

# DXN Distributorship Rules and Regulations

Version 3.0 (2025)



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# Distributorship Rules & Regulations

## DEFINITION

For the purposes of the DXN Distributorship Rules and Regulations, unless the context otherwise requires or unless repugnant to or inconsistent with such context, the following words or expression shall have the following meanings:-

“Code of Conduct”	shall mean Direct Selling Association (DSA) code of conduct (or its equivalent) in the respective jurisdiction;
“Distributor”	shall mean for the purpose of the DXN Distributorship Rules and Regulations, a person who has applied under Clause 1 herein and whose application has been accepted by DXN;
“DXN”	shall mean DXN INTERNATIONAL CZ s.r.o.
“PGPV”	shall mean “Personal Group Point Value”;
“PV”	shall mean “Point Value”;
“PPV”	shall mean “Personal Point Value”
“Product” or “Products”	shall mean products marketed or distributed under DXN marketing system;
“SCN”	shall mean Show Cause Notice
“Sponsor”	shall mean an existing Distributor who introduces a new member to be a Distributor of DXN and whose name appears on the new member’s Distributor Application Form as the Sponsor; and
“SV”	shall mean “Sales Value”

Unless the context otherwise requires or unless repugnant or inconsistent with such context, the following interpretations shall apply:-

- a. references to clauses and subclauses are to be construed as references to clauses and subclauses of this DXN Distributorship Rules and Regulations;
- b. references to DXN Distributorship Rules and Regulations, Code of Conduct, DXN Marketing Plan and any of its policies, federal or state legislations or provisions of such legislation shall include such provisions as modified, amended or re-enacted;
- c. references to any persons include any corporation, company or partnership;
- d. words denoting the masculine gender include the feminine and neuter genders and vice versa;
- e. words denoting the singular number include the plural number and vice versa;
- f. the headings to the clauses are for ease of reference only and shall not affect the interpretation of the DXN Distributorship Rules and Regulations; and
- g. references to any party includes its successors in title and permitted assigns.

# Distributorship Rules & Regulations

## 1. Application for Distributorship

- 1.1 Only applicants aged 18 years and above may apply to become as an independent Distributor of DXN.
- 1.2 In order to become a Distributor of DXN, an applicant is required either to complete and sign the Distributorship Application Form or to fill in relevant form via online registration at DXN website. The applicant shall irrevocably agree to abide by the DXN Distributorship Rules and Regulations, Code of Conduct, DXN Marketing Plan and any of its policies including but not limited to any variation, amendment or modification thereafter. Any application for distributorship is subject to the approval of DXN. The completed Distributorship Application Form can be handed to the authorized stockist, service center, branch or the head-office of DXN where cash bill is issued.
- 1.3 A Distributor is prohibited from submitting any false or inaccurate or misleading information to DXN. A Distributor shall inform DXN of any changes affecting the accuracy of the Distributor's details. DXN reserves its rights to take any disciplinary action it deems fit including immediate termination of the distributorship without any further notice in the event DXN determines that false, inaccurate or misleading information regardless of its significance was provided to DXN.

## 2. Status of Distributorship

- 2.1 Husband and wife shall either register:
  - (a) As Joint Distributor with a single distributorship code; OR
  - (b) As individual and separate Distributor with separate membership code, provided that the registration shall be made under the respective spouse's existing membership code, and not under a different Distributor/group.
- 2.2 A corporation cannot be accepted as a Distributor of DXN. Nevertheless, if a Distributor wishes to change his distributorship to a private company or a partnership, written approval from DXN shall be obtained subject always to DXN's rights to accept or reject any application. DXN at all times reserves its rights to modify, revise or amend the terms and conditions for such application as it deems fit. In the event DXN has approved the distributorship application by a corporation, private company or partnership, any change to the equity structure of the said corporation, private company or partnership must first obtain prior written approval from DXN. In the event DXN determines that any false, inaccurate or misleading information was provided or any change to the equity structure has been done without prior written approval of DXN, DXN reserves the rights to forthwith terminate the distributorship without need of any further notice.

