

Helping People Live Better Lives



OPPORTUNITY

Amway Business Manual

CONTENTS

PART 1 Build You Own Business

- 02 Worldwide Business Opportunity
- 04 How to Join/Get Started With The Amway Business
- 05 Amway Privileged Member and Distributor

PART 2 Award and Reward

- 06 1. The Bonus System
 - 14 Leadership Bonus
 - 18 Ruby Bonus
 - 19 Pearl Bonus/Minimum Pearl Bonus
 - 23 Emerald Bonus
 - 25 Diamond Bonus/Diamond Plus Bonus
- 26 2. Awards & Recognition System
 - 27 Silver Producer、Gold Producer、Direct Distributor
 - 28 Ruby Direct Distributor、Founders Direct Distributor
 - 29 Ruby Founders Direct Distributor、Pearl Direct Distributor
 - 30 Sapphire Direct Distributor、Founders Sapphire Direct Distributor
 - 31 Emerald Direct Distributor、Founders Emerald Direct Distributor
 - 32 Diamond Direct Distributor、Founders Diamond Direct Distributor



- 33 Executive Diamond Direct Distributor、Founders Executive Diamond Direct Distributor
- 34 Double Diamond Direct Distributor、Founders Double Diamond Direct Distributor
- 35 Triple Diamond Direct Distributor、Founders Triple Diamond Direct Distributor
- 36 Crown Direct Distributor、Founders Crown Direct Distributor
- 38 Crown Ambassador Direct Distributor、Founders Crown Ambassador Direct Distributor

40 3. Amway Leadership Seminar

PART 3 International Sponsoring

- 42 International Sponsoring

PART 4 Rules of Conduct

- 43 The Rules of Conduct
- 67 Fair Trade Law
- 77 Supervisory Regulations Governing Multi-Level Sales

PART 5 Operation and Support

- 82 Amway Taiwan Facilities/How to Order/How to Renewal Satisfaction Guarantee/Product Return & Replacement Policy

Part 1

Build Your Own Business



Worldwide Business Opportunity

After years of development, Amway has devised an exclusive Sales & Marketing Plan which together with our high-quality products has gained tremendous success in more than 80 countries and territories. Amway also provides full support and services for Distributors and strives to maintain a fair business environment. Today, 300 million Distributors around the world develop their own business under the Amway Sales & Marketing Plan. They operate independently, plan their own schedule, decide their own pace of development and as a result they achieve great success.



How to Join

The opportunity to become an Amway Distributor is available to all people regardless of their education, sex, wealth, and social background. To become an Amway Distributor, you must be sponsored by a currently authorized Distributor and the only thing you are required to buy is the Amway Starter Kit (AD9661TW). If you reach the age of 18 but below 20, you shall obtain the prior written consent of your statutory agent. When you reach 20, you will be eligible to become a Sponsor of other Distributors.

Get Started With The Amway Business

Selling and Sponsoring are the foundation of the Amway Sales & Marketing Plan. By Selling, you provide customers with high-quality products and personal services. By Sponsoring, you help others build their own Amway Business and your Distributor Organization will grow. When you and your Personal Group's Business Volume reach a certain level, you will receive awards and rewards. Your unwavering effort will be rewarded as seen in the expansion of your business.



Privileged Member and Distributor

People being sponsored by a current Distributor can choose either to become a Distributor who will actively embark on running his/her Amway business, or to become a Privileged Member who will simply purchase Amway products for self consumption. However, these two states are mutually convertible depending on circumstances and their needs.

A Privileged Member (PM) can opt to convert into a Distributor anytime in accordance with his/her intention to further develop his/her career. Apart from purchasing and using Amway products, PMs can share their experiences in using Amway products with friends and invite them to become Privileged Members as well. Therefore, PMs are in fact serving such as the medium of communication between consumers and Distributors that more people are given chances to choose between the two different states according to the circumstances they are under.

► Differences between PMs and Distributors

Compared

	PM	DISTRIBUTOR
1. Entry Fee	NT\$500 (no refund while withdrawing)	NT\$1,000 (refund guaranteed while withdrawing)
2. Way of enrollment	To submit a PM Application Form	To purchase a Starter Kit
3. Renewal Fee	NT\$250	NT\$500
4. Rights and Interests	Registration Bonus (NT\$300 Cash Coupon), Birthday Bonus, plus Renewal Bonus	13% First Purchase Discount
5. Bonus	No bonus (unless converting to the state of Distributor)	Yes
6. Bonus Points	Yes	No
7. Product price	Distributor price	Distributor price
8. Means and conditions of the state conversion	PMs can make applications to convert to Distributors anytime	*Distributors can make applications to convert to PMs anytime
9. Annual Renewal	In accordance with current regulations	In accordance with current regulations
10. Return of products	Service available only when the dissatisfaction of customers with products occurs	In compliance with the current relevant rule
11. Rules of Conduct	Privileged Membership Decree	Yes
12. Rights	Introduction of Members (but retail of products and sponsoring Distributors are not allowed)	Retail of Amway products; Sponsoring; offer service to distributors and PMs
13. Publications received	PM Bimonthly Magazine	Amagram
14. Amway Co-branded Credit Card	Eligible for application	Eligible for application
15. Reward & Recognition	Not entitled to reward and recognition	Accordance with the Amway Sales & Marketing Plan
16. Incentive Trip	No Incentive trip (unless converting to the state of Distributor)	Entitled to the Incentive trip in accordance with the Amway Sales & Marketing Plan
17. Identification Card	Amway Privileged Member Card	Amway Distributor Card

* Distributors who convert to the state of PM during the contract renewal period will be charged NT\$250 as the renewal fee; if converting to the state of PM from that of Distributor not during the contract renewal period, no fee is charged.

Part 2

Award and Reward



1. The Bonus System

The uniqueness of the Amway Business lies in its time-proven Sales & Marketing Plan which on one hand rewards the efforts of Distributors, and on the other, inspires Distributors' potential. It is possible, through the Amway Business Opportunity and through individual efforts, for a common individual to create success of his own and achieve financial security.

Distributors achieve their qualification levels by selling products, expand their networks by sponsoring others to become Distributors, and increase their Business Volume by duplicating their selling efforts.



BV & PV

Except the Retail Profit, Your business income is based on the monthly accumulation of points. All products are assigned 2 sets of numbers : Point Value (PV) and Business Volume (BV).The relationship between the 2 sets of value is governed by the PV/BV ratio as announced by Amway considering facts such as inflation, product price adjustment and Distributor income level. The PV/BV ratio is 1/42 now in Taiwan.



A Distributor's income consists of the following elements:

1. Immediate Income
 - Retail Profit : Approximately 25%~30%
2. Monthly Bonus
 - Performance Bonus : 3%~21%
 - Leadership Bonus : 4%
 - Ruby Bonus : 2%
 - Pearl Bonus : 1%
3. Annual Bonus
 - Emerald Bonus : 0.25%
 - Diamond Bonus : 0.25%
 - Diamond Plus Bonus : 0.25%
 - One-Time Cash Bonus : NT\$600,000~NT\$4.2 million are offered for first-time qualifying Double Diamond and up level.
 - Special Incentive Programs : (Different special incentive programs are offered yearly.)

The Performance Bonus

► Performance Bonus Schedule

If Your Total Monthly Point Value is:	Your Performance Bonus is:
10,000 or more	21% of you BV
7,000 ~ 9,999	18%
4,000 ~ 6,999	15%
2,400 ~ 3,999	12%
1,200 ~ 2,399	9%
600 ~ 1,199	6%
200 ~ 599	3%

The total Point Value of all the products you purchase and sell during a particular month determines your Performance Bonus percentage for that month. As you can see, the greater your total monthly Point Value, the greater your Performance Bonus. And the Performance Bonus is based not only on a Distributor's own Business Volume but also on purchases made by Distributors and Privileged Members whom he sponsors.

For simplicity, in our examples we have assumed 1 PV is equal to 42 BV.

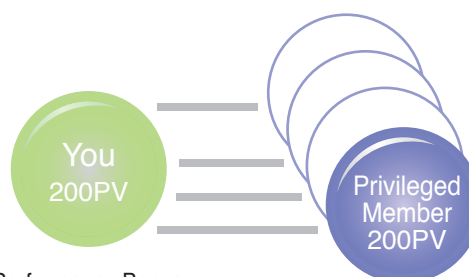
● Example 1



Your Performance Bonus

$$0 + 200 = 200\text{PV}$$

$$200\text{PV} \times 42 \times 3\% = \text{NT\$}252$$



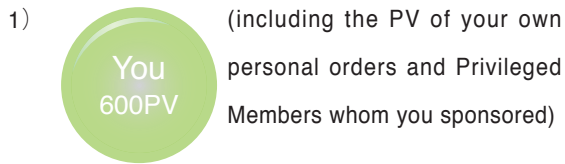
Your Performance Bonus

$$200 + 200 \times 4 = 1,000\text{PV}$$

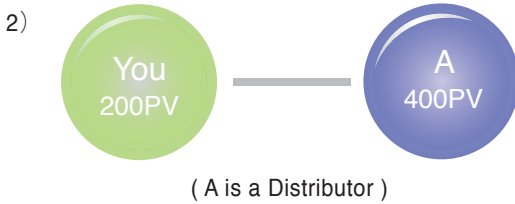
$$1,000\text{PV} \times 42 \times 6\% = \text{NT\$}2,520$$

● Example 2

Assuming the following 1, 2 and 3 situations, your total monthly Group PV will be the same at 600 PV, however, the Performance Bonus you receive is different.

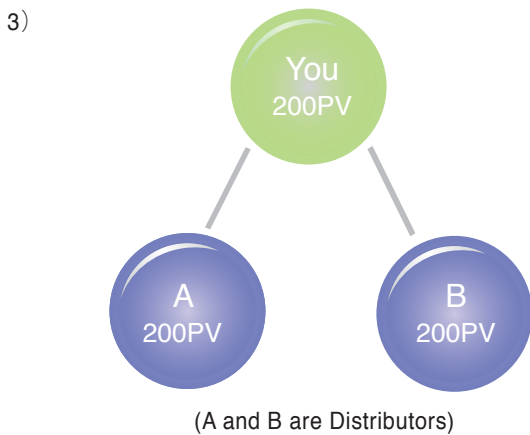


$600PV \times 42\% = NT\$1,512$



$200PV + 400PV = 600PV$

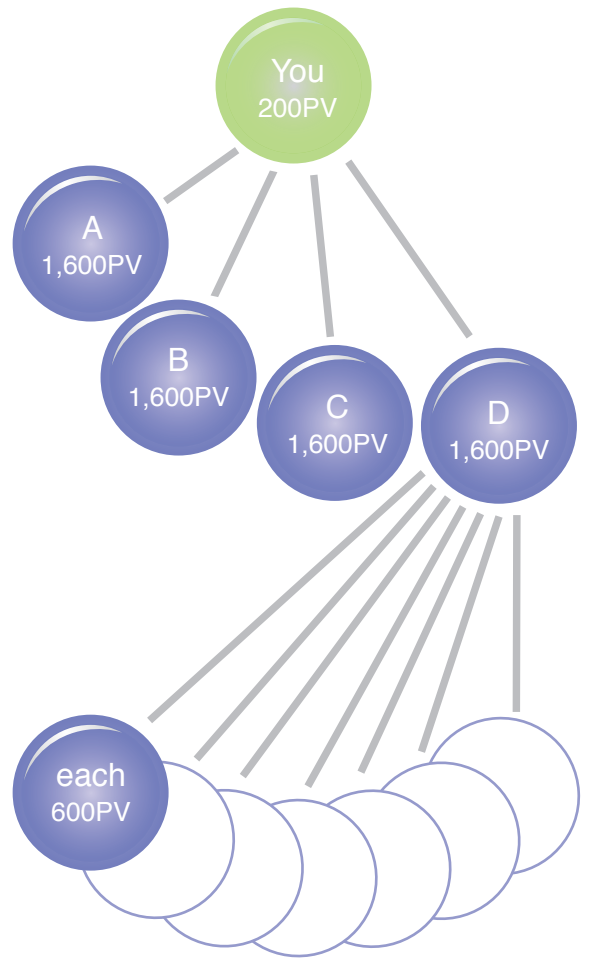
$600PV \times 42\% = \dots \dots \dots$ Total Monthly Performance Bonus of your personal group
 $-(400PV \times 42\%) \times 3\% = \dots \dots \dots$ A's Performance Bonus
 $= NT\$1,008 \dots \dots \dots$ Your Performance Bonus



Your Performance Bonus
 $600PV \times 42\% - A200PV \times 42\% \times 3\% - B200PV \times 42\% \times 3\% = NT\$1,008$

● The Amway business is a fair business. More effort made, more income earned.

