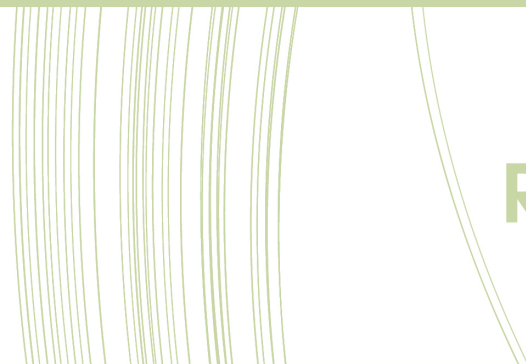


MELILEA



RULES & REGULATIONS



transform your life

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Becoming An INDEPENDENT MELILEA ENTREPRENEUR (IME)

1.1 This Agreement shall apply to all IMEs of the Company. All IMEs are bound by the terms and conditions appearing in all the Company documents which cumulatively shall be referred to as the **"Rules & Regulations"**. They encompass and apply to all the Rules & Regulations or Terms and Conditions contained in the IME's Application and Agreement, Business Manual, Business Plan, International Distribution and Sponsorship Agreement, Preliminary Application and Agreement for IMEShip Application and Agreement and any other agreements that may arise and as modified from time to time. The terms of each of those documents are incorporated by reference into this Agreement and the terms of this Agreement are incorporated by reference into the said agreements. The IME must comply fully with all terms of this Agreement.

1.2 MELILEA INTERNATIONAL (S) PTE. LTD. (hereinafter referred to as the **"Company"**) are companies incorporated in their respective countries under the laws of the respective countries. To be an authorized Distributor (hereinafter referred to as **"Independent MELILEA Entrepreneur, IME"**) of the Company, the applicant shall submit to the Company a duly completed and signed copy of the Company IME's Application and Agreement Form for the respective country together with the stipulated payment for an official Business Manual. An IME agreement must be filed in the country of residence, and if required, an IME must provide proof of residency and Distributorship (hereinafter referred to as IMEShip). An incomplete agreement or one with false and inaccurate information or agreement for the wrong country will be considered invalid. Changes of information must be informed to the Company immediately. The IME must thereafter provide the Company with their local Bank Account particulars by completing the IME Application Form.

1.3 The Company reserves the right at its sole discretion to accept or reject any application for IMEShip without having to provide reasons for acceptance or rejection. Accepted applicants will be issued with an IME Authority Card.

1.4 No one who has had a bankruptcy petition presented on him/her or is a bankrupt or who is under the age of eighteen (18) shall be accepted as an IME.

1.5 The Company only accepts Official IME's Application and Agreement for IMEShips in the name of individuals. Applications in the names of corporations or partnerships will not be accepted unless expressly authorized in writing by the Company, but will not be permitted in any event if it has as its proprietors, partners, shareholders or directors, a person who is already a IME with the Company.

1.6 A husband and wife team shall apply collectively as one IME. If both husband and wife are IMEs prior to marriage, they can decide which IMEShip to retain, or operate both the IMEShips, each of which will be maintained in its original line of sponsorship, provided that their individual IMEShip has not lapsed or been terminated. The restriction of obtaining separate IMEShip by married couples as set out above shall not apply to the lawful second, third or fourth wives of the IME.

1.7 The duration of MESHIP is for a period of **twelve (12) months** as stated in the INDEPENDENT MELILEA Entrepreneur Authority Card. The Agreement may be renewed annually for a period of **twelve (12) months**. Renewal is not automatic and must be made not later than **three (3) months** before the expiry of the term. The Company is entitled in its absolute discretion to refuse to renew any such renewal. No renewal fee will be charged. In the event of non-renewal, the IMEShip is deemed to be automatically terminated at the expiry of the term of IMEShip. The IME thereafter shall not deal with the Company's products in any manner whatsoever.

1.8 A person is not entitled to hold more than one (1) IMEShip in the Company at any one time nor have or own any financial or beneficial interest (directly or indirectly) in the IMEShip of another in the Company.

1.9 A person registered as an IME becomes an independent contracting party/businessman and is not and neither can represent himself/herself as an employee, partner, agent, franchisee, joint ventures or legal representative of the Company.

1.10 In order for the Company to provide support for the IMEShip and in the promotion of the Company name, the IME authorizes the Company to transfer and disclose confidential and/or personal information in connection with the IME and his IMEShip to all the Company's group and affiliated companies, the Company's IMEs, the Company Lifestyle Magazine and mass media. The IME authorizes the Company to disclose information, even of a confidential nature relating to the IME and his IMEShip to government agencies or regulatory bodies upon their request or if required by law. This right shall continue after termination of the IMEShip. All such copyright shall belong to the Company which shall have the right to publish the same free of hindrance or obstruction from the IME.

02

General Guidelines for INDEPENDENT MELILEA ENTREPRENEUR (IME)

2.1 The retail prices of all the Company products are fixed and no IME shall undercharge or overcharge customers.

2.2 Price undercutting, price overcharging and/or double sponsoring of IMEs shall not be allowed and can cause the termination of the IME. The Company will investigate upon receipt of such written complaints. In the event that a complaint is found to be true the following courses of action may be taken:

2.2.1 The IME who signs up other IMEs or spouses of other groups may have his/her IMEShip terminated or he/she may be given a stern and final warning.

2.2.2 Pursuant to Article 2.2.1 all IMEs involved shall be transferred back to their original sponsors/lines.

2.2.3 All bonuses, incentives or benefits previously paid to the wrongful IME will not be repaid to the rightful IME.

2.2.4 The infringing IME shall sign a Letter of Undertaking & Assurance should a warning be given. The decision of the Company management committee on price undercutting, overcharging and/or double sponsoring shall be final.

2.3 Purchase of goods from the Company or its authorized Inner and Outer Beauty Centers/Service Centres shall be on cash or credit card basis. All purchases must be correctly recorded in the IME Sales Invoice upon purchase and a copy is to be retained by the IME.