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## 3. Conditional Life Distributorship

- 3.1 Distributorship with DXN is for a lifetime and no yearly renewal of distributorship is necessary PROVIDED THAT the Distributor has made at least one (1) personal purchase transaction with PV in each calendar year. Personal purchase transaction refers to purchase of DXN Products with PV, regardless of the amount, made under the Distributor's own name and distributorship code.
- 3.2 Any distributorship who has not made any personal purchase with PV in any calendar year will be considered inactive on 1st January of the following calendar year without need of further notice. Reactivation may be done provided that the Distributor purchase Products with the minimum monthly PPV required for bonus of the concerned country in one month. However, the reactivation is subject always to the approval and policy of DXN in relevant jurisdiction of the distributorship.
- 3.3 A Distributor whose distributorship is inactive may re-register as a new Distributor under the same or another Sponsor however, he will be considered and deemed as a new Distributor with new distributorship code and therefore, not entitled to his former networks.
- 3.4 A Distributor's distributorship shall be terminated if he or any one of the spouses (which shall include any spouse who is a distributor as per Clause 2.1, and spouse who is a non-distributor) or partner, shareholders/directors of the corporation, private company or partnership including proxy is directly or indirectly involved in any of the following disciplinary cases such as:
- (a) persuading or abetting other distributors to do sponsoring in an improper/invalid manner;
  - (b) changing the selling price of the Products without obtaining prior written approval of DXN;
  - (c) involving in other direct sales company or in a company or business that is having direct competition with DXN. DXN reserves its absolute rights to determine whether such company or business is its competitor or not;
  - (d) breaching DXN Distributorship Rules and Regulations, Code of Conduct, DXN Marketing Plan or any of its policies;
  - (e) defaming, spreading rumors / false information / allegation or conducting any activities, transaction or business that directly or indirectly tarnish/ affect or will bring negative effects to DXN or affect DXN's goodwill;
  - (f) directly or indirectly promoting, selling or distributing other country's Products in another country which DXN's market has been established without prior written approval from DXN;
  - (g) making false/misleading claims or overclaims relating to the Products or the DXN Marketing Plan;

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- (h) falsifying or tampering the record, report, document, certificate with the intention to cheat/fraud the company or to gain/receive unentitled/ineligible/unlawful benefit; or
- (i) defaming, spreading rumors or false information/allegation that could directly/indirectly tarnish/affect DXN's management/staff's name/ goodwill including harassing DXN management or staff.

## 4. *[This clause has been removed]*

## 5. DXN Starter Kit

The Starter Kit, business materials or sales aids' price is set at cost: not a service or franchising fee, strictly to offset costs incurred by DXN in the production and distribution of the marketing tools and materials. No PV or SV shall be given and no commissions or bonuses shall be paid on the purchase of the starter kit or business materials or sales aid. The Distributor may purchase additional kits for resell to new recruits. The Starter Kit shall be sold at the price fixed by DXN and is strictly prohibited to be sold/resold for profit or mark-up.

## 6. Distributor's Purchase of the Products

Products can be purchased by cash (or by any mode of payment so accepted by DXN) from DXN and its branches or authorised stockists/service centers. Cash bill will be issued for each purchase made by the Distributor. All purchases made by the Distributor cannot be backdated from the date of the purchase.

## 7. Entitlement to Monthly Bonus

- 7.1 A Distributor is required to maintain a minimum monthly PPV [exclusively in one (1) country] and PGPV [in one (1) country but not necessarily be in the same country where the PPV is maintained] for bonus qualification and commissions overriding. Bonuses are paid according to DXN's Marketing Plan.
- 7.2 In addition, DXN reserves the rights to recoup any bonuses paid to any Distributor under the following circumstances:
  - (a) Products returned under DXN's refund policy or exceptions thereto established by DXN branches or authorized stockists/service centers;
  - (b) Products returned to an authorized stockists under any applicable law;
  - (c) Products stolen or obtained by fraudulent means; or
  - (d) any other reasons as deemed appropriate by DXN.