● Example 3





D's Performance Bonus

$$1,600+600 \times 7 = 5,800 \text{PV}$$

$$5,800 \text{PV} \times 42 \times 15\% - (600 \text{PV} \times 42 \times 6\%) \times 7$$

$$= 36,540 - 10,584 = \text{NT\$}25,956$$

Monthly Performance Bonus paid to A, B and C each

$$1,600 \text{PV} \times 42 \times 9\% = \text{NT\$}6,048$$

The Performance Bonus you receive

$$200 + 1,600 \times 3 \text{ (A, B, C)} + 5,800 \text{ (total PV of D's Personal Group)}$$

$$= 10,800 \text{PV}$$

$$10,800 \text{PV} \times 42 \times 21\%$$

$$- 1,600 \text{PV} \times 42 \times 9\% \times 3 \text{ (total Performance Bonus paid to A, B and C)}$$

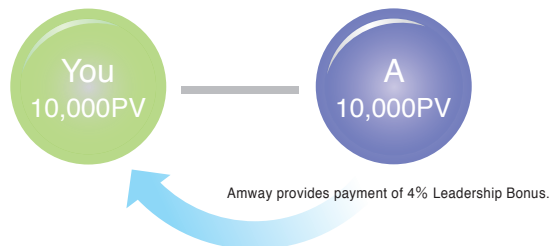
$$- 5,800 \text{PV} \times 42 \times 15\% \text{ (total Performance Bonus of D's Personal Group)}$$

$$= 95,256 - 18,144 - 36,540$$

$$= \text{NT\$}40,572$$

- By sponsoring and coaching Distributors, you increase the base of sales on which your bonuses are calculated. You not only build your own business network but also enable others to build their own business.

● Example 4



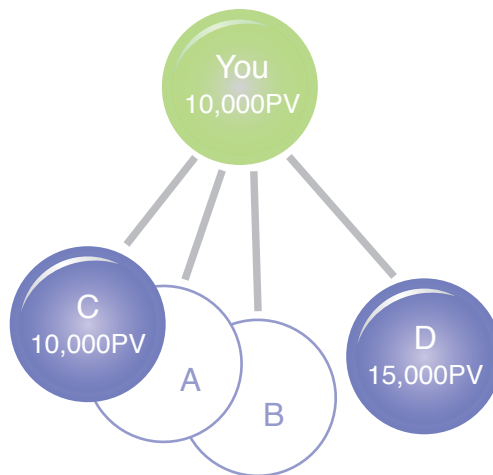
$$\text{A } 10,000 \text{PV} = 420,000 \text{BV}$$

Your Leadership Bonus

$$420,000 \times 4\% = \text{NT\$}16,800$$

Please refer to P14 for more detail.

● Example 5



4% Leadership Bonus generated by A, B and C

$$10,000 \text{PV} \times 42 \times 4\% \times 3 = \text{NT\$}50,400$$

4% Leadership Bonus generated by D

$$15,000 \text{PV} \times 42 \times 4\% = \text{NT\$}25,200$$

Your Leadership Bonus

$$50,400 + 25,200 = \text{NT\$}75,600$$

- As your personally sponsored Distributors reach the 21% level, you should continue to sponsor and support more Distributors to achieve their goals in order to keep growing.

● Example 6



Your Performance Bonus

$900PV \times 42 \times 6\% = \text{NT\$}2,268$

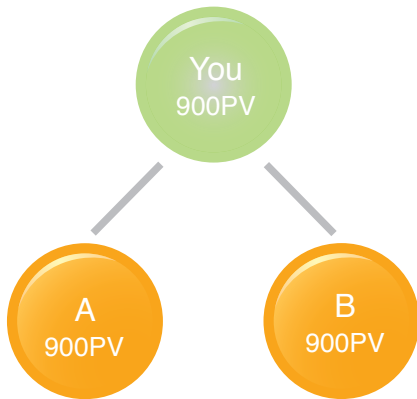


Your Performance Bonus+ A's Performance Bonus

$1,800PV \times 42 \times 9\% = \text{NT\$}6,804$

Your Performance Bonus

$6,804 - (900PV \times 42 \times 6\%) = \text{NT\$}4,536$



Total Performance Bonus (Yours+A's+B's)

$2,700PV \times 42 \times 12\% = \text{NT\$}13,608$

Your Performance Bonus

$13,608 - (900PV \times 42 \times 6\%) \times 2 = \text{NT\$}9,072$

● As your network increases so do your bonuses.

Double

Double



Total Performance Bonus

$3,600PV \times 42 \times 12\% = \text{NT\$}18,144$

Performance Bonus Your Upline receives

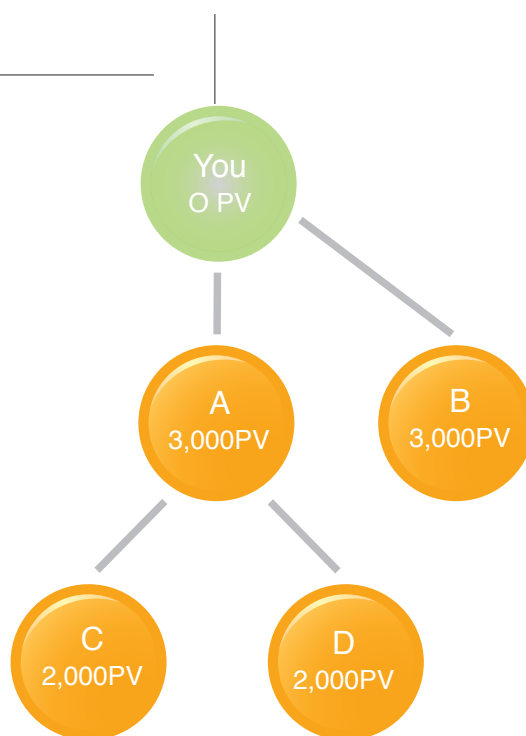
$18,144 - (2,700PV \times 42 \times 12\%) = \text{NT\$}4,536$

$\text{NT\$}9,072(\text{you}) > \text{NT\$}4,536(\text{Upline})$

● You can build your own Amway Business and surpass your Upline in achieving higher level.

Bonus

● Example 7



Total Performance Bonus

$$(0+3,000+3,000+2,000+2,000)PV \times 42\% \times 21\% = \text{NT\$}88,200$$

Performance Bonus of A Personal Group is

$$(3,000+2,000+2,000)PV \times 42\% \times 18\% = \text{NT\$}52,920$$

Performance Bonus of B Personal Group is

$$3,000PV \times 42\% \times 12\% = \text{NT\$}15,120$$

Your Performance Bonus

$$\text{Total} - (A+B) = \text{NT\$}20,160$$

A's Performance Bonus

$$52,920 - (2,000PV \times 2 \times 42\% \times 9\%) = \text{NT\$}37,800$$

$$\text{NT\$}37,800(A) > \text{NT\$}20,160(\text{you})$$

- Amway provides a flexible business opportunity.
There is no minimum order required and you decide how much time and efforts you want to invest.

● Leadership Bonus

The Leadership Bonus is paid each month by Amway to a qualified sponsor on the Personal Group BV of each 21% level group that he personally sponsors.

In the course of building an Amway business, a sponsor motivates and trains a Distributor to assist him in attaining the Maximum Performance Bonus level. At that time, both the sponsor and the Distributor are in the same Performance Bonus percentage bracket: 21%. Therefore, in order to provide the sponsor with an incentive to compensate for the hard work involved in doing so, the Amway Sales & Marketing Plan provides payment of a 4% Leadership Bonus to the sponsor. This Bonus is computed by Amway on the BV of each 21% qualifying group he or she personally sponsors.

Under this system, a Distributor who personally sponsors at least one 21% Group and who achieves the required Personal Group PV will be entitled to all or part of the 4% Leadership Bonus.

- To reward the time and effort you spend on developing training and servicing your Downline Distributors and PMs, Amway provides payment of a 4% Leadership Bonus to you accordance with the BV of the 21% qualifying group you personally sponsored as you meets Silver Producer qualification.
- The 4% Leadership Bonus is part of your estate and can be passed on to your heirs.

● Example 1

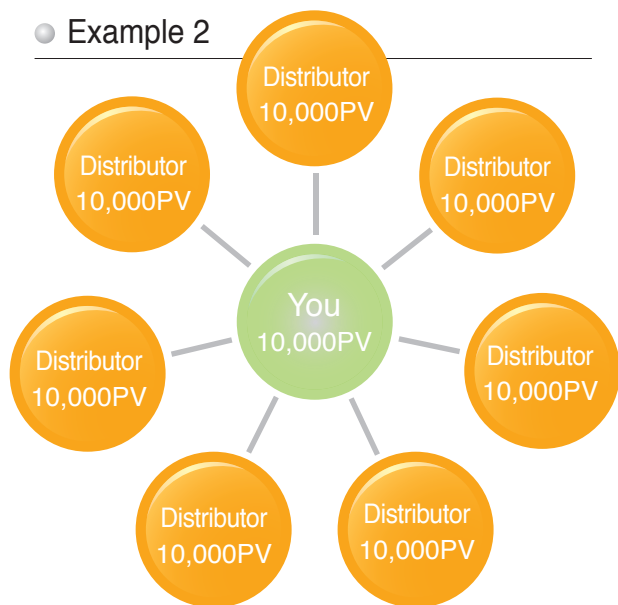
If you personally sponsor one Distributor or one PM who achieves 10,000PV and your Personal Group PV exceeds 10,000, you will receive all of the 4% Leadership Bonus($420,000 \times 4\% = \text{NT\$}16,800$).



If you sponsor 7 Distributors, each of them achieves 10,000PV and you maintains a Personal Group PV of at least 10,000, you will receive a monthly 4% Leadership Bonus of : NT\$117,600 ($420,000 \times 4\% \times 7$) or an annual 4% Leadership Bonus of : NT\$1,411,200.



● Example 2



● 4% Minimum Guarantee

While a qualified sponsor earns a Leadership Bonus on the Personal Group BV of the 21% groups that he personally sponsors, his qualified sponsor is entitled to receive a Bonus that is 4% of his BV or the established 4% Minimum Guarantee amount, whichever is greater.

This 4% Minimum Guarantee is determined in accordance with the ratio between BV and PV. As the BV:PV ratio changes, the amount is recalculated and the revised figure will be published by Amway in Amagram.

If the Personal Group BV of a qualified sponsor is insufficient to fulfill the 4% Minimum Guarantee to his sponsor, the difference between the Leadership Bonus actually generated by his volume and the 4% Minimum Guarantee is deducted from his Leadership Bonus to fulfill the 4% Minimum Guarantee to his qualified sponsor.



Bonus

For simplicity, in the following examples we have assumed 1 PV is equal to 42 BV and then the 4% Minimum Guarantee is NT\$16,800.

1. All of the 4% Leadership Bonus

If your Personal Group PV equals or exceeds 10,000, you will keep all of the 4% Leadership Bonus generated by your personally sponsored 21% Group.

● Example 1

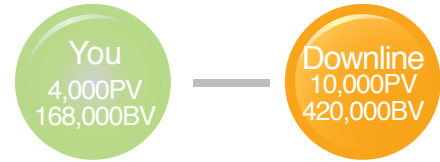


The 4% Leadership Bonus you received is $462,000 \times 4\% = \text{NT\$}18,480$.

2. Part of the 4% Leadership Bonus

If your Personal Group PV is between 4,000 and 10,000, you will only receive some of the 4% Leadership Bonus generated by your personally sponsored 21% Group because you have to ensure that your qualified Upline Sponsor will receive the 4% Minimum Guarantee of NT\$16,800.

● Example 2



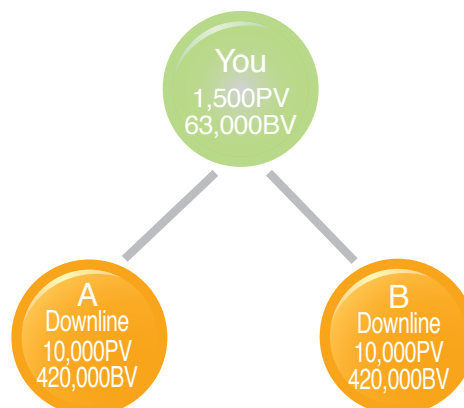
- The 4% Leadership Bonus generated by your Downline
 $420,000 \times 4\% = \text{NT\$}16,800$
- The 4% Leadership Bonus you generated
 $168,000 \times 4\% = \text{NT\$}6,720$

The difference between the 4% Minimum Guarantee and the 4% Leadership Bonus you generated is NT\$10,080. To ensure your qualified Upline Sponsor receive the 4% Minimum Guarantee of NT\$16,800, NT\$10,080 of the 4% Leadership Bonus generated by your Downline is deducted. The 4% Leadership Bonus you actually receive is NT\$6,720.

