of the Company's products where the shelf life of the product has expired or is about to expire.
- 5.16 A distributor shall not spread say or publish any lies about the Company or its products and shall not spread say or publish any remark or statement which would or is likely to adversely affect the interest image and/or reputation of the Company or the sales of its products.
- 5.17 A distributor shall not on any account whatsoever do any act or attempt to do any act to entice or persuade any other distributor to take part in the sales distribution or activities of another direct sales/multi-level marketing company or any other business.
- 5.18 Where a non-executive rank distributor becomes a distributor or member of another direct sales/multi-level marketing company he shall forthwith declare his interest in that other direct sales company to the Company and where the distributor is promoted to Executive Rank he shall forthwith relinquish and renounce all his rights and interest in that other direct sales/multi-level marketing company and from the date he is promoted to Executive Rank he shall be prohibited from being involved directly or indirectly in the sales distribution and/or activities of that other direct sales/multi-level marketing company.
- 5.19 Upon occurrence of any of the following events and upon request by the distributor the Company shall be obliged to buy back the Company's products from the distributor at the price paid by the distributor less all commissions paid by the Company in respect of the sale of the said products and such processing fees as may be allowed by the relevant authorities (" hereinafter referred to as 'The Buy-Back Price"):
- (a) where the distributor has ceased to be a distributor of the Company on his own accord; or
  - (b) where the distributor's appointment has been terminated by the Company;

Provided Always that:

- (i) the said products are in a good and saleable condition; and
- (ii) the period from the date of purchase of the said products (supported by the relevant cash bill) to the date of request by the distributor to the Company to buy back the said products does not exceed ninety (90) days; and
- (iii) the appropriate BV, PV and other points or benefits earned by the distributor from the sale of the said products are deducted from the distributor's sales and the commission and other benefits accruing to the distributor shall be adjusted accordingly; and
- (iv) the said products are returned directly to the Company's head office or branch office. and

- (v) a written request for buy back is given to the Company within thirty (30) days from the date the distributor ceases to be a distributor of the Company whether by termination or otherwise.

The processing fees allowed by the relevant authorities is 10% of the price paid by the distributor less all commissions paid by the Company in respect of the sale of the said products.

5.20 Where the Company buys back or is required to buy back its products from a distributor for any reason whatsoever including a buy back under Rule 5.19 the company shall be entitled to re-evaluate the commission bonus funds points rank and other benefits paid conferred or enjoyed by the said distributor and/or other distributor (s) deriving benefit from the sale of the said products and accordingly upon receipt by the Company of the request by the said distributor to buy back the said products it shall be deemed that the said products have not been sold by the said distributor and the Company shall be entitled to:

- (a) re-adjust re-calculate deduct and/or demand repayment of such commission bonus funds points paid conferred or enjoyed by the said distributor and/or the other distributor(s) concerned in respect of the sales of the said products; and
- (b) re-adjust withdraw demote and/or suspend the promotion and/or the rank of the said distributor and/or the other distributor(s) if the distributor concerned would not have obtained such promotion and rank if the sales of the said products were not taken into account; and
- (c) re-adjust withdraw suspend cancel and/or demand repayment of any other benefit(s) paid conferred or enjoyed by the said distributor and/or the other distributor(s) concerned if the distributor concerned would not have obtained such benefit(s) if the sales of the said products were not taken into account.

5.21 The Buy-Back Price of the product returned to the Company shall be paid by the Company to the distributor concerned within one (1) month from the date of the said products having been returned to the Company.

## **6. ORDERS AND PAYMENTS**

6.1 A distributor may order and purchase goods from any of the Distribution Centres in the country or from the Company's headquarter and must ensure that the particulars in the Cash Bill are correct.

6.2 Payments shall be made by cash or approved credit/debit/payment card only.

6.3 A distributor shall not use the "House cheque" or "Company Cash Vouchers" belonging to another for purchase of products from the Distribution Centres.

6.4 A distributor may not collect the bonus of any other distributor without that other distributor's written authority and the distributor shall indemnify the Company and/or its DC Operator and/or its SP Operator or eSP Operator against all loss and damage suffered by the Company and/or its DC Operator and/or its SP Operator or eSP Operator in the event of any claim by that other distributor whose bonus is collected by the distributor without that other distributor's written authority.