2.4 Manipulation of IME Sales Invoice is **strictly prohibited** (ie. purchase stock for downline IMEs but record it under own personal sales).

2.5 All Company IMEs shall strictly adhere to and practice all requirements stipulated under the **Multi-Level Marketing and Pyramid Selling (Prohibition) Act 1973**, and shall solely bear all consequences for any matter arising from non-compliance.

2.6 An IME shall not have simultaneous interest, whether directly or indirectly or be involved in any activities of any other Direct Selling company or non-Direct Selling company that sells similar or competing products. An IME is deemed to be directly or indirectly involved in the activities of any other Direct Selling or a non-Direct Selling company if he and/or his spouse is/are;

2.6.1 Employees, proprietors, partners, shareholders or directors of another Direct Selling or a non-Direct Selling company selling similar or competing products; or

2.6.2 Distributors of another Direct Selling or a non-Direct Selling company; or

2.6.3 Are involved in selling, distributing or promoting products or recruiting IMEs for another Direct Selling or non-Direct Selling company selling similar or competing products either as a member or non-member of the other company or inducing IMEs of the Company to attend or join the other company.

A breach of this provision is considered a serious infringement and will result in termination of the IMEship.

2.7 An IME shall not make use of or carry out any activities in any of the Company's functions, seminars, meetings, programs, offices, distribution centers, Inner and Outer Beauty Centers or service centers to promote or sell his/her own products or the products of another company or person.

2.8 The IME shall not declare, imply or represent that he is an employee and/or has any employment relationship with the Company.

2.9 The IME shall have no authority or power to bind the Company or make an agreement in the name of and create a liability against the Company in any way or for any purpose.

2.10 An IME may only conduct business in a country which has been officially approved and officially opened for business by the Company. An IME residing in one country can market products and only recruit new IMEs residing in the same country. There are no territorial limits within an approved country. An IME should not declare or represent to anyone that he/she has exclusive IMEship or franchise rights for any territory.

2.11 An IME shall present the Company's products and Business Plan to potential customers or IMEs in an honest and truthful manner and shall not make any false or misleading representations in his/her enthusiasm to sell the Company's products and on no account whatsoever shall the IME use racial, political, religious or other sensitive issues to sell the Company's products. An IME shall not use external literature in connection with the Company. Any liability arising from non-compliance thereof will not be the responsibility of the Company.

2.12 An IME must demonstrate and explain clearly to the customer and his downline the proper usage and effects of the Company's products and shall not on any account whatsoever make any false or misleading statements regarding the description, usage and efficacy of the products. In the event the IME makes any false or misleading statements, the IME shall be liable to indemnify and keep the Company indemnified against any losses or damages suffered by the Company.

2.13 An IME shall not provide any gifts, discount vouchers or other promotional gimmicks in the sales of the Company's products other than those approved by the Company.

2.14 An IME shall not on any account or under any guise whatsoever sell, distribute or enter into any agreement to sell or distribute the Company products under the name of another IME whether or not the other IME consents to such sale or distribution under his name. An IME shall not entice or make any arrangement with his downline or the downline of another IME whereby the sales of his downline or the downline of the other IME is passed off as sales of the IME.

2.15 An IME may not, either when an IME with the Company or not, induce any other IMEs to leave the Company or join another company as described in Article 2.6 above. This includes but is not limited to causing one IME to terminate his/her agreement with one sponsor and then taking up IMEship with another sponsor. The Company reserves the right to terminate the IMEship without requesting the IME to show cause and in addition may claim damages from an IME that caused such inducement.

2.16 An IME shall not use the Company network to promote the sale or use of any products, programs or services other than those offered through the Company network.

2.17 An IME shall not sell and/or distribute any of the Company's products where the shelf life of the products has expired.

2.18 An IME shall not purchase the Company's products from one country and thereafter resell the said products in a different country. This applies whether or not the product is in the product list of the Company in the country concerned and whether or not the IME makes a profit from the sale. This clause applies to all related companies of the Company.

2.19 An IME shall not, whether orally or in writing, state negative facts about the Company, its shareholders, directors, officers, agents, products or engage in unethical conduct prejudicial to the interest, image or reputation of the Company and its products. This prohibition applies even after his IMEship with the Company has ended.

2.20 The IME shall at all times work diligently to protect and promote the interests of the Company and to assist and co-operate with the Company to maintain price stability of the products in the market and to act loyally and faithfully toward the Company in all matters.

2.21 The IME shall not at any time during or after the term of his IMEship, divulge, communicate or allow to be divulged to any person, firm or Company, the use or exploitation for any purpose whatever any of the trade secrets, confidential information, knowledge, financial or trading information relating to the Products, Business Affairs or method of carrying on business which the IME may receive or obtain as a result of entering into this Agreement other than to persons who have signed with the Company in a similar capacity.

2.22 The restriction contained in Article 2.21 hereof shall continue to apply after the expiration or sooner determination of this Agreement without limit in point of time but shall cease to apply to information or knowledge, which may properly come into the public domain through no fault of the IME.

2.23 Not to permit any person to act or assist in the Business until such person has signed a letter of undertaking pertaining to matters mentioned in Article 2.21 above.

03

Corporate/Partnership/ Firm IMEships

3.1 Applications in the forms of Corporate, Partnership or Firm names will not be accepted unless expressly authorized in writing by the Company. In the case of a corporation, such approval, whether provided in writing in the approval form or not, will always be conditional upon the Directors and shareholders of the company being personally liable to the Company in the event of any claim, by way of legal suit or otherwise, by the Company against them.

This personal liability applies even though the said Directors and shareholders have not provided any written undertaking or personal guarantee. For this purpose, previous and present Directors and shareholders of the company shall be liable in so far as they held such positions as at the date of the commission of the wrongful act. A personal guarantee is required from the directors of the company, without which the IMEship agreement may be voidable at the discretion of the Company.

3.2 If approved, the application forms must be signed by an authorized officer of the corporation or as required by the company's articles of association, or in the case of a partnership, all partners of the firm.