3. If your Personal Group PV is less than 4,000 and you personally sponsor two 21% Groups, you will receive only part of the 4% Leadership Bonus generated by your personally sponsored 21% Groups because you have to ensure that your qualified Upline Sponsor will receive the 4% Minimum Guarantee.



● Example 3



- The 4% Leadership Bonus generated by your Downlines

$$A : 420,000 \times 4\% = \text{NT}\$16,800$$

$$B : 420,000 \times 4\% = \text{NT}\$16,800$$

$$A+B = \text{NT}\$33,600$$

- The 4% Leadership Bonus you generated
 $63,000 \text{BV} \times 4\% = \text{NT}\$2,520$

The difference between the 4% Minimum Guarantee and the 4% Leadership Bonus you generated is NT\$14,280. To ensure your qualified Upline Sponsor receive the 4% Minimum Guarantee of NT\$16,800, NT\$14,280 of the 4% Leadership Bonus (NT\$33,600) generated by your Downlines is deducted. The 4% Leadership Bonus you actually receive is $\text{NT}\$33,600 - \text{NT}\$14,280 = \text{NT}\$19,320$.

Bonus

● Ruby Bonus

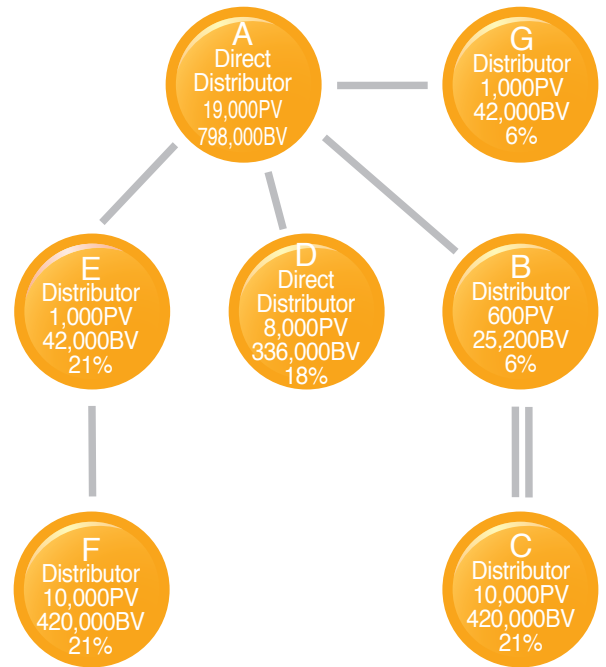
A Ruby Bonus is paid by Amway when a Distributor reaches Ruby volume 20,000PV in any one month, no matter he qualifies Direct Distributor or not. The amount is equal to 2% of the Distributor's Ruby volume in that month.

The Ruby volume excludes the following:

1. The PV generated by Downlines who reach the 21% Performance Bonus Level in that month.
2. The PV generated by Downline Direct Distributors, no matter they reach the 21% Performance Bonus Level or not in that month.
3. The PV generated by the Uplines of Foster Sponsored 21% Groups in that month (except the Distributor himself).

Bonus

● Example 1



The Ruby volume of Direct Distributor A excludes the following 3 items:

1. The PV of 21% Silver Producer F and his Upline Distributor E.
2. The PV of Downline Direct Distributor D.
3. The PV of 21% Foster Sponsored Group C and his Upline B.

The Ruby volume of Direct Distributor A :

$$A + G = 19,000PV + 1,000PV = 20,000PV$$



● Pearl Bonus

Each Distributor who personally or foster sponsors 3 or more groups which qualify at the 21% Performance Bonus level in any one month is eligible to receive a Pearl Bonus.

Each month, Amway pays a qualified recipient a Pearl Bonus equal to 1% of the BV generated by all second level 21% groups, down to and including the first qualified Pearl Bonus recipient plus the personally or foster sponsored 21% groups of that (Downline) Pearl Bonus recipient.

If a qualified Pearl Bonus recipient personally or foster sponsors a qualified Pearl Bonus recipient, the Pearl Bonus for the sponsoring Pearl Bonus recipient is paid only on the 21% groups personally or foster sponsored by the sponsored Pearl Bonus recipient.

To qualify for the Pearl Bonus, a Pearl Direct Distributor must be a qualified Direct Distributor and must personally or foster sponsor at least three 21% groups in his own market.

(BV generated by first level 21% groups does not count toward the Pearl Bonus since the Leadership Bonus is paid on this volume. Pearl Bonus is paid to the Upline Pearl Bonus recipient on this volume.)

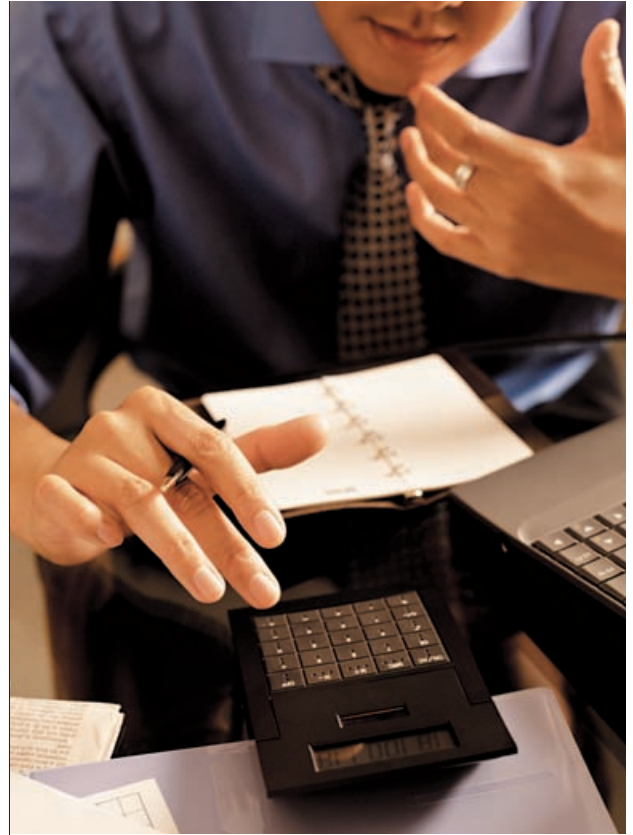
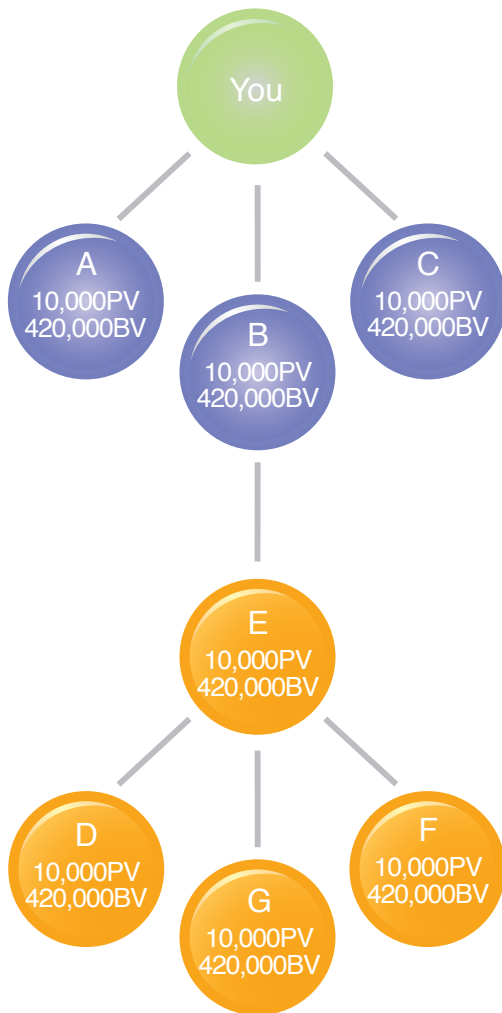
● Minimum Pearl Bonus

Each qualified Pearl Bonus recipient must guarantee to his sponsoring Pearl Bonus recipient a minimum of 1% of 10,000 points times the BV/PV ratio on his 21% group as well as one each of his personally or foster sponsored 21% groups.

Whenever a qualified Pearl Bonus recipient or one of his personally or foster sponsored 21% groups does not generate sufficient volume to fulfill the Minimum guarantee to the Upline Pearl Bonus recipient, Amway will adjust the amount of the Pearl Bonus to make up the difference. The PV/BV ratio is 1/42 and then the 1% Minimum Pearl Bonus guarantee is NT\$4,200.

The 1% Minimum Pearl Bonus changes if the BV/PV ratio changes. Amway will publish the amount updates in Amagram.

● Example 1



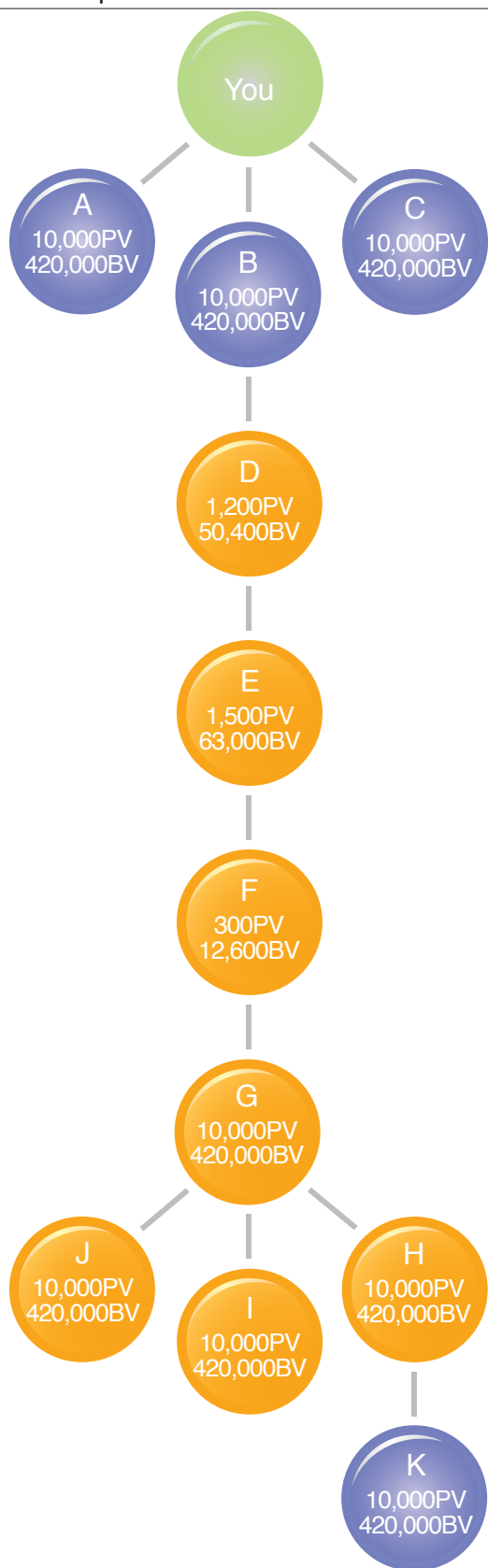
You cannot receive the Pearl Bonus generated by A, B & C since the 4% Leadership Bonus is paid on these volume.

Your Pearl Bonus is based on the total BV of D, E, F & G:

$$(420,000+420,000+420,000+420,000) \times 1\% = \text{NT\$}16,800$$

E is also a qualified Pearl Bonus recipient. However he cannot receive the Pearl Bonus because he does not have second level 21% groups. E will receive the 4% Leadership Bonus.

● Example 2



Your 4% Leadership Bonus is based on the total BV of A, B & C.

Your Pearl Bonus is based on the total BV of D, E, F, G, H, I & J:

$$(50,400 + 63,000 + 12,600 + 420,000 + 420,000 + 420,000 + 420,000) \times 1\% = \text{NT\$}18,060$$

G's Pearl Bonus is based on the BV of K.

● Example 3

Your Pearl Bonus is based on the total BV of D, E & F :

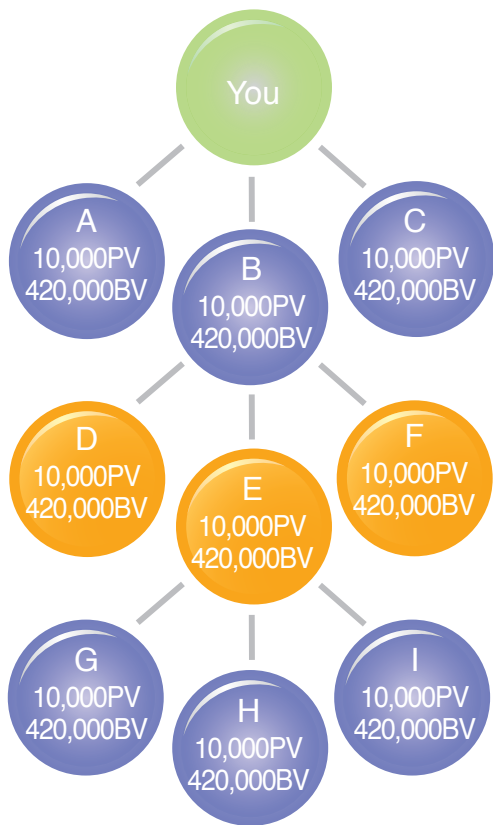
$$(420,000+420,000+420,000) \times 1\% = \text{NT\$}12,600$$

B is also a Pearl Bonus recipient.