6.5 A distributor may not allow another distributor to use his address for correspondence or delivery of house cheques or cash vouchers or other form of payment made by the Company unless otherwise agreed by the Company in writing. A distributor shall immediately notify the Company in writing if any correspondence or house cheques or cash vouchers or other form of payment made by the Company to another distributor is sent or delivered to the address of the distributor.

Where the distributor fails to notify the Company of such fact, it shall be deemed that :

- (i) that other distributor is a nominee of the distributor;
- (ii) the distributor has entered into an arrangement with that other distributor in breach of Rule 5.14 hereof .

## **7. PROMOTION AND BONUS**

- 7.1 A distributor's promotion and entitlement to bonus shall be as described in the Company's Business Development Plan and such rules as may be set by the Company from time to time.
- 7.2 The Company reserves the right and the distributor hereby irrevocably consents and agrees that the Company may amend the Business Development Plan without the prior consent of the distributor.
- 7.3 The Company shall be entitled to withhold or suspend any bonus, commission, incentives and other benefits due to the distributor :-
- (a) where a dispute or difference shall arise between the distributor and the Company or between the respective distributors inter se; or
  - (b) where the Company deems it in the best interest of all parties concerned to withhold the bonus, commission, incentives or benefits; or
  - (c) where the distributor commits or is suspected of committing any breach of the Rules and Regulations herein; or
  - (d) where a show cause letter has been issued or a notice of suspension issued by the Company to the distributor; or
  - (e) where the distributor's appointment has been terminated or has expired; or
  - (f) where the Company deems it fit to withhold or suspend the payment of bonus, commission, incentives or benefits as the case may be.
- 7.4 Commission, incentives and other benefits shall only be paid, awarded or accorded to the distributor registered with the Company and the spouse of the distributor shall have no claims whatsoever against the Company in respect of any payment of commission, incentives and other matters relating to the distributorship notwithstanding that the spouse of the distributor may have contributed or is solely responsible to the earning of such commission, incentives or other benefits and notwithstanding that the Company have recognized or made awards or accord recognition of the spouse (such as PIN recognition and overseas trip etc) .
- 7.5 The Company shall be entitled to deduct any sum owing by the distributor to the Company or any tax, rates or other sums required to be deducted under any laws, regulations for the time being in force from any bonus, commission or other incentives earned by the distributor.
- 7.6 A distributor must collect and cash his bonus within nine (9) months from the date the bonus is issued to him. In the event the distributor fails to collect or cash the bonus payment within the nine (9) months period aforesaid the Company shall be authorized at its absolute discretion :
- (a) to deduct from such uncollected or amount not cashed as the Company deems fit for subscription for CNI News; and/or
  - (b) to donate on behalf of the distributor under the name of the Company such uncollected or amount not cashed to any charitable organization deem fit by the Company, priority at all times being given to Yayasan CNI

And upon such donation having been made a distributor shall have no claim or recourse against the Company to recover the bonus donated as aforesaid and the Company shall be entitled to cancel such payment of the amount not cashed PROVIDED ALWAYS that where such donation have not been made or pledged the distributor may by notice in writing to the Company request for the uncollected or bonus not cashed to be paid to him.

## **8. TRAINING AND SELF DEVELOPMENT**

- 8.1 A distributor shall wherever possible attend all training courses organized or conducted by the Company. Courses concerned with the products of the Company and business development plan of the Company may at the discretion of the Company be conducted free of charge or be subject to payment of fees/charges. The Company shall be entitled to impose a fee on other courses organized or conducted by the Company from time to time for self-development.
- 8.2 A distributor is encouraged to subscribe to the CNI NEWS to update his knowledge on product information and the activities and happenings of the Company and other matters relating to the business of direct selling. Subscription fee shall be of such amount as may be prescribed by the Company from time to time or such amount as shall be allowed by the relevant authority from time to time whichever is the higher.
- 8.3 A distributor who wishes to subscribe to the CNI NEWS may elect for the Automatic Subscription Service whereby the Company is authorized to deduct the CNI NEWS subscription directly from the distributor's bonus. Any deduction so made shall not be refundable. However the distributor may revoke the authority granted to the Company to deduct the subscription fee at any time three (3) months before the expiry of the term of his distributorship.