3.3 In the event that any director, shareholder, partner or sole proprietor breaches any terms and conditions, the breach will also be deemed to be that of the company, partnership or firm. Both the individual IME's IMEship and the IMEship of the company, partnership or firm to which he belongs to will be terminated.

04

Termination, Resignation & Suspension of IMEship

4.1 The terms of this Agreement create a purely contractual relationship between the Company and the IME and under no circumstances creates any quasi-contractual relationship nor any equity in the Company. The contract may be terminated by either the Company or the IME. The use of the words 'termination' or 'resignation' by the Company or the IME indicate the same meaning and carry the same consequences as stated in this agreement. Any letters of resignation of the IMEship by the IME will be deemed to be a letter of termination of the IMEship.

4.2 The Company reserves the exclusive right to suspend, demote or transfer the entire downline or part thereof to another group and terminate the IMEship of any individual and in all cases may do so without any compensation and without assigning any reason and may withhold the rights, privileges, bonuses, positions, benefits, commission, monies or incentives or take any action deemed appropriate in the event an IME breaches any of the terms and conditions contained herein, the IME's Application and Agreement, Business Manual, Business Plan, International Distribution and Sponsor Agreement, Preliminary Application and Agreement for IMEship, the Direct Sales Act 1993 and any other Agreement that may arise and as revised from time to time.

4.3 An IME may terminate his IMEship with the Company at any time.

4.4 Where the spouse of the IME does or carries out any act which would result in a breach of any law or regulation governing direct sales or would result in a breach of any provisions in this Agreement which would entitle the Company to suspend, demote or terminate the appointment of the IME, then the actions of the spouse shall be deemed to be the actions of the IME and all rights and remedies that the Company may have against the IME under the terms and conditions, in law or equity shall be enforceable against the IME as if the actions of the IME's spouse were that of the IME.

4.5 In the following cases Article 4.2 above will strictly apply;

- 4.5.1** If the IME fails to pay any amount due under this Agreement on the due date or on demand if so payable.
- 4.5.2** If the IME commits an act of bankruptcy or being a firm, if any member of the firm commits an act of bankruptcy or being a Company, a petition for winding up is presented (except voluntary liquidation for the purpose of reconstruction).
- 4.5.3** If the IME enters into any composition or arrangement with or for the benefit of the creditors of the IME or allow any judgment against the IME to remain unsatisfied within fourteen (14) days thereof or has any distress, execution or other process of a Court of competent jurisdiction levied upon or issued against any property of the IME and such distress, execution or other process as the case may be is not satisfied by the IME within seven (7) days from the date thereof.
- 4.5.4** If the IME engages in any conduct which in the opinion of the Company is prejudicial to the Company's interest or business.
- 4.5.5** If a Receiver and/or Manager is appointed to receive and/or manage the assets, undertakings or properties of the IME or any part thereof.
- 4.5.6** If the IME shall become mentally ill or is unable or prevented through any cause or reason from carrying out his duties as herein provided for any period exceeding four (4) weeks.
- 4.5.7** If the IME shall be convicted of any criminal offence and sentenced to a term of imprisonment exceeding three (3) months or a fine exceeding RM 500.00 or both.
- 4.5.8** If the IME fails to qualify for Performance Bonus for a period of three (3) consecutive months during his/her term of IMEShip.
- 4.5.9** If the conduct and actions of the IME adversely affects or is likely to adversely affect the interests, image and reputation of the Company and its product.
- 4.5.10** If in the opinion of the Company, the IME is not a fit or proper person to hold a IMEShip.
- 4.5.11** If the IME's application form was found to contain statements, information or declarations which were false, misleading or inaccurate.

4.6 In any event and without prejudice to this Agreement, the Company reserves the right to immediately terminate the IME as the Company deems fit. This will be necessary if in the Company's sole opinion, the damage caused by the IME's action is serious and has caused or is causing the Company extensive damage.

4.7 Any termination or prior determination of this Agreement shall be without prejudice to any claim or right of action the Company may have against the IME in respect of any antecedent breach of the terms and conditions herein contained.

4.8 Upon termination or resignation of the IME either by the Company or by the IME, he will not be allowed to use any information whether of a confidential nature or not, pertaining to the Company. The IME cannot use any of the Company's company records, IME list or other information for any other purpose whatsoever. The IME may also not induce any IME from the Company into leaving the Company or be involved in other direct selling or non-direct selling companies. The IME herein understands and agrees that any such conduct will render the IME liable to termination of his IMEShip and also damages against the Company.

4.9 In the event that the Company terminates an IME or an IME terminates or resigns from his/her IMEShip, his/her individual IMEShip and all other IMEShips in which he has a pecuniary interest will also be terminated.

4.10 An IME whose agreement expires can apply to rejoin as a new IME.

4.11 An IME who resigns may reapply to rejoin as an IME after 3 months of inactivity from the date of resignation. Inactivity means non-involvement in any of the Company's direct or indirect business or conduct.

05

Termination and Suspension Consequences

5.1 Upon the termination of this Agreement either by effluxion of time, notice, breach or otherwise:-

- 5.1.1** The IME shall forthwith surrender his/her Authority Card to the Company and shall not conduct, sell and/or distribute or otherwise deal with the Company's products in any manner and on any account whatsoever.
- 5.1.2** All unfulfilled orders for the Products to the IME shall automatically be deemed to be cancelled;
- 5.1.3** All rights granted by the Company to the IME shall immediately be relinquished;
- 5.1.4** The IME shall immediately settle all debts due to the Company;
- 5.1.5** The IME shall forthwith cease carrying on the Business.
- 5.1.6** The IME shall not be entitled to any claims for rights, privileges, bonuses, positions, benefits, commission, monies or incentives which may or would have been accrued to the IME from the time of the misconduct till the period of termination and thereafter, whether by the IME or by the Company. This is without prejudice to any right of legal action the Company may have against the IME. In the event the benefit is accumulated and is to be paid only on year end, the IME will also not be entitled to such benefit for the year in which the misconduct is established.
- 5.1.7** In the event of suspension, any bonus, commission, incentive, money or other benefits accrued to the IME during the term of suspension will not be payable, until the suspension is fully up-lifted.