B's Pearl Bonus is based on the total BV of G, H & I :

$$(420,000+420,000+420,000) \times 1\% = \text{NT\$}12,600$$

E's Pearl Bonus is 0 because he does not have second level 21% groups.



● Example 4

In this example, you, B & E are Pearl Direct Distributors.

B's Pearl Bonus is based on the total BV of D, E & F.

Since E does not generate sufficient volume to fulfill the 1% Minimum guarantee, the difference portion will be deducted from your Pearl Bonus.

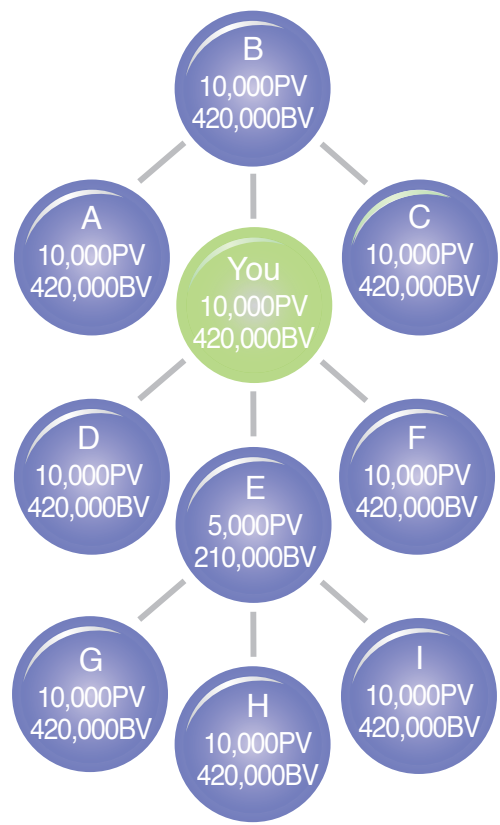
B's Pearl Bonus:

$$[(420,000+210,000+420,000) \times 1\%] + [1\% \text{ Minimum guarantee NT\$}4,200 - (210,000 \times 1\%)] = \text{NT\$}12,600$$

Your Pearl Bonus:

$$[(420,000+420,000+420,000) \times 1\%] - [1\% \text{ Minimum guarantee NT\$}4,200 - (210,000 \times 1\%)] = \text{NT\$}10,500$$

E's Pearl Bonus is 0 because he does not have second level 21% groups.



● Emerald Bonus

To qualify for the annually paid Emerald Bonus, a Direct Distributor must personally or foster sponsor three or more 21% groups in his own market, each of which qualifies at the 21% Performance Bonus level at least 6 months during the fiscal year.

The Emerald Bonus is paid annually. Amway sets aside an amount equal to 0.25% of all qualified BV Downline from all qualified Emerald Direct Distributors in the market (including 0.25% of all Amway foreign subsidiary volume traceable to Taiwan sponsorship, provided that volume is only one country removed from the market). At the end of each fiscal year (August 31), this fund is distributed among all the Emerald Direct Distributors who qualify in the following manner:

1. The annual qualified BV of each of the Emerald Direct Distributor's groups, including the BV on which the Emerald Direct Distributor has earned the Leadership Bonus, is added together.

2. A point value of 4 points is assigned for each 1,000 BV per group for the first 1,250,000 BV; 2 points are assigned for each 1,000 BV per group for the next 1,250,001~3,750,000 BV; 1 point is assigned for each 1,000 BV per group for the next 3,750,001~6,250,000 BV and 1 point is assigned for each 10,000 BV per group thereafter. This computation is made for each group.
3. The total points for all groups of each participating Emerald Direct Distributor are then added.
4. Dividing the total fund available by the total points gives a NT\$ value per point.
5. The Emerald Bonus is then determined for each qualified Emerald Direct Distributor by multiplying his points by the NT\$ value per point.
6. Payment for the fiscal year ending August 31 is sent out in late December.

Calculation Method Amway Fiscal Year : September 1 to August 31

BV	1 ~ 1,250,000	1,250,001 ~ 3,750,000	3,750,001 ~ 6,250,000	over 6,250,001
Point Value	4 Points /1,000BV	2 Points /1,000BV	1 Points /1,000BV	1 Points /10,000BV
	A	B	C	D

Total Points=A+B+C+D

$$\text{Bonus of the qualified Emerald Bonus recipient} = \frac{\text{Emerald Bonus Fund}}{\text{Total Points of all qualified Emerald Bonus recipients}} \times \text{Total Points of a qualified Emerald Bonus recipient}$$

The Volume of an Internationally Sponsored 21% group will be calculated for Emerald Bonus twice: one for the Foster Sponsor and the other for the Internationally Sponsor.

Bonus

● Diamond Bonus

To qualify for the annual Diamond Bonus, a Direct Distributor must personally or foster sponsor six 21% groups in his own market, each of which qualifies at the 21% Performance Bonus level at least 6 months during the fiscal year.

The Diamond Bonus is paid out of a fund consisting of 0.25% of the total BV of all qualified Diamond Bonus recipients, their personally, internationally and foster sponsored 21% groups in the market as the Diamond Bonus Fund. The Volume of an Internationally Sponsored 21% group will be calculated for Diamond Bonus twice: one for the Foster Sponsor and the other for the Internationally Sponsor (including 0.25% of all Amway foreign subsidiary qualified volume traceable to Taiwan sponsorship, provided that volume is only one country removed from the market).

The fund is distributed to eligible participants in accordance with the same formula employed for the calculation of the Emerald Bonus. The Diamond Direct Distributor who personally or foster sponsors at least seven 21% groups, each of which qualifies at the 21% Performance Bonus level during 6 months out of the fiscal year can also share in the Diamond Plus Bonus Fund.

● Diamond Plus Bonus

A Diamond Plus Bonus is paid to each Direct Distributor who personally or foster sponsors 7 or more 21% groups whose volume qualifies for at least 6 months during a fiscal year. Internationally sponsored groups are not included in the computation and payments of the Diamond Plus Bonus. The bonus is paid according to the following method:

Units are assigned to each qualified 21% group for each month they qualify. The number of units assigned to each group per month is as follows:

Each fiscal year, Amway sets aside a fund equal to 0.25% of all qualified in the market volume Downlines from all in the market Diamond Plus Bonus recipients. Once the total number of units is assigned to each Diamond Plus Bonus Qualifier see schedule below, the grand total of units is divided into the Diamond Plus Bonus Fund to determine the NT\$ value of each unit. Each qualifier's bonus is determined by multiplying the NT\$ value per unit by the total number of units for that qualifier. This amount is to be paid before the end of the calendar year for the previous fiscal year.

● Example 1

You are a qualified Diamond Direct Distributor and have 8 groups. Each of them achieved 21% Performance Bonus Level for 8 months during the same fiscal year. Your Diamond Plus Bonus : Payment unit is

$8 \text{ Groups} \times 8 \text{ months} \times 100 = 6,400 \text{ unit.}$

Assuming the average bonus amount per payment unit in a given year is NT\$20, your Diamond Plus Bonus is NT\$128,000 (6,400 X 20).

● Example 2

You have personally sponsored eighteen 21% groups in a fiscal year. 3 groups achieved 21% Performance Bonus Level for 4 months, 5 groups for 6 months, 5 groups for 9 months, and the other 5 groups for 12 months. You have qualified as a Triple Diamond Direct Distributor because you have total 15 groups with qualified volume for at least 6 out of 12 months in the same fiscal year. Your Diamond Plus Bonus Payment unit is

$5 \text{ Groups} \times 6 \text{ months} \times 300 = 9,000 \text{ unit}$
 $+5 \text{ Groups} \times 9 \text{ months} \times 300 = 13,500 \text{ unit}$
 $+5 \text{ Groups} \times 12 \text{ months} \times 300 = 18,000 \text{ unit}$

Assuming the average bonus amount per payment unit in a given year is NT\$20, your Diamond Plus Bonus is NT\$810,000.

$(9,000+13,500+18,000) \times 20 = \text{NT\$}810,000$

Diamond Plus Bonus Qualification and Unit Computation Schedule

	Number of Personally or Foster Sponsored Qualified 21% Groups	Bonus Payment Unit
● Diamond	7 to 11 groups	100 per group multiplied by months qualified
● Double Diamond	12 to 14 groups	200 per group multiplied by months qualified
● Triple Diamond	15 to 17 groups	300 per group multiplied by months qualified
● Crown	18 to 19 groups	400 per group multiplied by months qualified
● Crown Ambassador	20 or more groups	500 per group multiplied by months qualified



2. Awards & Recognition System

To recognize and reward the achievements of Distributors, Amway has an extensive awards and bonus system. Pins and plaques are awarded in honor of business-building achievements. At many levels, cash bonuses and other rewards are bestowed. To be eligible for these bonuses and awards, a Distributor must be in compliance with all of the provisions of the Amway Rules of Conduct.

● Silver Producer



Qualification

This pin is awarded by Amway to a Distributor who meets any one of the following qualifications in any one month:

1. Has at least 10,000 Personal Group PV; or
2. Personally or foster sponsors one 21% group and maintains Personal Group PV of 4,000 or more; or
3. Personally or foster sponsors two or more 21% groups.

Award

- Silver Producer Pin
- Recognition in Amagram

● Gold Producer



Qualification

This pin is awarded by Amway to a Distributor who meets Silver Producer qualification for any 3 months in a rolling 12-month period, which are not necessarily consecutive.

Award

- Gold Producer Pin
- Photo recognition in Amagram

● Direct Distributor



Qualification

To become a Direct Distributor, a Distributor must have 6 qualifying Silver Producer months in a rolling 12-month period with 3 months being consecutive.

Re-qualification is based on a fiscal year basis, i.e. any six qualifying Silver Producer months in the same fiscal year. Amway fiscal year is from September 1 to August 31.

Award

After approval by the company, the Direct Distributor is awarded a Direct Distributor Pin and a Certificate of Accomplishment, and becomes eligible for:

- An invitation to attend a New Direct Distributor Seminar.
- Recognition at Amway Taiwan award boards
- Photo recognition in Amagram.

Reaching the Direct Distributor level is an important milestone in the World of Amway. You can qualify for additional bonuses and recognition.

● Ruby Direct Distributor



Qualification

To qualify as a Ruby Direct Distributor, a qualified Direct Distributor must have Ruby volume 20,000 PV for any one month. The PV calculated for Ruby qualification includes the volume from the Distributor himself and his Personally or Foster Sponsored Groups, but excluding:

1. The PV generated by Downlines who reach the 21% Performance Bonus Level in that month.
2. The PV generated by Downline Direct Distributors, no matter they reach the 21% Performance Bonus Level or not in that month.
3. The PV generated by the Uplines of Foster Sponsored 21% Groups in that month (except the Distributor himself).

Award

Every newly qualified Ruby Direct Distributor receives a Ruby Direct Distributor Pin, a personalized Certificate of Accomplishment from Amway and becomes eligible for:

- Recognition at Amway Taiwan award boards.
- Photo recognition in Amagram.

● Founders Direct Distributor



Qualification

To qualify as a Founders Direct Distributor, a Direct Distributor must have either 12 qualifying Silver Producer months within the fiscal year, or 10 qualifying Silver Producer months and meantime a total Volume Equivalency at least of 144,000 within the fiscal year.

Award

A newly qualified Founders Direct Distributor receives a Founders Direct Distributor Pin, a personalized Certificate of Accomplishment and becomes eligible for:

- Recognition at Amway Taiwan award boards.
- Photo recognition in Amagram or a special issue for achievement.

Award

● Founders Ruby Direct Distributor



Qualification

To qualify as a Founders Ruby Direct Distributor, a Direct Distributor must have Ruby volume 20,000 PV for twelve months consecutively within the fiscal year.

Award

A newly qualified Founders Ruby Direct Distributor receives a Founders Ruby Direct Distributor Pin, a personalized Certificate of Accomplishment from Amway and becomes eligible for:

- Recognition at Amway Taiwan award boards.
- Photo recognition in Amagram or a special issue for achievement.