## **9. RESTRICTION ON DISTRIBUTORSHIP / DEVOLUTION OF RIGHTS**

- 9.1 The appointment of a distributor is personal and cannot be transferred sold or assigned without the prior written of the Company which consent may be withheld without assigning any reason whatsoever.
- 9.2 Any request by a distributor for the Company's consent for the rights and benefits of the distributorship to be transferred sold or assigned must be accompanied by clear and full reasons and details of the terms of the transfer sale or assignment.
- 9.3 Where the Company permits the distributor to sell transfer or assign his rights and benefits under the distributorship:
- (a) the company may impose such terms and conditions as it deems fit;
  - (b) all privileges benefits bonus and other payments accrued and due to the transferor-distributor may at the discretion of the Company be paid to or enjoyed by the transferee-distributor free from all claims whatsoever from the transferor-distributor;
  - (c) the transferor-distributor or his spouse cannot reapply or apply as the case may be to be admitted as distributor;
  - (d) the transferor-distributor shall have no claims and actions whatsoever against the Company in respect of any matter concerning relating or touching on his distributorship and any rights interest or benefits derived therefrom.

- 9.4 Where the distributor becomes insane or dies or becomes incapacitated through illness, accident or otherwise then -
- (a) where the distributor has only one spouse and in the absence of notice to the contrary the rights, interest and benefits of the distributorship shall be transferred to the spouse provided all necessary documentation are completed to the satisfaction of the Company;
  - (b) where the distributor has more than one spouse the rights, interest and benefits of the distributorship shall be transferred to the nominated spouse subject to the completion of all necessary documentation to the satisfaction of the Company;
  - (c) where the distributor has more than one spouse but has not nominated any spouse for the purpose of Rule 9.4(b) above, the wives of the distributor shall irrevocably nominate one of them to accept the rights, title and other benefits of the distributorship and the rights, interest and benefits of the distributorship shall be transferred to such nominated spouse. If before completion of the transfer, the spouse nominated by the distributor dies or the spouse nominated by the wives of the distributor dies then the wives may within a period of 90 days from the death of the nominated spouse name another spouse to accept the transfer.

Where the wives of the said distributor shall fail, neglect or is unable to agree on a nomination within ninety (90) days of the occurrence of the aforesaid event(s) or such extended time as the Company may grant, the rights, benefits and other benefits of the said distributor (other than the rank) shall pass to the beneficiary named by the distributor and where no beneficiary had been named by the distributor, the Company shall be entitled to terminate the distributorship or deal with the distributorship in such manner as the Company deems fit free from all claims whatsoever from the wives of the distributor or his estate as the case may be;

- (d) where the distributor has no spouse or where the distributor has given express written notice to the Company of his intention not to vest the rights, interest and benefits to his spouse or nominated spouse or the spouse or nominated spouse dies or become of unsound mind or is incapacitated before the completion of all necessary documentation to the satisfaction of the Company then and only then shall the rights, interest and benefits of the distributor (other than the rank) be transferred to the beneficiary named by the distributor in such form of nomination acceptable to the Company;
- (e) where no spouse or beneficiary is entitled to take or accept the rights, title, interest and benefits of the distributor in accordance with the Rules herein the Company shall be entitled to cancel and/or terminate and/or deal with the distributorship in such manner as the Company deems fit.

#### **ILLUSTRATIONS**

- i. Alex is lawfully married to Bibi and has named Cindy as the beneficiary and Bibi as his wife in the application form. Alex died.

Danny is lawfully married to Eve and has named Gigi as his beneficiary in the application form but has omitted to state in the application form that Eve is his wife Danny became insane.

Ahmad is lawfully married to Fatimah and Zurayah. In the application form Ahmad has named Zaki as his beneficiary and Zurayah as his wife. Ahmad went into a coma.

In all of the above circumstances, the distributorship of Alex, Danny and Ahmad will be transferred to their named spouse namely Bibi, Eve and Zurayah respectively. The named beneficiaries namely Cindy, Gigi and Zaki will not receive any benefits at all as a result of Alex's death or Danny's insanity or Ahmad's incapacity [Rule 9.4(a) and (b)].

- ii. Annuar is lawfully married to Siti, Salmah and Sarah. Annuar has named Aminah as the beneficiary but has not named any person as his nominated spouse. Annuar subsequently dies.

If Siti, Salmah and Sarah are able to agree amongst themselves to nominate one of them to take the transfer of the distributorship of Annuar, then they must inform the Company accordingly using the Company's prescribed form. Such nomination must be done within 90 days of Annuar's death. Aminah will not receive any benefits [Rule 9.4(c)].