5.2 In the event that an IME has been terminated, his/her downline IMEs (if any) shall be transferred upwards to his/her immediate upline or any upline as the Company deems fit, subject always that the Company shall be entitled to withhold or suspend the transfer of the IME's downline to his upline until such time as the Company deems fit. No recalculation of bonus during the transition period will be allowed. In the event that any such termination is found to be invalid for any reason, the Company reserves the right to reverse the above transfer and all such IMEs benefiting from the said earlier transfer are required to relinquish any benefits obtained.

06

Transferring of IMEship

6.1 If the IME dies, the legal spouse or any nominated beneficiary shall be entitled at his/her option to continue the IMEship, unless notice to the contrary is received and acknowledged to be received by the Company in writing. Where the legal spouse shall predecease or die simultaneously with the IME or fail to survive the IME for a period of one (1) month from the IME's death, the benefits enjoyed by the IME (other than the rank) shall pass to the person nominated as the beneficiary. If no such beneficiaries are named or nominated by the IME, all the rights, privileges, bonus, commission, incentive, money or other benefits of the IME shall cease upon the death or insanity of the IME.

6.2 In the event of a divorce in the case of a joint IMEShip, unless the parties shall have both agreed on the mode of sharing the bonus, commission, incentive, money or other benefits, the same shall be distributed equally.

6.3 An IME may not transfer or assign any rights or liabilities in the IMEShip agreement to any other party without the prior written approval of the Company. An application must be made in writing to the Company which must be duly signed by both the transferor, transferee and affirmed before a Commissioner for Oaths. In any event, the IME that transfers will still be responsible for ensuring compliance with the agreement and will be jointly and severally liable for any liability arising from breaches thereof.

6.4 No change in the status of IMEShip is allowed from an individual IMEShip to a different entity such as a firm, partnership or company and vice-versa or from one such entity to a similar entity with a different name unless with the prior approval of the Company which must be submitted in writing in accordance with the above paragraphs together with the relevant approvals from the IME, sole proprietor, partners and directors of both the transferor and the transferee.

07 > Sale of IMEShip

7.1 The Company does not allow the IME to sell his/her IMEShip or get involved thereto. All transfer applications must fulfill the provisions herein contained and obtain prior approval in writing by the President of the Company.

08 > Training and Self Development

8.1 An IME shall as far as possibly attend all training courses organized or conducted by the Company. The Company shall conduct training at the Company's premises on the products and Business Plan of the Company at no charge. However, the Company is entitled to impose a fee on other courses organized or conducted by the Company from time to time for self- development.

8.2 All IMEs are automatically subscribed to the Company Lifestyle Magazine to further their product knowledge and be informed of activities of the Company and the network business. A subscription fee as determined by the Company will be levied for this magazine which is payable through the Automatic Subscription Service whereby the Company is authorized to deduct the subscription directly from the IME's bonus. This deduction is not refundable.

8.3 An IME must obtain prior approval from the Company in order to conduct any courses or seminar. A violation of this rule may cause the IMEShip to be terminated.

9.1 An IME may sponsor any person who satisfies the requirements stipulated in the Terms and Conditions to be an IME. However, where the person being sponsored is a non-citizen, the IME must ensure that the said person has the necessary documents from the relevant authorities to stay and conduct business in Malaysia. Upon sponsoring, the IME must immediately submit the prescribed form and any other relevant documents to the Company for processing.

9.2 An IME must not procure or induce any person to become an IME of the Company by:

9.2.1 force or threats, or

9.2.2 making or providing false or misleading information or representations, including the false representation that an IME would obtain financial gain by merely sponsoring a person to be an IME of the Company, or

9.2.3 providing or promising to provide gifts, monies or other forms of incentives, or

9.2.4 falsely or fraudulently using the Company's name or logo to induce or entice the person to become an IME.

9.3 An IME must forthwith provide proper business training and guidance to the new IMEs sponsored by him/her immediately upon appointment by the Company.

9.4 An IME must at all times maintain an independent and professional relationship with his/her downline.

9.5 The IME must immediately fill up the sponsor's information in the IMEship Application and Agreement form so as to avoid conflicts by the IMEs over the same prospect. This process enables the determination of who was the first person to reach the prospect. If more than one application is made, the first in time officially registered with the Company will be recognized.

9.6 Changing sponsors is strictly prohibited unless with the prior approval in writing by the President of the Company.

9.7 Any proprietor, partner, shareholder or Director may only become an IME of the Company three (3) months after the firm, partnership or company has been terminated as an IME with the Company.

9.8 Any firm, partnership or company may only become an IME of the Company three (3) months after its proprietor, partner, shareholder or director has been terminated as an IME with the Company.

9.9 In the event of non-compliance with the above, the offending IME and the entire downline will be replaced, in the Company's sole discretion, under the proper upline.

9.10 Double sponsoring which is the sponsorship of the same individual or entity by two existing IMEs is not allowed. Complaints must be brought within six (6) months from the date of the second IMEship.

9.11 The breach of any of the above clauses is a serious violation of this Agreement and the IME may be subject to any action as MELILEA in its sole discretion deems fit or may result in the termination of this Agreement.

10.1 An IME sponsoring a downline shall be responsible for implementing and ensuring the compliance their downlines of all terms and conditions herein, active training, participation, counseling and supporting his downline and undertakes to perform his duties in a bona fide manner. An IME also agrees and undertakes to train, participate and support their sponsored downlines in the performance of their functions as it is necessary to maintain continuing communication with and supervision over the IME's network. This responsibility is a continuing one and is aimed at preventing the upline IME from enjoying benefits of his/her downline without providing the corresponding training to his downline that is crucial to the development of the downline. Non-performance of these duties is a ground for the Company to not remunerate for Leadership Development bonus or such other incentives accorded to active Leaders. Failure on the part of the sponsor and/or up-line to fulfill the aforesaid duties and responsibilities, may also lead to the suspension and/or termination of his/her IMEship.