● Pearl Direct Distributor



Qualification

To qualify as a Pearl Direct Distributor, a qualified Direct Distributor must personally, internationally or foster sponsor 3 or more groups, each of which qualifies at the Maximum Performance Bonus Level during the same month.

Award

A newly qualified Pearl Direct Distributor receives a Pearl Direct Distributor Pin, a personalized Certificate of Accomplishment from Amway and becomes eligible for:

- Recognition at and Amway Taiwan award boards.
- Photo recognition in Amagram or a special issue for achievement.



● Sapphire Direct Distributor



Qualification

1. To qualify as a Sapphire Direct Distributor, a Direct Distributor must achieve at least six months with 4,000 Personal Group PV or above and personally or foster sponsor any two qualified groups in a fiscal year. A month with Personal Group PV below 4,000 is qualified if there is a third personally or foster sponsored group that achieves 21% qualification.
2. A Direct Distributor who has been recognized as an Emerald Direct Distributor (and higher levels of achievement) before 2000/8/31, as the Emerald Direct Distributor award level precedes a Sapphire Direct Distributor, he will not be awarded additionally a Sapphire Direct Distributor Pin nor a Certificate of Accomplishment from Amway.

Award

A newly qualified Sapphire Direct Distributor receives a Sapphire Direct Distributor Pin, a personalized Certificate of Accomplishment from Amway and becomes eligible for:

- Recognition at Amway World Headquarters and Amway Taiwan award boards.
- Photo recognition in Amagram.

● Founders Sapphire Direct Distributor



Qualification

To qualify as a Founders Sapphire Direct Distributor, a Direct Distributor must meet Sapphire Direct Distributor qualification for 12 months within the fiscal year .

Award

A newly qualified Founders Sapphire Direct Distributor receives a Founders Sapphire Direct Distributor Pin, a personalized Certificate of Accomplishment from Amway and becomes eligible for:

- Recognition at Amway World Headquarters and Amway Taiwan award boards.
- Photo recognition in Amagram or a special issue for achievement.

Award

● Emerald Direct Distributor



Qualification

To qualify as an Emerald Direct Distributor, a qualified Direct Distributor must personally, internationally or foster sponsor 3 groups, each of which qualifies at the Maximum Performance Bonus Level for at least six months within the fiscal year.

Award

A newly qualified Emerald Direct Distributor receives an Emerald Direct Distributor Pin, a personalized Certificate of Accomplishment from Amway and becomes eligible for:

- Recognition at Amway World Headquarters and Amway Taiwan award boards.
- Photo recognition in Amagram.

● Founders Emerald Direct Distributor



Qualification

To qualify as a Founders Emerald Direct Distributor, a qualified Direct Distributor must personally, internationally or foster sponsor 3 groups, each of which qualifies at the Maximum Performance Bonus Level consecutively for twelve months within the fiscal year, or 10 qualifying Silver Producer months and meantime a total Volume Equivalency at least of 144,000 within the fiscal year.

Award

A newly qualified Founders Emerald Direct Distributor receives a Founders Emerald Direct Distributor Pin, a personalized Certificate of Accomplishment from Amway and becomes eligible for:

- Recognition at Amway World Headquarters and Amway Taiwan award boards.
- Photo recognition in Amagram or a special issue for achievement.



● Diamond Direct Distributor



Qualification

To qualify as a Diamond Direct Distributor, a qualified Direct Distributor must personally, internationally or foster sponsor 6 groups, each of which qualifies at the Maximum Performance Bonus Level for at least six months within the fiscal year. Meanwhile 3 of 6 groups must be personally or foster sponsored groups.

Award

Every newly qualified Diamond Direct Distributor receives a Diamond Direct Distributor Pin, an Award Plaque of Achievement and becomes eligible for:

- An invitation to attend the Diamond Meeting.
- Recognition at Amway World Headquarters and Amway Taiwan award boards and photo displayed at Amway Taiwan.
- Photo and story recognition in Amagram.

Award

● Founders Diamond Direct Distributor



Qualification

To qualify as a Founders Diamond Direct Distributor, a qualified Direct Distributor must personally, internationally or foster sponsor 6 groups, at least 3 of which must be personally or foster sponsored groups and each of which qualifies at the Maximum Performance Bonus Level for 12 months within the fiscal year, or 10 qualifying Silver Producer months with Volume Equivalency at least of 144,000 during the fiscal year. Or, if you are a Diamond Bonus recipient with 8 FAA Credits.

Award

Every newly qualified Founders Diamond Direct Distributor receives a Founders Diamond Direct Distributor Pin, an Award Plaque of Achievement and becomes eligible for:

- An invitation to attend the Diamond Meeting.
- Recognition at Amway World Headquarters and Amway Taiwan award boards and photo displayed at Amway Taiwan.
- Photo and story recognition in Amagram or a special issue for achievement.

※Leg : a qualified Leg refers to a group qualifies at the Maximan Performance Bonus Level for six or more months within the fiscal year.

● Executive Diamond Direct Distributor



Qualification

To qualify as an Executive Diamond Direct Distributor, a qualified Direct Distributor must personally, internationally or foster sponsor 9 groups, at least 3 of which must be personally or foster sponsored groups and each of which qualifies at the Maximum Performance Bonus Level for 6 months within the fiscal year. Or, if you are a Diamond Bonus recipient with 10 FAA Credits.

Award

Every newly qualified Executive Diamond Direct Distributor receives an Executive Diamond Direct Distributor Pin, an Award Plaque of Achievement and becomes eligible for:

- An invitation to attend the Diamond Meeting.
- Recognition at Amway World Headquarters and Amway Taiwan award boards and photo displayed at Amway Taiwan.
- Photo and story recognition in Amagram.
- Reaching the qualification of the Annual Bonus, an Executive Diamond Direct Distributor may be eligible to receive the Emerald Bonus, Diamond Bonus, and Diamond Plus Bonus.

● Founders Executive Diamond Direct Distributor



Qualification

To qualify as a Founders Executive Diamond Direct Distributor, a qualified Direct Distributor must personally, internationally or foster sponsor 9 groups, at least 3 of which must be personally or foster sponsored groups and each of which qualifies at the Maximum Performance Bonus Level for 12 months within the fiscal year, or 10 qualifying Silver Producer months with Volume Equivalency at least of 144,000 during the fiscal year. Or, if you are a Diamond Bonus recipient with 12 FAA Credits.

Award

Every newly qualified Founders Executive Diamond Direct Distributor receives a Founders Executive Diamond Direct Distributor Pin, an Award Plaque of Achievement and becomes eligible for:

- An invitation to attend the Diamond Meeting.
- Recognition at Amway World Headquarters and Amway Taiwan award boards and photo displayed at Amway Taiwan.
- Photo and story recognition in Amagram or a special issue for achievement.
- Reaching the qualification of the Annual Bonus, a Founders Executive Diamond Direct Distributor may be eligible to receive the Emerald Bonus, Diamond Bonus, and Diamond Plus Bonus.

● Double Diamond Direct Distributor



Qualification

To qualify as a Double Diamond Direct Distributor, a qualified Direct Distributor must personally, internationally or foster sponsor 12 groups, at least 3 of which must be personally or foster sponsored groups and each of which qualifies at the Maximum Performance Bonus Level for 6 months within the fiscal year. Or, if you are a Diamond Bonus recipient with 14 FAA Credits.

Award

Every newly qualified Double Diamond Direct Distributor receives a Double Diamond Direct Distributor Pin and an Award Plaque of Achievement from Amway, and a one-time cash award of NT\$600,000. In addition, a new Double Diamond Direct Distributor is eligible for:

- An invitation to attend the Diamond Meeting.
- Recognition at Amway World Headquarters and Amway Taiwan award boards and photo displayed at Amway Taiwan.
- Photo and story recognition in Amagram.
- Reaching the qualification of the Annual Bonus, a Double Diamond Direct Distributor may be eligible to receive the Emerald Bonus, Diamond Bonus, and Diamond Plus Bonus.

● Founders Double Diamond Direct Distributor



Qualification

To qualify as a Founders Double Diamond Direct Distributor, a qualified Direct Distributor must personally, internationally or foster sponsor 12 groups, at least 3 of which must be personally or foster sponsored groups and each of which qualifies at the Maximum Performance Bonus Level for 12 months within the fiscal year, or 10 qualifying Silver Producer months with Volume Equivalency at least of 144,000 during the fiscal year. Or, if you are a Diamond Bonus recipient with 16 FAA Credits.

Award

Every newly qualified Founders Double Diamond Direct Distributor receives a Founders Double Diamond Direct Distributor Pin, an Award Plaque of Achievement and a one-time cash award NT\$900,000. In addition, a new Founders Double Diamond Direct Distributor is eligible for:

- An invitation to attend the Diamond Meeting.
- Recognition at Amway World Headquarters and Amway Taiwan award boards and photo displayed at Amway Taiwan.
- Photo and story recognition in Amagram or a special issue for achievement.
- Reaching the qualification of the Annual Bonus, a Founders Double Diamond Direct Distributor may be eligible to receive the Emerald Bonus, Diamond Bonus, and Diamond Plus Bonus.

● Triple Diamond Direct Distributor



Qualification

To qualify as a Triple Diamond Direct Distributor, a qualified Direct Distributor must personally, internationally or foster sponsor 15 groups, at least 3 of which must be personally or foster sponsored groups and each of which qualifies at the Maximum Performance Bonus Level for 6 months within the fiscal year. Or, if you are a Diamond Bonus recipient with 18 FAA Credits.

Award

A newly qualified Triple Diamond Direct Distributor is eligible to receive a one-time cash award of NT\$1,200,000.

In addition, every new Triple Diamond Direct Distributor receives a Triple Diamond Direct Distributor Pin, an Award Plaque of Achievement and becomes eligible for:

- An invitation to attend the Diamond Meeting.
- Recognition at Amway World Headquarters and Amway Taiwan award boards and photo displayed at Amway Taiwan.
- Photo and story recognition in Amagram.
- Reaching the qualification of the Annual Bonus, a Triple Diamond Direct Distributor may be eligible to receive the Emerald Bonus, Diamond Bonus, and Diamond Plus Bonus.

● Founders Triple Diamond Direct Distributor



Qualification

To qualify as a Founders Triple Diamond Direct Distributor, a qualified Direct Distributor must personally, internationally or foster sponsor 15 groups, at least 3 of which must be personally or foster sponsored groups and each of which qualifies at the Maximum Performance Bonus Level for 12 months within the fiscal year, or 10 qualifying Silver Producer months with Volume Equivalency at least of 144,000 during the fiscal year. Or, if you are a Diamond Bonus recipient with 20 FAA Credits.

Award

Every newly qualified Founders Triple Diamond Direct Distributor receives a Founders Triple Diamond Direct Distributor Pin, an Award Plaque of Achievement and a one-time cash award of NT\$1,800,000.

In addition, a new Founders Triple Diamond Direct Distributor is eligible for:

- An invitation to attend the Diamond Meeting.
- Recognition at Amway World Headquarters and Amway Taiwan award boards and photo displayed at Amway Taiwan.
- Photo and story recognition in Amagram or a special issue for achievement.
- Reaching the qualification of the Annual Bonus, a Founders Triple Diamond Direct Distributor may be eligible to receive the Emerald Bonus, Diamond Bonus, and Diamond Plus Bonus.

● Crown Direct Distributor



Qualification

To qualify as a Crown Direct Distributor, a qualified Direct Distributor must personally, internationally or foster sponsor 18 groups, at least 3 of which must be personally or foster sponsored groups and each of which qualifies at the Maximum Performance Bonus Level for 6 months within the fiscal year. Or, if you are a Diamond Bonus recipient with 22 FAA Credits.



Award

A newly qualified Crown Direct Distributor is eligible to receive a one-time cash award of NT\$2,400,000. In addition, the Distributor receives a Crown Direct Distributor Pin, an Award Plaque of Achievement and becomes eligible for:

- An invitation to attend the Diamond Meeting.
- Recognition at Amway World Headquarters and Amway Taiwan award boards and photo displayed at Amway Taiwan.
- A special portrait of themselves to be displayed in the World Headquarters.
- Photo and story recognition in Amagram.
- First-class air travel to Amway sponsored events where Amway pays air transportation and suite-type room accommodation where available.
- Reaching the qualification of the Annual Bonus, a Crown Direct Distributor may be eligible to receive the Emerald Bonus, Diamond Bonus, and Diamond Plus Bonus.

● Founders Crown Direct Distributor



Qualification

To qualify as a Founders Crown Direct Distributor, a qualified Direct Distributor must personally, internationally or foster sponsor 18 groups, at least 3 of which must be personally or foster sponsored groups and each of which qualifies at the Maximum Performance Bonus Level for 12 months within the fiscal year, or 10 qualifying Silver Producer months with Volume Equivalency at least of 144,000 during the fiscal year. Or, if you are a Diamond Bonus recipient with 25 FAA Credits

Award

A newly qualified Founders Crown Direct Distributor is eligible to receive a one-time cash award of NT\$3,000,000.