If Siti, Salmah and Sarah are unable to agree amongst themselves as to who is to take the transfer of the distributorship of Annuar within 90 days of Annuar's death, any one of them may apply to the Company for extension of time to reach an agreement. The Company shall be entitled to grant or refuse to grant such a request for extension of time. The Company may on its own motion grant to Siti, Salmah and Sarah extension of time to agree on a nominated spouse [Rule 9.4(c)].

If at the expiry of the 90 days period or extended period as the case may be, Siti, Salmah and Sarah are unable to reach any agreement on who is to be nominated to take the distributorship of Annuar, then the distributorship of Annuar will be transferred to Aminah, the named beneficiary [Rule 9.4(c)].

- iii. Daud is lawfully married to Minah, Maimun but has not named any person as his nominated spouse or his beneficiary. Daud subsequently dies. Minah, Maimun and Manis are unable to reach an agreement as to who should take the transfer of the distributorship of Daud. In such an event the Company shall be entitled to treat Daud's distributorship as having been terminated/cancelled or to deal with Daud's distributorship in such manner as the Company deems fit [Rule 9.4(c) and (e)].
- iv. Andy has no spouse and has nominated Betty as his beneficiary. If Andy dies, the distributorship of Andy (excluding the rank) will be transferred to Betty [see Rule 2.5(d)]
- v. Leslie is married to Carol and has named Josephine as his beneficiary. Leslie has given "notice to the contrary" to the Company informing the Company that he does not intend to pass his distributorship to Carol if he dies. If Leslie dies Josephine will be entitled to the transfer of Leslie's distributorship [Rule 9.4(d)].

9.5 For the avoidance of doubt -

- (a) the nomination of a person as beneficiary in the prescribed form or any other form of nomination by the distributor or the naming of a beneficiary under the will of the distributor shall not be deemed or construed to be "notice to the contrary" for the purposes Rule 9.4(a) above. For "the notice to the contrary" to be effective it must be in writing and signed by the distributor before an advocate and solicitor stating specifically that the rights, interest and benefits in the distributorship ought not to be given to the spouse or nominated spouse as the case may be and such written notice having been given to and receipt thereof acknowledged by the Company prior to the transfer of the distributor's rights, interest and benefits to the spouse or the nominated spouse as the case may be;
- (b) no person shall be entitled to accept or take the rights, title, interest and benefits of the distributor in accordance with the rules herein unless such person is alive and of sound mind and is not incapacitated at the time of completion of documentation to the satisfaction of the Company;
- (c) The rights benefits and privileges of a distributor are personal and all such rights benefits and privileges shall determine upon death, insanity or incapacity (through illness, accident or otherwise) of the distributor except that the Company permits such rights and benefits of the distributorship to be transferred or vested in the lawful spouse or nominated spouse or named beneficiary as the case may be in accordance with the Rules herein. Accordingly the rights of the distributorship shall not devolve to or form any part of the estate of the distributor upon his death, insanity or incapacity aforesaid.
- (d) the Company does not recognize any trust and any deed of trust or declaration of trust involving the rights, interest, benefits or privileges of a distributor shall be void and be of no force and effect;

- (e) where a person acquires the rights interest and benefits in a distributorship whether through a purchase or assignment with the consent of the Company or on the death or insanity or incapacity of a distributor or otherwise the rank of the distributor shall not pass to the acquiree-distributor and the acquiree-distributor shall be required to requalify and work his way up through each rank.

## **ILLUSTRATIONS**

- i. Ah Loh makes a Will and names his daughter Ah Chen as his beneficiary to inherit all his rights, interest and benefits in and under his distributorship with the Company. Another distributor, John, did not make any Will.  
  