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## **8. Discrepancy in Monthly Bonus Statement**

DXN shall be informed in writing within seven (7) days from the date of receipt of the monthly bonus statement of any discrepancy in the said statement after which at the end of the specified time period, all monthly bonus statement shall be deemed as final and conclusive and DXN shall not entertain any inquiry or complaint arising from the said discrepancy thereof.

## **9. Suspension and Termination of Bonuses, Incentives and Benefits**

9.1 DXN reserves the full and absolute rights, at any point of time, to withhold, suspend, forfeit or terminate a Distributor's benefits (which shall include any spouse who is a distributor and spouse of the distributor as per Clause 2.1) including but not limited to bonuses, incentives, commissions, entitlements, etc., without interest thereon in the event :

- (a) a Distributor who is currently in the process of due inquiry conducted by DXN or investigation process for allegedly violating any provisions of the DXN Distributorship Rules and Regulations, Code of Conduct, DXN Marketing Plan or any of its policies regardless of whether the Distributor has been issued with any notice from DXN or not; or
- (b) a Distributor has been issued with a Show Cause Notice (SCN) or any notice for violating any provisions of the DXN Distributorship Rules and Regulations, Code of Conduct, DXN Marketing Plan or any of its policies; or
- (c) a Distributor who has been found liable by DXN for violating any provisions of the DXN Distributorship Rules and Regulations, Code of Conduct, DXN Marketing Plan or any of its policies; or
- (d) pending the finalization of transfer of the distributorship; or
- (e) any other causes/reasons deemed necessary and fit by DXN.

## **10. Responsibilities of a Distributor**

10.1 A Distributor is independent and is free to operate on his own. Therefore, a Distributor shall not claim or represent himself as an employee of or having employment relationship with DXN or act as an agent/representative of DXN. A Distributor is strictly prohibited from representing himself as such. Action including but not limited to termination of distributorship shall be taken on those who have breached this clause.

10.2 A Distributor shall represent or promote the Products, services, and opportunity of becoming a distributor of DXN ethically and professionally.

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- 10.3 No representation or sales offers may be made relating to Products and services, which are inaccurate as to price, grade, quality, and liability.
- 10.4 No unreasonable, misleading, or unrepresentative earnings claims may be made in any way howsoever by a Distributor. No income guarantees of any kind shall be made.
- 10.5 A Distributor may not solicit or persuade any other Distributor to promote, sell or purchase Products or services other than those offered by DXN. A Distributor agrees that a violation of this clause inflicts irreparable harm to DXN and DXN has the rights to take any necessary disciplinary action on the said Distributor in accordance with DXN Distributorship Rules and Regulations and any of its policies and/ or any appropriate legal action it deems fit.
- 10.6 A Distributor is responsible for his own business decisions, actions and expenditures.
- 10.7 A Distributor shall strictly abide by and fully comply with the DXN Distributorship Rules & Regulations, Code of Conduct, DXN Marketing Plan and any of its policies including its variations, amendments or modifications made thereafter.
- 10.8 A Distributor is personally responsible and accountable for compliance with all applicable national, state, municipal and local laws and regulations and the Distributor shall indemnify and hold DXN harmless against any actions, suits or claims arising from such violation thereof.
- 10.9 A Distributor shall strictly comply with all laws, regulations and codes of practice related to the operation of his distributorship and shall not engage in any activity which may lead to legal action or implication or bring disrepute to themselves or to DXN.
- 10.10 A Distributor shall not make any representation to any distributor, prospective recruit and/or customer which cannot be verified or make any promise which cannot be fulfilled. A Distributor shall not present any information to any distributor, prospective recruit and/or customer in a false, misleading or deceptive manner.
- 10.11 A Distributor who is also operating a stockist or service center shall collect payment from distributor or customer in line with DXN policy and shall issue appropriate cash bills from DXN billing system for each of the purchase.
- 10.12 A Distributor shall not directly or indirectly use photo, image or name of DXN's management in its business activities in any manner howsoever without prior written consent from DXN.