In addition, the Distributor receives a Founders Crown Direct Distributor Pin, an Award Plaque of Achievement and becomes eligible for:

- An invitation to attend the Diamond Meeting.
- Recognition at Amway World Headquarters and Amway Taiwan award boards and photo displayed at Amway Taiwan.
- A special portrait of themselves to be displayed in the World Headquarters.
- Photo and story recognition in Amagram or a special issue for achievement.
- First-class air travel to Amway sponsored events where Amway pays air transportation and suite-type room accommodation where available.
- Reaching the qualification of the Annual Bonus, a Founders Crown Direct Distributor may be eligible to receive the Emerald Bonus, Diamond Bonus, and Diamond Plus Bonus.



● Crown Ambassador Direct Distributor



Qualification

To qualify as a Crown Ambassador Direct Distributor, a qualified Direct Distributor must personally, internationally or foster sponsor 20 groups, at least 3 of which must be personally or foster sponsored groups and each of which qualifies at the Maximum Performance Bonus Level for 6 months within the fiscal year. Or, if you are a Diamond Bonus recipient with 27 FAA Credits.

Award

A newly qualified Crown Ambassador Direct Distributor is eligible to receive a one-time cash award of NT\$3,600,000.

In addition, the Distributor is presented an Award

Plaque of Achievement, a Crown Ambassador Direct Distributor Pin and is eligible for:

- An invitation to attend the Diamond Meeting.
- Photo displayed recognition at Amway World Headquarters and Amway Taiwan award boards.
- Photo and story recognition in Amagram.
- A one-time Amway-sponsored Crown Ambassador Celebration rally.
- First-class air travel to Amway sponsored events where Amway pays air transportation and suite-type room accommodation where available.
- Reaching the qualification of the Annual Bonus, a Crown Ambassador Direct Distributor may be eligible to receive the Emerald Bonus, Diamond Bonus, and Diamond Plus Bonus.



● Founders Crown Ambassador Direct Distributor



Qualification

This is the highest level in the World of Amway! To attain this distinction, a qualified Direct Distributor must personally, internationally or foster sponsor 20 groups, at least 3 of which must be personally or foster sponsored groups and each of which qualifies at the Maximum Performance Bonus Level for 12 months within the fiscal year, or 10 qualifying Silver Producer months with Volume Equivalency at least of 144,000 during the fiscal year. Or, if you are a Diamond Bonus recipient with 30 FAA Credits.

Award

This prestigious honor carries a one-time cash award of NT\$4,200,000.

A newly qualified Founders Crown Ambassador is presented a Founders Crown Ambassador Direct Distributor Pin, an Award Plaque of Achievement, and is eligible for:

- An invitation to attend the Diamond Meeting.
- Photo displayed recognition at Amway World Headquarters and Amway Taiwan award boards.
- Photo and story recognition in Amagram or a special issue for achievement.
- A one-time Amway-sponsored Founders Crown Ambassador Celebration rally.
- First-class air travel to Amway sponsored events where Amway pays air transportation and suite-type room accommodation where available.
- Reaching the qualification of the Annual Bonus, a Founders Crown Ambassador Direct Distributor may be eligible to receive the Emerald Bonus, Diamond Bonus, and Diamond Plus Bonus.

Award

3. Amway Leadership Seminar

In addition to the bonus and the award system, there are expenses paid business seminars in various overseas locations to reward Distributors for their conscientious efforts in developing the Amway Business. In these seminars, the invited Distributors will have the opportunity to share each other's experience and discuss business with the corporate executives. The distributors invited have to achieve the certain criteria level and have complied with the Rules of Conduct.

Leadership Seminar Qualification Requirement	
Level of Qualification	Travel Points Required
First Time	6,300 points
Second Time	7,300 points
Third Time	8,400 points
Fourth Time	9,600 points
Fifth Time	11,000 points
Sixth Time	13,000 points
Seventh Time	15,400 points
Eighth Time	17,800 points
Ninth Time (and over)	20,200 points



1. The points required for leadership seminar are accumulated and renewed in each fiscal year.
2. The PV of the qualified Direct Distributor in each month of the fiscal year are all calculated, no matter whether he/she reaches the 21% Performance Bonus Level or not.
3. A Diamond Direct Distributor, ever attaining the points of 20,200, is entitled to participate in the annual leadership seminar as long as he/she meets the qualification of Diamond in each fiscal year.
4. Those who are invited to join Amway Leadership Seminars have to qualify as a Direct Distributor

2010/11傑出直銷商領導人海外旅遊研討會

新加坡

歡樂親子遊

時尚的城市魅力，多元的民族色彩，
道地的肉骨茶香，歡樂的樂園遊憩！
在小巧方圓內，大人、小孩的梦想都能實現，
這就是獅城新加坡的非常魅力！
請設定目標，爭取出席資格，
為全家人留下最幸福的回憶！

and truly abide by The Rules of Conduct. After examination, Amway will invite those who meet the above qualification.

5. In accordance with tax regulations for MLM distributors, the non-cash payment received by participants is subject to income tax withholding practice pursuant to the law.

How to Calculate Travel Points

- Personal Group PV \times percentage of the Performance Bonus $\times 0.25 = (1)$
- * Personal Group PV includes all Downline PV down to, but not including, the first 21% Performance Bonus Level Distributor.
- 4% Leadership Bonus \times PV/BV of the month $\times 1.125 = (2)$
- * A Foster Sponsor is entitled to 2% or 1% of the Leadership Bonus; however, when it comes to Travel Points, it will be calculated as 4% Leadership Bonus.
- Travel Points $= (1) + (2)$



Part 3

International Sponsoring



International Sponsoring

All distributors in the World of Amway have the unique opportunity to expand their businesses into over 80 approved countries and territories through international sponsoring. Thousands of distributors are already sponsoring internationally and enjoying the benefits of increased income and the prestige of participating in an international business. An Amway business may be conducted in any of those countries where Amway has established a corporate operation.

Part 4

The Code of the Ethics and the Rules of Conduct

1. The Code of the Ethics for Amway Distributors

Amway Distributors shall abide by the Rules of Conduct which includes the Amway Sales & Marketing Plan incorporated in the Amway Business Manual and all amendments that are published by the Amagram or communicated to Distributors by Amway via other means.

As an Amway Distributor, I agree to conduct my Amway Business according to the following principles:

1. I will try to deal fairly with people I meet in my activity as an Amway Distributor in the same manner I would wish them to deal with me.
2. I will uphold and follow the Rules of Conducts as stated in the official Amway Code of the Ethics and Rules of Conduct, Amagram, and official Amway literature, observing not only the "letter" but also the "spirit" of those Rules.
3. I will present Amway Products and the Amway Business Opportunity to my customers and prospective Distributors in a truthful and honest manner; I will make only such claims as are sanctioned in official Amway literature and will make no exaggeration.
4. I will be courteous and prompt in handling any and all product complaints, and will follow procedures prescribed in official Amway literature for the giving of exchanges and refunds.
5. I will conduct myself in such a manner as to reflect the highest standard of integrity, frankness, and responsibility because I recognize that my action as an Amway Distributor have far-reaching effects.
6. I will accept and carry out the various prescribed responsibilities of an Amway Distributor (and of a Sponsor and Direct Distributor when I progress to such level of responsibility) as set forth in official Amway literature.
7. I will use only Amway reviewed or produced literature in connection with presentation of the Amway Sales & Marketing Plan, the selling of Amway Products, and my activities as an Amway Distributor.
8. I will abide by Fair Trade Law, Supervisory Regulations Governing Multi-Level Sales, the Code of the Ethics and the Rules of Conduct by Amway, and other laws of the R.O.C.

2. Rules of Conduct

These Rules of Conduct define the rights, duties and responsibilities of an Amway Distributor. While the Rules primarily govern relationships between Amway and Distributors, they also are applicable to the relationships among Distributors. The Rules are designed to promote harmony among Distributors and to preserve the benefits available to all Distributors under the Amway Sales and Marketing Plan. The intent of the Rules is neither to suppress transactions nor to place unreasonable restrictions on the freedom of commercial activities, but to enable all Distributors selling Amway products the ability to enjoy the Amway Business Opportunity.

1. INTERPRETATION

1.1 These Rules set out the terms and conditions of your contract with Amway. Unless the context otherwise requires, the following words and phrases shall have the meanings set out below:

- 1.1.1 "Amway" means Amway Corporation, Amway Taiwan Company Limited or the term itself (including Chinese and other languages) except where the context otherwise requires. "Amway Taiwan" means Amway Taiwan Company Limited.
- 1.1.2 "Amway Corporation" means the Amway Corporation of 7575 East Fulton Road, Ada, Michigan, USA.
- 1.1.3 "Amway Sales & Marketing Plan" means the Amway bonus system, rewards and awards, Sponsoring procedures and Amway's guidelines, requirements, systems, procedures and policies regarding Distributors' presentation of Amway products and the Amway business and the operation of an Amway Distributorship, as set out in the Amway Business Manual as may be amended from time to time by Amway Taiwan in accordance with actual needs.
- 1.1.4 "Distributor" means a contractor authorized by Amway Taiwan for the sale of Amway products and Amway-distributed products and for the Sponsorship of applications for appointment as Amway Distributors. The

term includes an Amway Direct Distributor, a Sponsor, and his/her successors and assignees.

- 1.1.5 "Direct Distributor" means a Distributor who has been recognized by Amway Taiwan as such pursuant to the Amway Sales & Marketing Plan.
- 1.1.6 "Line of Sponsorship" in the case of any one Distributor means the Sponsorship chain formed by the Distributor, his/her Sponsor, and the Sponsor's Sponsor, and so forth, up to and including Amway Taiwan.
- 1.1.7 "Personal Group" in respect of any one Distributor means the Distributor in question, all Distributors personally sponsored by him/her, all Distributors personally sponsored by such personally-sponsored Distributors, and so forth downline from the Distributor in question, to and including those Distributors who have not themselves sponsored other Distributors, but the term does not include any Direct Distributors downline from the Distributor in question nor any 21% Distributors downline from any such Direct Distributors.
- 1.1.8 "Sponsor" means a Distributor who introduces to Amway Taiwan an applicant for appointment as a Distributor, who in turn becomes a Distributor by virtue of Amway's acceptance of his/her Distributor Application.
- 1.1.9 The concept of "Sponsorship" is that explained in the Amway Sales & Marketing Plan. "Distributorship" means the qualification, position and rights of a Distributor.
- 1.1.10 "Amway Products" means products, business support materials or services manufactured, supplied or provided by or on behalf of Amway Corporation or Amway Taiwan and which are made available by Amway to Distributors for sale or use in accordance with the Rules.
- 1.1.11 "Rules" or "Rules of Conduct" means these Rules of Conduct for Distributors, as may from time to time be altered or amended by Amway Taiwan.

1.1.12 All terms used in these Rules, which are defined or explained in the Amway Sales & Marketing Plan, shall have the same meaning as they have in the Amway Sales & Marketing Plan. Without limiting the generality thereof, such terms include "Business Volume" (or "BV"), "Diamond Direct Distributor" (or "Diamond"), "Emerald Direct Distributor", "Foster Sponsor", "Internationally Sponsored Distributor", "Pearl Direct Distributor", "Performance Bonus", "Point Value" (or "PV"), "Ruby Direct Distributor", "Gold Producer", "Silver Producer" and "21% Sponsor".

1.2 The Amway Sales & Marketing Plan shall be deemed to form part of these Rules.

2. AUTHORIZATION AS A DISTRIBUTOR

- 2.1 To become a Distributor of Amway Products, a person must be sponsored by a currently authorized Distributor and must request authorization to distribute Amway Products from Amway by completing an "Application for Amway Distributor Authorization" (SA88TW). If the applicant is not a citizen of the Republic of China, he/she shall present copies of his/her passport and R.O.C. Resident Certificate, or relevant documentations of established corporation or business entity, and shall sign "NON-R.O.C. Citizen Distributor Agreement & Proxy - Taiwan" upon application.
- 2.2 The "Application for Amway Distributor Authorization" (SA88TW) in the Amway Starter Kit must be sent to Amway Taiwan immediately after completion.
- 2.3 The opportunity to become a Distributor is available to all persons regardless of their sex, race, nationality, and political or religious beliefs.
- 2.4 Amway Taiwan reserves the right in its sole and absolute discretion to accept or reject any application for appointment as a Distributor, without having to assign any reason for its acceptance or rejection.
- 2.5 The authorization of a Distributor will be effective only if and when the prospective Distributor receives from Amway Taiwan his/

her Amway identification number (also known as Amway Distributor Authorization No.) and Amway Distributor Card.