A distributor's appointment with the Company terminates upon his death or insanity or incapacity and does not devolve or vest in his estate. Accordingly, on Ah Loh's death, Ah Chen does not have any rights in Ah Loh's distributorship. Likewise on John's death, his beneficiaries under his estate are not entitled to John's distributorship [Rule 9.5(c)].
- ii. Arthur is lawfully married to Marcia. Arthur executes a Deed of Trust and declares that he holds his distributorship on trust for his mistress, Cornie. The Company will not recognize the Deed of Trust. Upon Arthur's death Arthur's distributorship will be transferred to Marcia [Rule 9.5(d)].
- iii. Ahmad is lawfully married to Anizah and has named Nor as the beneficiary. Ahmad serves a valid Notice to the Contrary signed before an Advocate and Solicitor to the Company informing the Company that his interest and benefits in the distributorship ought not be transferred to Anizah. The Company has acknowledged receipt of the Notice to the Contrary. Upon Ahmad's death, the distributorship will be transferred to Nor.
- iv. Anson is lawfully married to Angie and has named Annie as the beneficiary. On Anson's death, it was discovered that Anson has signed a Notice to the Contrary before an Advocate and Solicitor but has kept the Notice to the Contrary locked in his drawer. The Notice to the Contrary was not served on the Company during Anson's lifetime. As the Notice to the Contrary have not been served on the Company before Anson's death, Anson's distributorship will be transferred to Angie.

## **10. TERMINATION**

- 10.1 The Company may terminate the appointment of a distributor at any time by not less than seven (7) days' notice in the event :
  - (a) the distributor breaches any law or regulations governing or regulating direct sales; or
  - (b) the distributor breaches any of the Rules and Regulations herein or the Code of Ethics; or
  - (c) the conduct and actions of the distributor adversely affects or is likely to adversely affect the interests, image or reputation of the Company; or
  - (d) the distributor commits a criminal offence or an act of bankruptcy; or
  - (e) in the opinion of the Company the distributor is not a fit and proper person to be a distributor of the Company; or
  - (f) where any statement or declaration in the distributor's application form to the Company contains any false misleading or inaccurate information; or
  - (g) where the Company receives any complaint against the distributor which in the sole opinion of the Company warrants the termination of the distributor's appointment.

For the avoidance of doubt any period not less than seven (7) days shall be deemed to be a reasonable period for the purposes of this Rule and Rule 10.4 below.

- 10.2 A distributor may at any time and without assigning any reason terminate his distributorship with the Company by notice in writing
- 10.3 Upon termination of a distributor's appointment the distributor's downline may be transferred upwards subject always that the company shall be entitled to withhold or suspend the transfer of the distributor's downline until such time as the Company deems fit or maintain the status quo by substitution of the distributor with a dummy.
- 10.4 Without prejudice to the rights and power of the Company to terminate the distributor's appointment pursuant to the provisions of Rule 10.1 hereof upon the occurrence of all or any of the events described in Rule 10.1 or Rule 2.6(b) hereof the Company may in its sole absolute discretion suspend all rights benefits privileges and monies accruing or may be due to the distributor for such period of time and upon such terms and conditions as the Company deems fit or take such action against the distributor as it deems fit by giving the distributor not less than seven (7) days' notice. The distributor shall not be entitled to any rights benefits privileges commission or monies during the period of suspension and upon the lifting of the suspension by the Company the distributor shall not be entitled to any claims for such rights benefits privileges commission or monies which may or would have accrued to him if not for the suspension.
- 10.5 Upon the termination or suspension or cancellation of the distributor's appointment the distributor shall forthwith surrender his Authority Card to the Company and shall not conduct sell distribute or otherwise deal with the Company's products in any manner and on any account whatsoever. In addition the distributor shall not for a period of three (3) years from the date of such termination recruit or attempt to recruit by any means whatsoever any distributors of the Company to join (whether directly or indirectly) another direct or multi-level marketing company.
- 10.6 Upon termination or suspension or other form of action taken by the Company against a distributor, the Company shall be authorised and shall be entitled to publish, circulate, report and/or announce the occurrence of such event by way of announcement, circulars, letter or newsletter to the distributors of the Company or to notify the public by announcements, advertisement or notice placed in the newspaper or broadcast over radio television or other media whatsoever.

## **11. AMENDMENTS**

- 11.1 The Company shall be entitled at any time and from time to time amend alter add delete or substitute all or any of the Rules and Regulations herein, the Code of Ethics, the Business Development Plan and rules therein and any other rules governing overseas trip, car incentive fund, house incentive fund and other rules by announcement or publication in the CNI News or circulars or notice and the distributor shall be bound by all such amendments alteration, addition, deletion and substitution.
- 11.2 The Company shall keep at its head office one or more definitive and official copy of the Rules and Regulations as revised modified amended or substituted from time to time and in the event of dispute as to the contents or import thereof the official copy shall be the authentic text.
- 11.3 A distributor shall be deemed to have knowledge of all the Rules and Regulations for the time being in force and as stated in the official copy of the Rules and Regulations aforesaid and it shall be incumbent upon the distributor to check the latest Rules and Regulations as set out the official and definitive copy of the Rules and Regulations.