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## 11. Restriction or Rights to Area

- 11.1 A Distributor is not allowed to have any rights or impose any restriction, or to declare, imply or claim, whether directly or indirectly, to a particular area to promote, sell or distribute the Products and are strictly prohibited to declare that they have any specific rights on a particular area.
- 11.2 A Distributor is strictly prohibited from, whether directly or indirectly, promoting, distributing or selling any Products specifically manufactured or distributed for a particular country in any other country unless the Distributor has obtained prior written approval from DXN.

## 12. Restriction on Products Sales

- 12.1 DXN's Products are strictly prohibited from being sold or exhibited in grocery shops, stores, mini-markets/ supermarkets, military stores, trade fair, e-commerce platform, commercial online platform or on any online platforms which are not belonged to DXN or not authorised by DXN unless the Distributor has obtained prior written approval from DXN. Any breach of this clause may lead to disciplinary action including termination of distributorship.

## 13. Manner of Selling and Product Selling Price

- 13.1 The selling price of any DXN Product is determined by DXN and no Distributor shall be allowed to reduce or increase the price including by way of tampering with the selling price as affixed on the label or packaging of the Product or as determined by DXN. Breach of this clause shall result in suspension or termination of distributorship or any action deemed fit by DXN.
- 13.2 DXN reserves the rights, at any point of time to revise the selling price including but not limited to PV and SV of the Product without any prior notice, and the revised price so determined or fixed shall have immediate effect upon its official announcement.
- 13.3 A Distributor is not allowed to directly or indirectly deliver, distribute, promote or sell any Products by way of discounts, free gifts, promotion that in aggregate or in any how are confirming the Products are distributed or sold below or above the selling price so determined and permitted by DXN, unless the discounts, free gift or promotion is organized and approved by DXN.

## 14. Product Claims

- 14.1 A Distributor shall not directly or indirectly make any medical claim, unsubstantiated claim or over claim for any Product including its function. A Distributor is further prohibited from specifically prescribe any Product as



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suitable for any ailment, represent in any way howsoever that implies the Products are drugs rather than cosmetics or nutritional products and under no circumstances should any Products be likened to drug products prescribed for treatment of specific ailments.

- 14.2 A Distributor shall be held liable and responsible for claims as specified in Clause 14.1 including but not limited to false claim or misleading claim of the Products or any claim in contravention of any relevant law which shall lead to disciplinary action or suspension or termination of distributorship.
- 14.3 While DXN makes every effort to achieve full compliance with complicated and periodically amended regulations, no Distributor should or attempt to state or intimate that any Product is approved by the Ministry of Health or any other governmental authority.

### 15. Improper Sponsoring of Distributor and its Penalty

- 15.1 Distributor is prohibited from sponsoring other Distributor in the following context :
  - (a) sponsoring a Distributor who is already a Distributor; or
  - (b) sponsoring the spouse of another Distributor.
- 15.2 For improper sponsoring as described above, the Distributor's new distributorship will be terminated with immediate effect. All distributors under this terminated distributorship will be transferred to their original Sponsor or any other action as deemed fit by DXN.
- 15.3 **Improper sponsoring via Proxy.**

If a Distributor directly or indirectly establishes a group not under his hierarchy but has self-interest in the development of the group, the Distributor is deemed to have been involved in improper sponsoring via his proxy. The proxy's distributorship will be terminated and the group established by the proxy will be transferred to the said Distributor.
- 15.4 Disciplinary action will be taken against all those who are directly or indirectly involved in improper sponsoring including but not limited to suspension or termination of the distributorship or any other action deemed fit by DXN.
- 15.5 Any arrears of benefits including but not limited to bonuses, incentives, commissions, entitlements, etc. as a result of this improper sponsoring will not be considered.