2.6 The only purchase requirement imposed on a prospective Distributor is the purchase of an unaltered and complete Amway Starter Kit. No prospective or existing Distributor will be required, and no existing Distributor may require new or prospective Distributors to do the following for any reason:

2.6.1 Purchase any specified amount of products or Business Support Materials.

2.6.2 Maintain a specified minimum inventory or Business Support Materials.

2.6.3 Purchase any non-Amway produced products or services.

2.6.4 Purchase tickets to attend rallies, seminars, or other meetings.

2.6.5 Sponsor a specific number of new Distributors.

2.6.6 Subscribe to any non-Amway produced business promotion items and/or programs.

2.7 A Distributor's authorization will expire at the end of the 13th calendar month period counting from and including the month of first authorization. A Distributor shall renew the authorization annually to maintain his/her Distributorship before the end of the expiry month; otherwise, the authorization will lapse at midnight of the last day of the expiration month.

2.8 A Distributor may apply to renew his/her authorization by sending to Amway Taiwan a completed Notice of Intent to Continue Form and the current renewal fee prior to the expiration of authorization then current.

2.9 A former Distributor may apply for authorization as a new Distributor, provided that the provisions in Rule 4.9.1~ 4.9.5 and 4.12 are adhered to.

2.10 If a Distributor fails to file a completed Notice of Intent to Continue Form together with the current renewal fee by the due date, or if Amway does not accept an application for renewal, his/her authorization shall expire automatically in accordance with Rule 2.7.

- 2.11 A Distributor may rescind or terminate his/her Distributorship at any time by giving written notice to his/her Sponsor, Direct Distributor and Amway Taiwan and return Amway products according to the Return policy.
- 2.12 Amway Taiwan reserves the right to reject any renewal application.
- 2.13 Distributorship may be granted to individuals, companies or unincorporated businesses.
- 2.14 A husband and wife shall be deemed to be a partnership holding one Distributorship. If two Distributors marry and neither is a Direct Distributor, one Distributorship must be terminated within 30 days after the marriage. If either of the Distributors is a Direct Distributor, each Distributorship may continue to be operated separately in its original Line of Sponsorship.
- 2.15 Companies, unincorporated businesses, or partnerships may become Distributors. In the case of a company, the Distributorship is only granted to the responsible person or jointly with any one shareholder of that company. In the case of a partnership or an unincorporated business, the Distributorship will only be granted to the responsible person of that partnership or unincorporated business or jointly with any individual partner. A Distributorship will not be granted to any company, business, or partnership.
- 2.16 Without limiting the generality of Amway's discretions pursuant to Rule 2.12, to become a Distributor or to renew his/her authorization as a Distributor an applicant:
- 2.16.1 Must be at least 20 years of age. The applicant shall obtain the prior written consent of his/her statutory agent and attach the consent with his/her "Application for Amway Distributor Authorization" (SA88TW), if he/she reaches eighteen years of age but does not reach twenty years of age; and must reach twenty years of age to become a Sponsor of other Distributors.
- 2.16.2 must not be incapable of managing his/her affairs by reason of mental or other condition;
- 2.16.3 must not be a bankrupt or a party to any arrangement or composition with his/her creditors or any of them or own any property or assets the subject of receivership or official management.
- 2.16.4 must not be suspended or disbarred from practicing his/her usual trade or profession by any trade or professional association, institute or society.
- 2.16.5 must not be in prison or confined to any other corrective institution.
- 2.17 A Distributor may own or have an ownership interest in only one Distributorship except as provided below:
- 2.17.1 where two Distributors marry and one or both have attained Direct Distributor qualification or above prior to marriage pursuant to Rule 2.14.
- 2.17.2 where an existing Distributorship purchases another Distributorship pursuant to the provisions regarding sale of Distributorship in Rule 5.
- 2.17.3 where a Distributor (transferor), in order to facilitate the transfer of a Distributorship in the event of his/her or her death, requests the name of another existing Distributor be added to their Distributorship. The name of the transferor(s) must continue to be on the Distributorship until his or her death and supporting estate planning documentation must be provided to Amway.
- 2.17.4 where an existing Distributorship inherits all or a portion of a Distributorship. In the event a Distributor owns or has an ownership interest in two or more Distributorships pursuant to Rule 2.15, he/she may operate such Distributorships jointly under a single corporation, unincorporated business or partnership umbrella, but Amway Taiwan shall continue to carry such Distributorships and will only recognize them as separate, individual Distributorships for both award and bonus purposes.

3. RESPONSIBILITIES OF DISTRIBUTORS

- 3.1 Distributors will at all times fully and promptly comply with the Rules of Conduct, the Amway Sales & Marketing Plan, and all other guidelines, requirements, systems, procedures, measures and amendments thereof set out in the Amway Business Manual and the Amway Policies and Regulations. Amway Taiwan may in its discretion alter or amend the Amway Business Manual and the Amway Policies and Regulations at any time deemed necessary and the amendments will be announced in the AMAGRAM magazine or via any other means of communication.
- 3.2 A Distributor must order directly from Amway Taiwan or his/her Sponsor or his/her upline Distributor up to his/her Direct Distributor at the current Distributor price of all Amway products and business support materials. Direct Distributors must order directly from Amway Taiwan. For the purpose of maintaining the integrity of the Line of Sponsorship and Sponsor's interests for each Distributor, a Distributor shall not conduct cross-group ordering or supplying products to other Distributors. A Distributor shall not place order in the name of his/her downline Distributor for tax planning or other purposes.
- 3.3 For the purposes of maintaining the direct selling principle of Amway products and of ensuring consumers' full understanding of the accurate use of Amway products, Distributors shall not:
 - 3.3.1 supply or display Amway products or business support materials or Amway-distributed products in retail locations, such as shops, markets, internet, including fairs and other similar events;
 - 3.3.2 supply Amway products or business support materials or Amway-distributed products to persons who wish to acquire such items for the purpose of resale.
- 3.4 Distributors shall deliver to each customer at the time of sale a properly completed "Customer Delivery Record" (SA0107TW), including the customer's full name, address, telephone number, products purchased, purchase price and date plus the Distributor's name, address, and telephone number.
- 3.5 Distributors shall be prohibited from and shall be liable for, and shall compensate Amway Taiwan the damages and incurred costs arising from the following:
 - 3.5.1 Make any exaggerated or unwarranted claims about Amway products or Amway-distributed products;
 - 3.5.2 In any way misrepresent the price, standard, quality, grade, composition, style or model, place of origin, or availability of Amway products or Amway-distributed products.
 - 3.5.3 Represent that Amway products or Amway-distributed products have Sponsorship, approval, performance characteristics, accessories, uses or benefits they do not have;
 - 3.5.4 In any way act so as to represent Amway or its products or Amway-distributed products in a false or misleading manner;
 - 3.5.5 Promote any non-Amway products or services as Amway products or services.
- 3.6 A Distributor shall explain the directions for use and caution specified on product labels during the demonstration of those products.
- 3.7 Distributors will immediately communicate all significant consumer complaints to Amway Taiwan and furnish copies of all correspondence and details of all conversations relating thereto.
- 3.8 Whenever a customer requests that the Satisfaction Guarantee be honored, the Distributor shall inquire as to the circumstances giving rise to the request and offer that customer to choose a full refund of the purchase price, exchange for a like product, or full credit for exchange with another item.
- 3.9 Distributors are not authorized to make any offer of settlement or to otherwise bind Amway Taiwan in connection with claims arising from the use or misuse of Amway products other

than in accordance with the terms of the Amway Satisfaction Guarantee.

- 3.10 Distributors shall comply with all laws, regulations and codes of practice (including Fair Trade Law, Supervisory Regulations Governing Multi-level Sales and Consumer Protection Law) applying to the operation of their Distributorships in Taiwan and shall not engage in any fraudulent or illegal transaction, or participate in any activity which may harm their or Amway's reputation.
- 3.11 No Distributor shall do any of the following acts. Otherwise he/she shall compensate Amway Taiwan in respect of any cost or damages arising from any such misrepresentation:
- 3.11.1 Represent or hold himself/herself out in any way as an employee or a partner of Amway Taiwan.
- 3.11.2 Represent or hold himself/herself out in any way as a business agent, commercial agent, sales representative, broker, assignee, mandatory or manager or other agent of Amway Taiwan.
- 3.12 A Distributor may sell merchandise or services other than Amway products or business support materials, however, except otherwise pre-approved by Amway Taiwan in writing, he/she must not sell, promote, or introduce such merchandise or service to any Distributors whom he/she does not personally sponsor, nor may he/she solicit any Amway Distributors whom he/she does not personally sponsor to sell, promote, or introduce such merchandise or services. In the event a Distributor's spouse has not been registered as a Distributor under the same distributorship, the aforementioned prohibited acts made by the spouse shall be deemed as those by the Distributor. The term "solicit" shall mean persuading or attempting to persuade another Distributor by whatever means and whether or not for gain, benefit or any other consideration, to sell or attempt to sell such products, business support materials or services.

If such products or services have been widely circulated in the Distributor's or other Lines of Sponsorship, such circulation shall be deemed

as a violation of the rule in the previous paragraph regarding the sales, promotion, or introduction to any Amway Distributors whom he/she does not personally sponsor.

- 3.13 As means for Amway Taiwan to manage its products, and to ensure its compliance to local laws and regulations governing product labeling, commercial product inspection, trademark, and safety/sanitation issues, no Distributor may import or sell Amway products which are not from Amway Taiwan nor may any Distributor export or knowingly sell to others who export Amway products from Amway Taiwan.
- 3.14 The meetings or activities of Distributors shall be exclusively for the purposes of promoting or selling Amway Products but not for the purposes of making profits or attaining other goals other than from the Amway Sales and Marketing Plan.

4. SPONSORSHIP

- 4.1 A Distributor has the right to sponsor others to become Distributors, but he/she shall do the following:
- 4.1.1 When sponsoring another to become an Amway Distributor, a Distributor shall honestly explain the Amway Business Manual, and provide the following information before requesting the prospective Distributor to sign the "Application for Amway Distributor Authorization" (SA88TW) without any false or misleading representation:
- (a) Capital of Amway Taiwan (NT\$250 million);
 - (b) Amway Sales & Marketing Plan;
 - (c) Rules of Conduct;
 - (d) Distributor's obligations and responsibilities;
 - (e) Awards and Bonuses;
 - (f) The variety, price, feature, quality and use of Amway products;
 - (g) Amway Satisfaction Guarantee;
 - (h) Distributor's resignation and Product Return policy;

- (l) Other matters as may be designated by the Fair Trade Commission.
- 4.1.2 Regularly train and motivate his/her personally-sponsored Distributors in accordance with the guidelines and requirements set out in the Amway Business Manual, Amagram, or otherwise as required or directed by Amway from time to time;
- 4.1.3 Maintain adequate stocks of products and business support materials for the Distributors in his/her Personal Group or alternatively, ensure that each such Distributor understands the relevant Amway procedures to enable such Distributor to order adequate stocks of Amway products and business support materials directly from an Amway Taiwan.
- 4.1.4 (Deleted)
- 4.1.5 When his/her personally-sponsored Distributors resign their Distributorships, assist the resigning Distributors to handle the return of products.
- 4.1.6 Use his/her best endeavors to supervise and to ensure that each of his/her personally-sponsored Distributors fully and promptly complies with all of his/her obligations expressed or implied in these Rules and the procedures specified in Rule 3.1.
- 4.1.7 Encourage his/her personally-sponsored Distributors to attend Amway meetings and other Amway activities.
- 4.1.8 Encourage his/her personally-sponsored Distributors to study and use the official Amway publications, and prudently manage their Distributorships according to the information in such official publications.
- 4.2 If a Sponsor fails to comply with Rule 4.1, he/she may make arrangements with his/her Direct Distributor to act in his/her stead. A Sponsor who does not meet his/her responsibilities personally or by alternative methods once upon the upline Direct Distributor notifies Amway Taiwan, will be ceased to be a qualified Sponsor and the Sponsorship of the Sponsor shall pass to the first upline Distributor in his/her Line of Sponsorship.
- 4.3 A Direct Distributor, other than complying with Rule 4.1, shall:
- 4.3.1 Conduct periodic meetings to train and motivate the Distributors who are in his/her Personal Group; if the Distributors within his/her Personal Group are residing in different regions, he/she shall assist local Distributors to hold such meetings or to participate other activities.
- 4.3.2 Convey important messages announced by Amway Taiwan to all Distributors in his/her Personal Group, including the time, venue of meeting, product information, retail training and other matters necessary to assist such Distributors;
- 4.3.3 (Deleted)
- 4.4 To qualify for a Performance Bonus on the products obtained by him/her during a given month, a Distributor must make sales to ten different retail customers each month.
- 4.5 A Distributor must sell at least 70% of the total products he/she ordered in a given month to his/her sponsored Distributors and retail customers in order to enjoy the following benefits:
- 4.5.1 Receive a Performance Bonus for that month calculated on all products ordered, and
- 4.5.2 Qualify and be recognized as a Silver Producer or Direct Distributor by Amway Taiwan.
- 4.6 No Distributor shall manipulate the Amway Sales and Marketing Plan or manipulate sales volume in any way which results in the payment of bonuses or other awards and recognition, or otherwise.
- 4.6.1 "Stacking" is an unacceptable business building practice. It is defined as the practice of an upline Distributor placing new Distributors in depth, regardless of whether there are relationships between those who are sponsored and those who sponsor.