10.2 Active IME Leaders who are earning Leadership Development Bonuses are remunerated for their efforts in building the business. As active IME Leaders, they are expected to conduct monthly leadership meetings with their active downlines and host training activities especially for newly registered IMEs. To this effect the Company may require the Leaders to submit monthly activity reports on the meetings, events and/or trainings organized by them. Failure to do so will entitle the Company to evaluate and stop the payment of Leadership Development bonuses and/or such other incentives as determined by the Company.

10.3 Pursuant to Article 10.2 above, IME Leaders shall attend all Company hosted events and meeting for the growth and development of their IME group network. The Company reserves the right to suspend and/or terminate the IMEship of any Leader if he/she fails to attend three (3) consecutive Company hosted events/meetings. The suspension and/or termination of the IMEship will not entitle the said Leader to participate in the business nor enjoy any incentives, bonuses or privileges accorded to other IMEs.

10.4 Any active Leader who is fails or not able to be contacted over a period of three (3) consecutive months will have his/her IMEship suspended and/or terminated by the Company.

10.5 Suspended and/or terminated Leader/IMEs are prohibited from either directly and/or indirectly approaching/enticing other IMEs to join any other competitor of the Company. The Company reserves the right to seek injunctive relief against any Leader/IME found doing so and claim for all direct and indirect losses sustained thereto.

10.6 The Company not only reserves the right to suspend and/or terminate of the Leader's IMEship but can go a step further to also suspend and/or terminate other IMEships under the management and control of the affected Leader.

10.7 The next of kin, beneficiary or nominee of the suspended and/or terminated Leader/IME shall have no rights, privileges and/or any benefit over the suspended/terminated IMEship.

11

Bonuses & Incentives

11.1 No bonuses and incentives will be calculated for IME Cash Bill/Sales Invoice that do not have the IME code or IME Application Form number for new IMEs or unidentified IMEs on computation of bonus. All IMEs must keep a copy of the IME Cash Bill/Sales Invoice for record or for claim in the case of dispute or discrepancy.

11.2 Any dispute or discrepancy in the computation of bonuses, incentives or claim of non-receipt must be brought to the attention of the Company in writing within fourteen (14) days after the official date of issuance of bonuses, supported by the IME Cash Bill/Sales Invoice. Any dispute or discrepancy after these fourteen (14) days period will not be entertained and the IME will be deemed to have accepted any such dispute or discrepancy, if any.

11.3 The official date of issuance of monthly bonuses is before the twenty fifth (25th) of the following month, by on-line banking. Bonus will be withheld for IMEs without a bank account and will only be released when provided with IME's bank account.

11.4 An IME is neither guaranteed a specific income nor assured any level of profit or success. An IME's profit and success can come only through the successful retail sale of products and the retail sales of other IMEs within his/her downline network.

11.5 An IME's promotion in rank and entitlement to bonuses is as described in the Business Plan section of the Business Manual.

11.6 An IME may only transfer or assign his/her bonus at his/her own cost and expense and with prior written approval of the Company. In any event, the Company reserves the right to reverse the above transfer in the Company's sole and exclusive discretion. All such IMEs benefiting from the said earlier transfer are required to relinquish any benefits obtained by the earlier transfer.

12

Buy Back Policy

12.1 Upon a written request from an IME, the Company is obliged to buy back its products from the IME at the price paid by the IME less all commissions, bonuses or benefits paid by the Company in respect of the sales of the said products and such processing fees of up to 10% of the price of the products paid by the IME. The Company is obliged to buy back its products should the IME's appointment cease by its own accord or was terminated by the Company, provided always that:

12.1.1 The said products are in a good and resaleable condition, and

12.1.2 The period from the date of purchase of the said products (supported by the relevant IME Cash Bill/Sales Invoice) to the date of request by the IME to the Company to buy back the said products does not exceed one hundred eighty (180) days, and in any event the date of expiry of the product shall not be less than one hundred eighty days before expiry at the date of return of the product.

12.1.3 The appropriate BV, PV and other benefits earned by the IME from the sale of the said products are deducted from the IME's sales, and the commissions and benefits accruing to the IME adjusted accordingly, and

12.1.4 The said products are returned directly to the Company's Head Office or any of its Branch Offices.

12.1.5 A written request to buy back is given to the Company within thirty (30) days from the date the IME ceases to be an IME of the Company whether by termination or otherwise.

12.2 If the Company buys back or is required to buy back its products from an IME for any reason whatsoever, the Company is entitled to re-evaluate and/or re-adjust the commissions, bonuses, funds, points, rank and other benefits paid to/enjoyed by the IME in respect to the sale of the said products.

12.3 The price paid by the Company for the products returned shall be paid to the IME concerned within one (1) month from the date of the said products having been returned to the Company.

13 Stock-piling & Dumping

13.1 The Company Business Plan is based upon genuine product sales to consumers and personal use of IMEs. Therefore stock-piling orders or purchasing in large/unreasonable quantities for inventory solely for the purpose of qualifying for the bonuses or rank advancements in the Business Plan are strictly prohibited by the Company.

13.2 An IME must have sold 80% of his existing stock before re-ordering new stock to prevent stockpiling.

13.3 Product dumping at below recommended retail price is strictly prohibited. The Company's management committee reserves the absolute right to suspend and/or terminate any IME found doing so.

14 Confidential Information

14.1 All information, in particular 'IME Organization Chart and Analysis', 'Breakaway Leader Report' and 'IME Address List' that are provided to IMEs is for their exclusive and limited use only and are the confidential and proprietary rights of the Company as they contain trade secrets.

14.2 An IME shall not disclose the said lists to any third party including other Company IMEs not entitled to such lists.