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## 16. Involvement in other Direct Sales Company

- 16.1 A Distributor who has achieved the status of Star Ruby and above is not allowed to be involved directly or indirectly in any activities of other direct sales companies, business or other activities that have direct competition to DXN or will bring negative effects to DXN. DXN reserve its rights to determine whether such company or business is its competitor.
- 16.2 A Distributor shall not directly or indirectly (whether on his own behalf or with or for any other person) solicit, promote or recruit any distributor of their downline organization or distributors in other group to join or participate in any other direct selling, business or activities or network marketing business or to distribute, sell or promote any Products or services competitive with DXN.
- 16.3 Distributor referred in Clause 16.1 and 16.2 shall include the spouse of the Distributor, whose membership registration is as per Clause 2.1 of this DXN Rules and Regulations, a non-distributor, or partner, shareholders or directors of the corporation, company or partnership, or its proxy.
- 16.4 Any Distributor and the parties as per Clause 16.3 who violates this clause shall have his distributorship suspended or terminated immediately by DXN.

## 17. Breach of the DXN Distributorship Rules and Regulations, Code of Conduct, DXN Marketing Plan and Any of its Policies

- 17.1 If a Distributor breaches any clauses of the DXN Distributorship Rules and Regulations, Code of Conduct, DXN Marketing Plan or any of its policies, the Distributor's distributorship may be suspended or terminated immediately.
- 17.2 During the period of DXN's investigation for the alleged violation of the DXN Distributorship Rules and Regulations, Code of Conduct, DXN Marketing Plan and/or any of its policies, the following or any of its combination shall be applied:
  - (a) DXN may issue verbal reprimand or a Warning Notice or SCN or any other notice to the Distributor;
  - (b) DXN may suspend the Distributor's distributorship and to suspend, withhold or forfeit its benefits including but not limited to bonuses, incentives, commissions, entitlement, etc.;
  - (c) DXN reserves the rights to suspend the said Distributor from participating or carrying out activities which includes but not limited to placing orders, making sale or purchase, dealing with DXN's Products, dealing with networks, sponsoring, modifying its distributorship information, attending

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training, participating in DXN's activities, participating in promotional activities or incentives campaigns, receiving bonuses, commissions or incentives until a final decision is made by DXN.

- 17.3 In the event a SCN has been issued to a Distributor, the Distributor shall within fourteen (14) days from the date of the SCN or any other period as specified by DXN provide his explanation in formal written letter relating to the alleged violation for consideration by DXN. If the Distributor fails to provide any written explanation to the said SCN within the stipulated period, the Distributor is deemed to have accepted the alleged violation and waived its right to give explanation. In such case, DXN shall have the rights to impose any disciplinary action it deems fit including termination of distributorship without any further notice to the Distributor.
- 17.4 On the basis of any information obtained from collateral sources or from DXN's investigation of the statements and facts taken together with information submitted to DXN during the response period, DXN shall determine the action to be taken against the Distributor, which includes the termination of the Distributor's distributorship. DXN reserves the rights to impose any disciplinary action it deems fit for similar violations of DXN Distributorship Rules and Regulations, Code of Conduct, DXN Marketing Plan or any of its policies on a case-by-case basis.
- 17.5 In the event of termination of the Distributor's distributorship, the Distributor's distributorship/status and all benefits pursuant to the DXN Marketing Plan including but not limited to benefits on promotion activities, incentives campaigns, entitlements shall be forfeited. Henceforth, the terminated Distributor is automatically prohibited from dealing in whatsoever manner with DXN's Products, networks and activities.
- 17.6 Any Distributor so terminated may apply for a new distributorship from DXN after a period of six (6) months. However, acceptance of the application is subjected to the verification and prior approval by DXN. In the event the terminated Distributor has registered a new distributorship without prior approval of DXN, then DXN reserves the rights to terminate the said new distributorship at any time without any further notice.
- 17.7 The scope of "Distributor" under this Clause 17 shall also include the spouse of the Distributor, whose membership registration is as per Clause 2.1 of this DXN Rules and Regulations, a non-distributor, partner, shareholders or directors of the corporation, private company or partnership, or its proxy.