- 11.4 In the event a distributor does not agree or does not accept the amendments to the Company's Business Development Plan and/or the rules therein and/or these Rules and Regulations the distributor shall be required to forthwith resign as distributor of the Company and in the event the distributor fails to resign as a distributor of the Company it shall be deemed that the distributor has agreed and accepted the amendments to the Company's Business Development Plan and/or the rules therein and/or these Rules and Regulations and the distributor shall be estopped from denying that the amendments aforesaid are binding on him.

## **12. DATA PROTECTION**

- 12.1 A distributor is required and deemed to have read the Personal Data Notice published by the Company at its website at [www.cni.my](http://www.cni.my) pertaining to the processing of their personal data by the Company and by remaining as a distributor of the Company the distributor is deemed to have given his expressed consent to the collection use retention and processing of his personal data for the purposes set out in the Personal Data Notice and in these Rules and Regulations. Processing of the personal data of a distributor is necessary for the purpose of, inter alia, the computation of bonuses, incentives, promotion and rank, determination of the compliance of the Rules and Regulations and hence it is obligatory for a distributor to consent to the processing of his personal data by the Company and/or its data processor. A distributor has the choice of not granting its consent to the processing of his personal data by the Company and in such an event the Company would not be able to fulfill its contractual obligations and it shall be deemed that the distributor has unilaterally terminated his distributorship with the Company at the time the distributor withdraws or refuse to grant its consent to the processing of his personal data.
- 12.2 The Company does not collect any personal data unless a distributor or an applicant has given the Company its consent to process his personal data. In this respect by submitting his personal data to the Company whether in the application form or by online registration or other notification, a distributor or an applicant shall be deemed to have consented expressly to the Company collecting using and processing the distributor's or the applicant's personal data. The Company does not collect any of the distributor's personal data from sources other than given to the Company voluntarily by the distributor.
- 12.3 The Company will only process a distributor or an applicant's personal data if such processing is necessary for the purpose of determining his eligibility to be a distributor of the Company and/or for the purpose of processing bonus promotion and other benefits and/or to verify the compliance of these Rules and Regulations and/or the Business Development Plan and/or to notify the distributor of any events or updates or other happenings and/or to contact the distributor or applicant or for any other purposes set out in the Personal Data Notice on the Company's website aforesaid and will not process the data for any other purposes.
- 12.4 By remaining as a distributor of the Company the distributor agrees and consents to the transfer of the personal data outside of Malaysia for the purpose of processing bonus promotion and other benefits if the data processor is outside of Malaysia and in this respect the Company will ensure that the data processor will adhere to the principles set out in the Personal Data Protection Act 2010.
- 12.5 The Company does not disclose a distributor's or an applicant's personal data to third parties other than disclosure to :
- (a) the International Group for the purposes of computing the bonus promotion and other benefits and to other distributors for the purpose of servicing the distributor or the applicant; or
  - (b) the distributor's upline or DC Operators or SP Operator or eSP Operator to service the distributor;

if in the opinion of the Company such disclosure is beneficial to the Company or the International Group or the distributor or applicant and by remaining as a distributor of the Company a distributor is deemed to have given his express consent for the disclosure of such information as aforesaid.

- 12.6 The Company will take all practical steps and use its best endeavours to protect a distributor or an applicant's personal data from any loss, misuse, modification, unauthorised or accidental access or disclosure, alteration or destruction and will not keep the personal data or records of processing longer than is necessary.
- 12.7 The Company will keep accurate and complete personal data furnished by a distributor or applicant to the Company and a distributor is entitled upon written request and payment of a prescribed fee to have access to his personal data and to the right to make correction thereof or to make a complaint. A written request or complaint shall be addressed to

### **CNI ENTERPRISE (M) SDN BHD**

DEPARTMENT : CUSTOMER SERVICE & SUPPORT DEPARTMENT  
PERSON-IN CHARGE : MANAGER  
TEL : 03-55694000  
FAX : 03-55685599  
EMAIL : info@cni.com.my

- 12.8 By becoming a distributor of the Company, a distributor shall be deemed to have read the Company's Data Protection Policy in the Application Form and the Personal Data Notice aforesaid and have agreed to the terms therein.