14.3 An IME may not misuse any of the Company's property, opportunity, corporate information or trade secrets for the benefit of themselves or any third party. Any such misuse will be viewed strictly and the Company may institute disciplinary proceedings and/or cause the immediate termination of the IME's IMEship as the Company deems fit. In addition, the Company may institute legal action against the IME. Any delay or failure to pursue any action will not be construed as a waiver of the Company's rights.

14.4 The obligations under this paragraph will continue even after the termination of the IME's contract.

15 > Advertising

15.1 An IME of the Company may only promote the products of the Company and the business opportunity with the Company and not the products or business opportunity of any other company, whether a Direct Selling company or non-Direct Selling company but selling products similar to the Company's products.

15.2 An IME may only promote the Company, its products and business opportunity through personal contact and by the Company's approved promotion channels as requested and approved by the Company. An IME may not promote the Company, its products, or its business opportunity through the media. Consultations by media representatives should be referred to the President or Vice-President of the Company. The following actions by the IME are prohibited and the Company reserves the right to be indemnified of any costs incurred in preventing such actions or defending any actions, legal or otherwise, which may be faced by the Company;

15.2.1 Claims that are unreasonable or misleading in relation to potential earnings.

15.2.2 That profits or revenue can be made due to a connection with an IME or with the Company.

15.2.3 Mass distribution of brochures, name cards, flyers etc. by way of electronic mail, mail, placing in mail boxes, public places, vehicles or similar means.

15.3 An IME is prohibited from using trademarks, service marks, copyrights, trade names, product names, or logos belonging to the Company or any company associated with MELILEA and their products, in any form of advertising unless with prior written permission from the Company. Non-compliance with this clause is considered a serious violation of this Agreement and may result in disciplinary action which may include immediate termination of the IME.

15.4 The Company's logos or names shall not be used or displayed on any area visible to the public.

15.5 No celebrity endorsement may be used unless with prior written approval of the celebrity.

15.6 An IME may only use business cards and personalized sales aids that are produced by the Company.

15.7 Business cards used by all IMEs must be of the same type in terms of colour, size, text, font and contents as per the sample contained in the IME's manual. The exact content as stated above is allowed in different languages. Before use, an IME must submit for approval to the Company a sample of the business card. Non-compliance will render the IME subject to a disciplinary action. Thereupon, a new sample for approval by the Company will have to be submitted.

15.8 An IME may not use Intellectual Property and Proprietary information belonging to the Company without prior authorization from the Company. Any unauthorized breach constitutes a material breach of this Agreement. All unauthorized use of such material becomes the property of the Company and must be immediately assigned to the Company. An IME may not use or reserve domain names belonging to the Company and agrees to renounce his rights to such names if found to be similar with the Company's even though the IME may have had a prior right to the Company.

15.9 An IME may only use websites and website addresses as approved by the Company and on templates specified by the Company.

15.10 An IME is prohibited from placing advertisements in newspapers, magazines, or other publications, promoting himself/herself or the Company's products without the prior written consent of the Company. An IME is also prohibited from bringing to the attention of the media any disputes between the IME and another IME or between the IME and the Company. The IME agrees that this prohibition will also apply even after the IME leaves the Company.

A breach of this provision is viewed very seriously and the Company reserves the right to immediately terminate the IME and commence legal action for damages against the IME.

16 > Retail Sale

16.1 The promotion of the Company's opportunity and the sale of its products are only to be done through its authorized IMEs and its products shall not be sold/displayed at retail outlets, day/night markets, pharmacies, departmental stores, trade shows, conventions or any other such gatherings without prior permission of the Company. Any IME doing so for his own benefit shall have his IMEship terminated.

16.2 Any IME selling the Company products to the proprietors of the above businesses shall be liable to the Company for losses including but not limited to loss of reputation and consequential losses.

16.3 An IME is also prohibited from selling to any person who will ultimately sell products through retail stores.

17 > Product Claims

17.1 An IME may only make product claims and representations as approved by the Company. Product claims must be limited to claims that the products are safe to use and for the general well-being and appearance of the person.

17.2 No claims can be made as to medicinal values of the product.

18

Income Tax Returns & Expenditures

18.1 It is expressly understood that all IMEs shall be solely responsible for the submission of their annual Income Tax returns and payment of same. The Company does not condone any acts of tax evasion.

18.2 An IME is responsible for all his/her own business decisions and expenditures arising out of operating the business.

19

Contract & Price Variations

19.1 The Company reserves the exclusive right to change prices, amend, alter, vary, add or update the terms and conditions of the IME's Application and Agreement, Business Manual, Business Plan, International Distribution and Sponsor Agreement, Preliminary Application and Agreement for IMEship and other rules and regulations (hereinafter referred to as the said Rules) at any time, and whenever it is deemed necessary and without consent of the IME. The variations will be published in the Company's official magazine or website and the IME agrees that this will be deemed to serve as notice of change to the IME.

19.2 The IME shall be bound by any such future changes, amendments, variations or additions. By continuing to act as an IME after the said modifications, the IME's acts shall be deemed to constitute acceptance of any such amendment to the agreement.

19.3 The Company may vary the price and Products either by making such changes in design, production or packaging of the Products as the Company thinks fit or by the withdrawal of Products which the Company proposes to withdraw from its product range or by the addition to the Products.

19.4 This Agreement is to be treated as the final agreement between the IME and the Company and supersedes all prior or inconsistent agreements, whether written or oral, between the parties. However, the Company reserves the right to impose additional terms and conditions specific to an IME or generally to all IMEs.

20

International IMEs / Sponsors

20.1 Each country has different forms and agreements. An IME agreement must be filed in the respective country of residence. Agreements used for a wrong country will be invalid. The agreement becomes binding only if approved by the Company.

20.2 An IME must inform the Company's office in the country of origin of intention to conduct business in a different country.

20.3 An IME must enter into an International Distribution and Sponsor Agreement with the Company before sponsoring IMEs in a country other than the first mentioned IME's country of IMEship.

20.4 An IME may order products and sales aids for his given country which can only be sold in the said given country.

20.5 An IME may neither import any of the Company's products nor facilitate its importation for Distribution or for any other reason.