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## **18. Beneficiary**

- 18.1 A Distributor may appoint any person of the same nationality as his beneficiary. If no beneficiary is named in the distributorship form, the beneficiary shall be the next of kin. However if there is a dispute relating to the beneficiary after the death of a Distributor, the appropriate court shall decide the beneficiary. DXN reserves the right to suspend any benefits including but not limited to bonuses and commissions until a final decision is made by the Court.
- 18.2 A Distributor shall not transfer, allocate, or otherwise transfer any right conveyed by under his distributorship to any person without the written approval from DXN. A Distributor may delegate his responsibilities but be and is ultimately responsible for insuring compliance with the applicable laws and regulations.

## **19. Properties of DXN**

- 19.1 Intellectual properties of DXN including but not limited to “DXN”, “DAXEN”, “DAEHSAN”, DXN logos, trademarks, trade names, service marks, Product names, and other tangible or intangible commercial assets, registered or otherwise, videotapes, stationeries, printed materials, provided and related to DXN are the properties of DXN (“Intellectual Properties”). Henceforth, they are not to be used, extracted or reproduced by any Distributor without prior written approval from DXN.
- 19.2 Distributor is prohibited from using the Intellectual Properties in its name of company, corporation or establishment in the course of its business operation without first obtaining written consent from DXN. DXN reserve its right to revoke any consent granted at any time without need to issue any reason for such revocation.
- 19.3 All promotional materials including but not limited to flyers, business cards, pamphlets, brochures, books prepared in accordance with the sub-clause below, may be distributed through personal contact only. They may not be posted in public places, mass mailed, put in mail boxes, or disseminated by any other non-personal contact means. Materials may not be disseminated through unsolicited faxed or E-mail message.

## **20. Distributor Agreement**

An agreement between a Distributor and DXN takes effect as soon as the Distributorship is approved by DXN. A Distributor shall irrevocably agree to abide by the DXN Distributorship Rules and Regulations, Code of Conduct, DXN Marketing Plan and any of its policies including but not limited to any variations, amendments or modifications thereafter.

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## 21. Transfer of Distributorship

Transfer of distributorship can be requested in the following situations:

- 21.1 **Death.** If a Distributor passes away, the beneficiary will automatically take over the distributorship. If no beneficiary is named, the transfer of distributorship will be determined as per the law prevailing in the country. Simultaneously, DXN reserves the right to suspend any and all benefits including but not limited to bonuses, commissions until the issue is resolved.
- 21.2 **Indisposition.** A Distributor who has reached the age of 65 years old or unable to continue the DXN business due to health complications which, if accepted by DXN shall be allowed to transfer the distributorship to anyone as he wishes or to his beneficiary.
- 21.3 Any other situations as deemed fit by DXN.

## 22. Double Registration

- 22.1 A Distributor shall only have single distributorship code. Double registration case is established when a Distributor is having more than one distributorship code under his own name or under proxy.
- 22.2 In the event that a double registration case has been detected and confirmed as such, DXN reserves the right and shall terminate the newer distributorship code with immediate effect without further reference or notice. Accordingly, DXN shall transfer all the newer distributorship code's down-lines and accumulated PVs to the original distributorship code.
- 22.3 Disciplinary action such as suspension or termination may be initiated against any Distributor or Sponsors who directly or indirectly found to be involved in double registration case.

## 23. Request to Change Sponsor

- 23.1 Application for change of Sponsor is not allowed by DXN.
- 23.2 If a Distributor insists on changing his Sponsor, he can write to DXN to terminate his existing distributorship and wait for another six (6) months before re-applying for a new distributorship under a new Sponsor.
- 23.3 For a Distributor whose distributorship is inactive, the Distributor may apply for a new distributorship by following the procedures as stated in Clause 3.
- 23.4 A Distributor shall not directly or indirectly encourage, persuade, involve or assist another Distributor to transfer to a different sponsor. This includes the act of offering financial or other tangible or intangible incentives or benefits to

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induce the Distributor to terminate his existing distributorship and then register under a different sponsor. Any Distributor found liable to be involved in such practice may result in his distributorship to be suspended or terminated immediately.