## **13. GENERAL**

- 13.1 The Rules and Regulations, the Business Development Plan and all other matters described in the Business Development Manual are prepared in three languages namely the Bahasa Malaysia language the English language and the Chinese language and in the event of conflict between the different versions the English language version shall prevail.
- 13.2 No failure or delay on the part of the Company in exercising nor any omission to exercise any right power or privilege or remedy accruing to the Company upon any default on part of the distributor shall affect or impair any such right power privilege or remedy or be construed to be a waiver thereof or any acquiescence to such default.
- 13.3 If any provision of these Rules and Regulations or the Code of Ethics or any part thereof shall be found by any court or administrative body of competent jurisdiction to be invalid or unenforceable the invalidity or unenforceability of such provision shall not affect the other provisions of these Rules and Regulations or the Code of Ethics and all other provisions shall remain in full force and effect.
- 13.4 If any provision of these Rules and Regulations or the Code of Ethics or any part thereof contravenes any:
- (a) Act of Parliament or subsidiary legislation; or
  - (b) orders or governmental policy; or
  - (c) terms and conditions of the license granted by the relevant authority pursuant to the Direct Sales and Anti-Pyramid Scheme Act, 1993; or
  - (d) terms and conditions as may be imposed by the relevant authority from time to time

such contravening provision of such Rules and Regulations shall be rendered invalid and unenforceable without affecting the other provisions of these Rules and Regulations or the Code of Ethics.

- 13.5 Any notice required to be given by a distributor to the Company shall be in writing and shall be delivered by hand to the Company at its headquarters or by A.R. Registered Post.
- 13.6 Any notice required to be given by the Company to a distributor or distributors may be given by post at his address set out in the application form or his last known address or his last known correspondence address or by e-mail, facsimile transmission, circular, newsletter or other publication of the Company or delivered by hand.

## 14. DEFINITIONS AND INTERPRETATION

Unless the context otherwise requires the following words and expressions used in these Rules and Regulations shall have the following meanings: -

- a. "Appointment Period" means the twelve (12) months period referred to in Rule 4.1 hereof;
- b. "Business Development/Marketing Plan" means the Company's Business Development/Marketing Plan as set out in the Business Development Manual including such amendments as may from time to time made by the Company with the consent of the relevant authorities;
- c. "Code of Ethics" means the code of ethics governing distributors issued by the Company from time to time;
- d. "Company" means CNI Enterprise (M) Sdn. Bhd (161139-M) of No.2, Jalan U1/17, Seksyen U1, Hicom-Glenmarie Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia;
- e. "distributor" means a distributor of the Company;
- f. "downline" means the person sponsored by a distributor and the entire group of distributors below the distributor concerned;
- g. "ex-distributor" means any person who has been previously registered as a distributor of the Company and whose term of distributorship has since lapsed, expired or terminated whether by himself or by the Company;
- h. "executive rank" means a distributor of the rank of Ruby Agency Manager and above;
- i. "personal data" means the information supplied by a distributor or applicant to the Company and includes name, age, identity card number, passport number, address, gender, date of birth, marital status, photographs, videos, name and particulars of his/her spouse and children, beneficiary(ies), occupation, contact information, email address, race, ethnic origin, nationality, bank account particulars and other information in the Application Form, online registration form and other applications or notification to the Company;
- j. "Rules" or "Rules and Regulations" means the Rules and Regulations governing distributors and set out herein and shall include all amendments as may from time to time be made by the Company;
- k. "the sponsor" means the distributor who sponsors another person to be a distributor of the company.
- l. "spouse" means the lawful spouse of the distributor;
- m. "upline" means the distributor immediately above the distributor concerned; or the entire line of distributors above the distributor concerned as the case may be.

All reference to provisions of statutes include such provisions as may be amended modified or re-enacted; Words importing the masculine gender shall include the feminine and neuter genders and vice versa;

Words importing the singular number shall include the plural number and vice versa;

The headings to the Rules and Regulations are inserted for convenience of reference only and shall not affect the interpretation and construction of these Rules and Regulations;

Where any word or expression is defined in these Rules and Regulations the definition shall extend to all grammatical variations and cognate expressions of the word or expression so defined.



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**CNI Enterprise (M) Sdn Bhd** <sup>161139-M</sup>

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