20.6 An IME shall not take any steps in another country which is not yet officially opened, with the intention of commencing the Company's business. He/She may not solicit for clients, advertise, and apply for trademarks or trade names including reserving the Company's name (including website names and addresses). Neither may the IME secure the approval for any of the Company's products or business practices. Any costs incurred by any action by the Company necessary to remedy the above will have to be indemnified by the IME.

20.7 Any IME who does not comply with the above will be terminated or be barred from participating in the new international market for two (2) years from the date of the official opening of the new international market.

21 > Representations

21.1 An IME shall not make any statement in any form about any person, company or products, whether of the Company or its competitors whether written or oral, which is misleading, false or inaccurate.

22 > General Issues & Amendments

22.1 The Company strictly prohibits the participation by its IMEs in any pyramid scheme or having the appearance of a pyramid scheme. The Company's management committee reserves the absolute right to terminate any IME found to do so.

22.2 An IME shall be deemed to have knowledge of all the Terms and Conditions appearing in all the Company documents for the time being in force and it shall be incumbent upon the IME to check the latest Terms and Conditions as set out in the official and definitive copy as kept at the Company's Head Office. It is also the responsibility of the IME to update his downlines. New Terms and Conditions and Forms will replace the old.

22.3 If any provision of any Terms and Conditions or Procedures or Code of Ethics or any part thereof contravenes any:

22.3.1 Act of Parliament or subsidiary legislation, or

22.3.2 Orders of Governmental policy, or

22.3.3 Terms and conditions as may be imposed by the relevant authority from time to time;

the contravening provision of such terms and conditions shall be rendered invalid and unenforceable without affecting the other provisions of these Terms and Conditions, Policies & Procedures or the Code of Ethics.

22.4 In the event of any dispute arising between an IME and a customer or prospective customer or Company's IMEs, to immediately inform the Company and provide the Company with details of the circumstances of the dispute and not to institute proceedings in respect of it or to enter into any compromise in respect of it or to release any debt without the prior written consent of the Company.

22.5 The IME hereby agrees that the Company and its officers or agents shall not be liable for any third-party claim for any consequential, incidental, special or punitive damages, or claim for loss of profits. Any such claim by the third party will be indemnified by the IME to the Company or the third party.

22.6 The IME shall indemnify and keep the Company fully indemnified from and against any and all loss, damage or liability (whether criminal or civil) suffered and legal fees and costs incurred by the Company resulting from a breach of this Agreement by the IME including but not limited to:

22.6.1 Any act of fraud, neglect, dishonesty or default on the part of the IME or his/her agents, employees, licensees or customers;

22.6.2 Breaches resulting in any successful claim by any third-party alleging libel or slander in respect of any matter arising from the supply of the products or conduct of the IME.

22.6.3 Breaches in connection with any unauthorized Warranty issued by the IME and also for any alteration, removal, tampering or modification of any of the Products.

22.7 The IME acknowledges that he/she has read and understood and agree to the terms set forth in this Agreement.

22.8 This Agreement supersedes any previous agreement between the parties hereto in relation to the matters dealt with herein and represents the entire Agreement between the parties hereto.

22.9 Reference to any statute or statutory provisions includes a reference to that statute or statutory provision as from time to time amended, extended or re-enacted.

22.10 Unless the context otherwise requires, reference to any clause or schedule or appendix is to a clause or schedule or appendix of or to this Agreement.

22.11 The headings in this Agreement are inserted for convenience only and shall not affect the construction hereof.

22.12 All agreements on the part of either of the parties which comprise more than one person or entity shall be joint and several.

23

Notice

23.1 Any demand, request or notice requiring to be given under this Agreement shall be deemed to be sufficiently served in the case of a notice given by;

23.1.1 The Company, upon being addressed and dispatched by electronic mail, facsimile, ordinary post, registered post, A. R. Registered Post or personal service or service as deemed fit by the Company, to the IME at the address provided on the IME application form or the last known place of business or residence of the IME. A notice is deemed served, in the case of service by facsimile, immediately upon being faxed, and in any other case, five (5) days after the date of posting.

23.1.2 The IME, upon being addressed and dispatched by personal service or A. R. Registered post to the Company at their office in Singapore as set out below. In the event of service by A. R. Registered post, evidence of receipt by the Company is to be proved by way of proof of the Company's company stamp indorsement on the A. R. return card.

23.2 All forms and notices which under this Agreement require to be signed by or on behalf of the Company shall be sufficiently signed by its Directors or by its Secretary or by its duly authorized officer and all forms and notices which under this Agreement is required to be signed by or on behalf of the IME shall be signed by some responsible person(s) authorized by the IME, a specimen of whose signature authenticated by the IME shall previously have been lodged with the Company.

24

Time

24.1 Time wherever mentioned shall be the essence of this Agreement.

25

Beneficiaries

25.1 This Agreement shall be binding on the beneficiaries, personal representatives and permitted assigns of the parties hereto.

26

Severability

26.1 If any of the provisions of this Agreement is found by any court or other competent authority to be void or unenforceable in any jurisdiction, such provision shall be deemed to be deleted from this Agreement and the invalidity or unenforceability of such provision shall not affect the other provisions of this Agreement and all other provisions shall remain in full force and effect. Notwithstanding the foregoing, the parties hereto shall negotiate in good faith in order to agree to a mutually satisfactory term in substitute for the provision so found to be void or unenforceable.

27

Waiver

27.1 No failure or delay on the part of the Company in exercising nor any omission to exercise any right, power or privilege accruing to the Company upon any default on the part of a IME shall affect or impair any such right, power or privilege to be construed as a waiver thereof or any acquiescence to such default. No waiver by the Company in respect of any breach shall operate as a waiver in respect of any subsequent breach. Any waiver must be given in writing by the Company.

28

Governing Law

28.1 In the event of any dispute pertaining to the formation, construction, validity or performance of this Agreement or as to the rights and liabilities arising between the Company and the IME which cannot be resolved between the parties, both parties hereby agree that the dispute shall only be resolved in the High Court of Singapore at Singapore or any other court of competent jurisdiction in Singapore or by way of arbitration as the Company deems fit.