- 23.5 The procedure under this Clause 23 is not applicable for any registration as per Clause 2.1 (b).

### 24. Direct Sales Contract and Cooling Off Period

- 24.1 For any purchase of RM300 and above, A Distributor must offer a ten (10) working day cooling off period to his customers and notify each customer by a legally prescribed form of his right to rescind or terminate the purchase or retail sale contract within ten (10) working days commencing the day after the purchase or contract is made and provide to the customer the legally prescribed form of the notice of rescission for the retail customer's use if he so chooses. During the cooling off period, no Products shall be delivered to the customer and no payment shall be accepted from the customer unless the customer has given a seventy-two (72) hours written notice or more after signing the sale contract, requiring delivery before the expiry of the cooling off period.
- 24.2 DXN encourages Distributors to honor a request for a refund or Product exchange made within the cooling off period. Moreover, a Distributor must offer a ten (10) day money-back guarantee to his retail customer. This means that a Distributor must, for any reason and upon request, give a full refund of the purchase price to the customer. The only requirement is that the retail customer requests the refund within ten (10) business day after the date of delivery of the Products and returns the unused Product to the Distributor.

*\* This clause 24 is not applicable to Czech Republic.*

### 25. Buy Back Policy

- 25.1 DXN practices Buy Back Policy to ensure maximum satisfaction of its Distributors. This policy allows every Distributor to return unsold DXN Products in its original condition and of merchantable quality within 180 days from the date of purchase of the products. Products in the "original condition and of merchantable quality" means the Products which are still in the market (the production has not yet stopped), with the price label still intact and clean, unopened box within its expiry date and in good condition. DXN reserves the right to reject any returned Product that does not meet such specification or condition and subject to respective policy in relevant country. The Distributors must fill the Distributor Buy Back Forms in any of the DXN branches.

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- 25.2 Distributors who wish to terminate their distributorship can return to any of the DXN branches all unsold DXN Products that are in the original condition and of merchantable quality.
- 25.3 DXN will deduct 90% on SV for all returned Products for bonus paid eighty five percent (85%) and five percent (5%) handling fee.
- 25.4 Products returned should be accompanied with the following documents:
  - (a) relevant cash bills/invoices (only original copy is considered valid);
  - (b) Valid Distributor Card (wherever applicable); and
  - (c) letter of termination of Distributor's right (wherever applicable).
- 25.5 DXN will send the refund via any method determined by DXN after deducting the bonus paid, handling fee and whatsoever balance that is due. The refund will be sent to the Distributor by registered mail or courier within thirty (30) days from the returned date.
- 25.6 Distributors are advised not to over purchase. Purchase of Products should be made based on realistic estimation of the customer's orders.

### 26. Distributor Website Regulations

- 26.1 For the purpose of this section, "Distributor's Website" shall mean any form of website (including but not limited to any social networking websites) which is registered, built and managed independently by the Distributor or its agents for the purpose of promoting DXN and/or its Products. For the avoidance of doubt, "registered" shall mean the registration by a Distributor or by a group of Distributors with any third-party online service provider/web hosting services from which the Distributor's Website is hosted, and not related to website operated by DXN.
- 26.2 DXN encourages its Distributors to utilise the internet to promote DXN Products whilst expanding their DXN business and networking however DXN shall not be responsible for the contents of the Distributor's Website including any copyright or trademark infringements of third parties and/or remarks/comments made by any visitor(s) which is published on the Distributor's Website. DXN shall not be held liable for any criminal and/or civil liabilities that may arise out of the Distributor Website.
- 26.3 A Distributor's Website should contain the particulars of the Distributor(s) such as his full name and Distributorship code. It is also mandatory for the Distributor to provide a disclaimer stated below (which may be amended from time to time at the discretion of DXN) at a visible location in the Distributor's Website.

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*“This website is registered and/or operated by an Independent Distributor of DXN or a group of DXN’s Independent Distributors. DXN does not endorse any information on this site nor does DXN assume any civil and/or criminal liabilities arising out of this website. The information relating to DXN Products and/or DXN itself on this site are not intended to diagnose, treat, cure, or prevent any disease or replace medical advice or treatment. The information presented on this website is for informational purposes only, and is not intended as a medical advice or a substitute for a physician’s consultation and/or examination. For DXN’s official website, please visit [www.dxn2u.com](http://www.dxn2u.com).”*

- 26.4 A Distributor’s Website is not allowed to contain any unsubstantiated claims/information regarding any income through the DXN business or regarding any DXN Products. Any description of DXN Products or any information relating to DXN published in the Distributor’s Website may utilise the contents sourced from DXN’s official website provided that a distributor displays link or information of location which the original material was sourced from.
- 26.5 A Distributor is fully responsible, accountable and liable for any misuse or misrepresentation of his Distributor’s Website. Any violation of this clause and its sub clauses thereto shall lead to disciplinary action such as suspension or termination of the Distributor’s distributorship.

### 27. Promotion Activities and Incentive Campaigns

- 27.1 Distributors shall abide with the respective rules and regulations governing all promotion activities and incentives campaigns.
- 27.2 At any point of time of the promotion activities or incentive campaigns, if any Distributor is under investigation for disciplinary cases or has been or about to be issued a SCN for violation of DXN Distributorship Rules and Regulations DXN reserves the absolute right, at any point of time, to suspend or disqualify any Distributor from any and all promotion activities or incentive campaigns.

### 28. Litigation and Claims

In the event any Distributor is charged with any infringement of any proprietary right of any 3rd party arising from any of DXN’s proprietary assets, or if the Distributor becomes the subject of any claim or suit related to that Distributor’s business-related conduct or any other action that directly or indirectly negatively affects or puts DXN, its reputations, or any of its tangible or intangible assets at risk, the affected Distributor shall immediately notify DXN. A Distributor shall take no action related to that claim and suit, unless obtained DXN’s written consents. DXN may, at its own expenses and upon reasonable notice, take



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whatever action it deems necessary (including, but not limited to, controlling any litigation or settlement discussion related thereto) to protect DXN, its reputations and/or its tangible and intangible property.

## 29. General Business Ethics

- 29.1 DXN is a member of the Direct Selling Association (DSA) in Malaysia as well as in many countries around the world and abides by the Code of Conduct. Along with the ethical guidelines of this section, Distributors are strongly encouraged to read the Code of Conduct and adopt its principles in their business operations.
- 29.2 A Distributor agrees that he shall not make any misleading, unfair, inaccurate, or disparaging comparisons, claims, representations, or statements about DXN, its Products, services, or commercial activities; other persons other companies (including competitors); their products; or their commercials activities.
- 29.3 A Distributor agrees that any claims or representations concerning the opportunity must be congruent with, and limited to those found in the materials and literature currently distributed by DXN. Those claims and representations must also be in accordance with any applicable laws, ordinances, and regulations, etc.
- 29.4 No Distributor shall represent that, any person can or will receive profits or revenues without substantial effort on his own behalf.
- 29.5 No Distributor shall make unreasonable, misleading, or unrepresentative representations respecting potential earnings.

## 30. Rights of DXN

DXN reserves the full and absolute rights, at any point of time, even without any prior notice, to change, vary, amend or modify the DXN Distributorship Rules and Regulations, Code of Conduct, DXN Marketing Plan and any of its policies and to withdraw or suspend or terminate the distributorship of any Distributor as deemed fit and necessary by DXN.

## 31. Interpretation and Prevailing Version

- 31.1 In the event of any doubt, inconsistency or conflict as to the true meaning concerning this DXN Distributorship Rules and Regulations, DXN reserves the rights to make the final interpretation of such doubt, inconsistency or conflict.
- 31.2 If there is any dispute, inconsistency or discrepancy in the DXN Distributorship Rules and Regulations between English version and any other translated versions, the English version shall prevail.