28.2 If by arbitration, a sole arbitrator to be agreed between the parties shall be appointed. The forum and type of arbitration shall be solely decided by the Company.

28.3 The formation, construction, validity and performance of this Agreement shall be governed in all respects by Singapore Law.

29.1 All costs, legal or otherwise shall be borne by the IME on a solicitor-client basis.

30.1 The word "IME" as mentioned throughout this Agreement shall include Star Leaders.

30.2 The English Version of all the Company issued materials shall be deemed to be the official interpretation. In the event of any conflicts between different versions of materials, the English Version shall prevail.

30.3 Unless the context otherwise requires, the following interpretations shall be used in the Agreement:

- 30.3.1** Words referring to the masculine gender shall include the feminine and neuter genders and vice versa;
- 30.3.2** Words referring to a singular object/person shall include the plural number and vice versa;
- 30.3.3** The section headings are included for the convenience of reference only and shall not affect the interpretation of the Agreement;
- 30.3.4** Where any word or expression is defined in the Agreement, the definition shall extend to all grammatical variations and cognate expressions of the word or expression so defined;

Important Notice

All IMEs operating the Company business are to observe and adhere to the following regulations or face prosecution by the relevant authorities:

A. Identification Card & IME Authority Card

a. IMEs must display the Company IMEship Authority Card (MID) and carry along their National Registration Identity Card whenever operating the business, and duly produce them whenever requested to do so.

b. The Company IMEship Authority Card must be affixed with your recent photograph which must be 3.8cm x 3.2cm and without the borders. Your full face must be shown and the image from chin to the top of the head must not be less than 2.54cm in a vertical position.

c. No head or face coverings must be worn, except when such coverings are in accordance to your religious beliefs and provided the main features of your face are not hidden.

B. Hours of Call

Unless with prior appointment, the IME is not allowed to call on customers/prospects:

- on Sundays (in areas where Sunday is a Public Holiday)
- on Fridays (in areas where Friday is a Public Holiday)
- on other Public Holidays
- between 7.00pm and 9.00am daily on other days

C. Contract of Sales

For any transactions or product sales of which the value is **SGD150.00** and above the following must be observed:

- a. The Contract of Sales Form must be used and signed by both customer and IME. The buyer must be provided a copy of the signed form. The Form must carry the message that a "Cooling-off Period of Ten (10) working days is allowed for the customer to change his/her mind about buying the product". The message must be printed in wordings not less than 18-point.
- b. No delivery of goods may be made before the Ten (10) working days period is over, and no payment/down-payment may be collected during the period.
- c. A customer who requires the product earlier than the stated Ten (10) working days may request for early delivery through a Notice of Waiver to be served to you before the end of the Ten (10) working days Cooling-off Period but not earlier than Seventy-Two (72) hours from the time the Contract of Sales was signed.
- d. In the course of the Ten (10) working days cooling-off period, the customer may cancel his/her order(s) by terminating the Contract of Sales in writing by mail or delivered in person to you. The termination of Agreement of Sales form may be used for this purpose.

All the Company IMEs are reminded that non-compliance with the requirements is carries a heavy penalty besides attracting negative and unwarranted publicity.

Definition of Terms Used

In order to simplify and overcome any misunderstandings which could occur particularly in the IMEs early stages with the Company, we have defined the terms used in the Business Manual/Plan.

BREAKAWAY

This refers to a qualifying Star Leader line which has separated itself from the main group.

BONUS VALUE or BV

This is the value attached to the products sold. This value will be taken for calculation of all bonuses.

COMPANY or MELILEA

Throughout this manual the term "Company" or "MELILEA INTERNATIONAL" refers to: MELILEA INTERNATIONAL (S) PTE LTD co.reg. No: 200201746Z.

GROUP PV

This is the total Point Value (PV) of the Company products sold within any given month by your group/s downlines including breakaway Star Leaders and their groups.

LEADERSHIP BONUS

This is the leadership bonus paid to Qualifying Star Leaders on monthly qualification according to the Company Business Plan.

MONTHLY VOLUME

This is the volume generated in a calendar month. The business month closes at midnight on the last day of the calendar month.

QUALIFYING STAR LEADER LINE

This is a line which has a Star Leader with monthly personal group sales PV (PGPV) of 800.

PERSONAL GROUP

This refers to all IMEs in line of descent, excluding breakaway Star Leaders and their groups.

PERSONAL GROUP SALES PV (PGPV)

This is the personal group sales PV of products sold by all IMEs in line of descent excluding breakaway Star Leaders and their groups.

PERSONAL SALES (PPV)

This is the PV of products sold by the IME personally within the given month.

POINT VALUE (PV)

This is the value attached to the product sold. This value will be taken for calculation of rank advancement and qualification for bonuses.

QUALIFYING STAR LEADER

This is an active Star Leader with a monthly personal group sales PV (PGPV) of at least 30 PPV and of at least 800 PGPV or a Star Leader who qualifies for leadership bonus for a particular month.

RETAILING PROFIT

This is the difference between the IME price and the suggested customer or retail price.

RETAIL OR CUSTOMER PRICE

This is the price that is quoted on the order form and represents a suggested retail currency figure which the customer pays for the products. The Company reserves the right to adjust this suggested customer or retail price, depending on the market situation.

STAR LEADER

This refers to any IME who is promoted to the level of Star Manager and above.



MELILEA

MELILEA INTERNATIONAL
GROUP OF COMPANIES

MELILEA INTERNATIONAL (S) PTE LTD 200201746Z

No.33, Ubi Avenue 3, #02-08
Vertex, Singapore 408868

Tel : (65) 6509 9119
Fax : (65) 6509 8488

 www.melilea.com.sg

USA | MALAYSIA | SINGAPORE | AUSTRALIA | CHINA | HONG KONG | TAIWAN | INDONESIA | THAILAND | CAMBODIA | VIETNAM

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