The strategic and artificial structuring of an Amway organization for the purpose of depth building by using the concept of "stacking" is considered to be manipulation and an unacceptable business practice. Stacking is a violation of these Rules. Amway in its sole discretion will determine what constitutes manipulation and/or stacking.

- 4.7 If a Distributor fails to comply with Rule 4.5, his/her Sponsor will pay him a Performance Bonus calculated on the value of products actually supplied to customers and/or delivered to his/her downline Distributors, instead of the value of products ordered.
- 4.8 In order to avoid adverse impact on the harmonic development of the Line of Sponsorship and damages on the Sponsorship rights of his/her upline Distributors, a Distributor shall in no circumstances directly or



indirectly and whether on his/her own behalf or in conjunction with or by way of assisting any other person, solicit, interfere with or endeavor to entice another Distributor to break away from his/her Line of Sponsorship or to change his/her Line of Sponsorship.

4.9.1 A former Distributor (spouse included) who voluntarily terminate (by resignation or failure to renew) his/her Distributorship under his/her present Sponsor needs to be inactive for a period of six or more consecutive months before he/she can reapply to become a new Distributor under a new Sponsor. The Former Distributors may not apply to become active in an already existing Distributorship during the six-month inactive period.

- (a) To apply for a new Distributorship under this inactivity rule, the Distributor must complete a new "Application for Amway Distributor Authorization" (SA88TW). The application should then be sent to Amway Taiwan accompanied by a written statement of inactivity. When Amway receives the application accompanied by the written statement of inactivity, it notifies the Direct Distributor in the original Line of Sponsorship and grants him/her 15 days to file an objection to the inactivity claim. If evidence of activity during the six-month period is provided, Amway will refuse to honor the application and will return it to the applicant. If the Direct Distributor does not reply within 15 days, or if he/she verifies that the Distributor has in fact been inactive for six months, then the new application will be accepted and processed. The right of a Distributor to contest the Sponsorship of a former Distributor who is now sponsored under a different Sponsor ceases when two years have elapsed since the date Amway accepted the application.

- (b) "Inactivity" for purposes of this Rule shall mean that during the period of inactivity, the Distributor shall have been completely inactive, which means that he/she has not purchased Amway products as a Distributor for personal use (although he/she may do so as a consumer), has not sold any Amway products except pursuant to the "buy-back" policy, has not engaged in any phase of a product sale/purchase (e.g., taking an order, making a delivery, or accepting a payment), has not presented the Amway Sales and Marketing Plan to any prospective Distributors, has not renewed his/her Distributorship, and has not attended any recruiting, training, or motivational meeting conducted by any Amway Distributor or any Amway company-sponsored meetings. During the inactive period, the former Distributor must not participate in any Amway activity under another Distributorship in the name of his/her parents, sibling, or others; otherwise he/she shall not be determined as "inactive" for the purposes of this Rule.
- 4.9.2 A Distributor who transfers to, or who, following six months of inactivity, applies for Distributorship under a different Sponsor pursuant to the provisions of this Rule, may not be sponsored by anyone who was previously above him/her in his/her original Line of Sponsorship up to and including the first qualified Direct Distributor, or below him/her in his/her original Personal Group down to and including the first Direct Distributor and who has since been transferred to or re-sponsored by a different Sponsor, unless two years have elapsed since the termination of his/her Distributorship. A Distributor who transfers to, or who, following six months of inactivity, applies for Sponsorship under a different Sponsor pursuant to the provisions of this Rule, shall have no right to sponsor in his/her new Personal Group any Distributor who was previously above him/her in his/her original Line of Sponsorship up to and including the first qualified Direct Distributor, or below him/her in his/her original Personal Group down to and including the first qualified Direct Distributor. However, a Distributor who has been inactive for a period of two years may be sponsored by any Sponsor, including his/her former Sponsor who may have since been transferred to or re-sponsored by a different Sponsor.
- 4.9.3 A Distributor's continuing business activity in one country will not affect his/her eligibility to reapply after six months of inactivity as a Distributor in any other country in which Amway does business.
- 4.9.4 A formerly internationally sponsored Distributor may reapply for a Distributorship in any Line of Sponsorship pursuant to Rule 4.9.1, 4.9.2 and 4.9.3 and subject to the following conditions:
- (a) At the time of application, the former Distributor must specify whether or not he/she wishes to be internationally and foster sponsored again, and
- (b) A former Distributor may not be personally sponsored by a Sponsor who was previously above him in his/her original Line of foster Sponsorship up to and including the first qualified Direct Distributor, or below him/her in his/her original Personal Group down to and including the first qualified Direct Distributor unless two or more years have elapsed since the termination of his/her Distributorship.

- 4.9.5 If any of the provisions of Rule 4.9.1, 4.9.2, 4.9.3 and 4.9.4 is violated, Amway may take corrective actions, which may include but is not limited to transfer the Distributorship of the Distributor at fault and his/her Personal Group and the Business Volume generated during the period of violation to the original Line of Sponsorship.
- 4.10 Transfer of Distributors from one Sponsor to another are only granted at the sole discretion of Amway Taiwan.
- 4.11 Without limiting or restricting in any way Amway's powers and discretion under the above:
Any Distributor (including a Direct Distributor) who wants to change Sponsor must submit a written request to Amway Taiwan accompanied by (1) a written release signed by all the Distributors in his/her Line of Sponsorship up to and including the first qualified Direct Distributor, and (2) a written acceptance from the new Sponsor and Direct Distributor. Amway will also contact any international Sponsor and international leadership bonus recipients and will allow 30 days for comment.
- 4.12 Without limiting or restricting in any way Amway's powers and discretion under the above:
- 4.12.1 A Distributor who wishes to transfer to a different Sponsor with all or part of his/her Personal Group must submit a written request to Amway Taiwan accompanied by a written consent from all Distributors in his/her Line of Sponsorship up to and including the first qualified Direct Distributor and all Direct Distributors up to and including the first qualified Emerald Direct Distributor. If the first qualified Direct Distributor is a qualified Emerald Direct Distributor, written consent must be received from the next qualified upline Direct Distributor in the Emerald Direct Distributor's Line of Sponsorship as there could be an effect on Pearl Bonus. Amway Taiwan will then notify the first qualified upline Diamond Direct Distributor and allow fifteen days for comment.

4.12.2 The transfer request must accompany by a written consent of all those Distributors who want to follow their Sponsor, as well as a written acceptance of the transfer, signed by the new Sponsor and Direct Distributor to whom the requester wants to be transferred. Amway will also contact any international Sponsor and international leadership bonus recipients and will allow 30 days for comment.

4.12.3 No Distributorship currently recognized by Amway as a group leader (i.e., Silver Producers, Gold Producers, or a Direct Distributor, etc.) can be transferred under this Rule. A former Direct Distributor or Group Leader may be transferred if more than two (2) full years have elapsed since the last fiscal year in which the Distributorship was recognized as such, provided there has been compliance with the procedures outlined above.

5. SALE OF DISTRIBUTORSHIPS

- 5.1 A Distributorship may be assigned by sale or transferred by will, provided that the assignee or beneficiary is or applies to become a Distributor in accordance with the Rules and in particular Rule 2.1, 2.4, 2.5 and 2.11.
- 5.2 Before selling or transferring by will a Distributorship, the relevant terms and conditions (except price) and the information of proposed assignee or transferee must be submitted in writing to Amway Taiwan for approval. Amway Taiwan may refuse such approval if it considers, in its absolute discretion, that the proposed sale or transfer does or will result in a breach of the Rules.
- 5.3 A Distributors who owns and operates a Distributorship (whether or not qualified as a Direct Distributorship) may sell his/her ownership interest in such Distributorship.
- 5.3.1 Before selling a Distributorship of the Amway business, the terms and conditions (except the price) must be

submitted in written to Amway Taiwan for approval.

5.3.2 A Distributor's business can only be sold to another Distributor. The purchased business shall remain separate from the buyer's other Amway business and the Line of Sponsorship shall not be altered in any way as a result of the sale.

5.3.3 If a Distributor wishes to sell his/her Amway business, he/she must offer it to another Distributor in the following order of priority:

(a) If the business is internationally sponsored, it must be offered to the International Sponsor, who throughout the negotiations to sell the Distributorship retains the right to acquire same by matching the price and conditions of any bona fide offer received by and deemed acceptable to the seller.

(b) If the International Sponsor does not accept the offer of purchase, the business must be offered to the local Foster Sponsor of the Distributor.

(c) If no International Sponsor exists, the business must be offered to the local Sponsor, who throughout the negotiations to sell the Distributorship retains the right to acquire same by matching the price and conditions of any bona fide offer received by and deemed acceptable to the seller.

(d) In the case where the local Sponsor does not accept the offer, the business must be offered simultaneously for sale to all Distributors personally sponsored by the owner.

(e) In the case where none of the Distributors personally sponsored by the Distributor accept the offer, the business must be offered simultaneously to all Direct Distributors located above or below in the Line of Sponsorship.

(f) If the Direct Distributors above or below in the Line of Sponsorship of the Distributor concerned also reject the purchase offer, or fail to respond to the offer, the Distributor may offer the business to all qualified Emerald Direct Distributors at that time in Taiwan.

5.3.4 No sale shall be final and no change of title of the business shall be made final until approved in writing by Amway Taiwan.

5.3.5 If the Distributor wishes to sell the business under terms and conditions different from those of his/her first offer, the business must be once again offered for sale under the revised terms and conditions in accordance with the order of Rule 5.3 indicated above. (Note: change of price may be presented during the negotiation)

5.3.6 Monthly Performance Bonuses accruing to the business after the date of sale will be paid to the new owners. Annual Bonuses (such as Emerald and Diamond Bonuses) shall be paid as specified in the Sales Agreement as authorized by Amway Taiwan. All awards previously awarded to the business will not be transferred to the new owners. Qualification for awards for the business will be determined only by sales achievement occurring after the date of sale.

5.4 A selling Distributor shall sell his/her Distributorship to the first Distributor to accept an offer made in accordance with Rule 5.3.

5.5 Distributorships shall not be merged or combined without the prior written approval of Amway Taiwan, which may be given or withheld in Amway's absolute discretion. Amway Taiwan may attach conditions on the approval of merger or combination of Distributorships.

5.6 In the event that a Distributor acquires another Distributorship, the Distributor shall not transfer Business Volumes between the businesses operated by him/her other than strictly in

accordance with the Amway Sales & Marketing Plan.

- 5.7 In no event may an Amway Distributorship be divided up or partially assigned other than in the circumstances set out in Rule 9.
- 5.8 In the event that a Distributor is a partnership and a dispute or disagreement (matrimonial or otherwise) arises between the partners such that in Amway's opinion the Distributorship is not being properly operated, then:
- 5.8.1 The Distributorship may with the prior approval from Amway (which, if given, may be subject to such conditions and provisions as Amway may attach) be operated during the period of the dispute or such other period as Amway may approve or specify, by one of the partners or by a manager jointly appointed by the partners for the purpose.
- 5.8.2 If within Ten (10) days after the dispute comes to Amway's notice the partners cannot agree on which partner or on the appointment of a manager to operate the Distributorship during such period, then Amway may instead of terminating the Distributorship, appoint a manager on such terms and conditions as Amway considers appropriate, to operate the Distributorship. Without limiting the breadth of Amway's discretion in respect of the terms and conditions upon which a manager may be so appointed, the manager shall, if Amway considers it appropriate, be entitled to all, or such part as Amway specifies, of the bonuses and privileges accruing in respect of the Distributorship during the period of management.
- 5.8.3 During such period, none of the partners may operate or participate in the operation of any other Amway Distributorship and if, and to the extent, directed by Amway Taiwan, the partners or the partner specified by Amway Taiwan shall not attend any Amway meeting.

6. PRESENTATION OF AMWAY SALES & MARKETING PLAN

- 6.1 When inviting others to an event to learn about the Amway business, a Distributor shall emphasize that the event is merely an occasion to learn about a business opportunity. Without limiting the foregoing, a Distributor may not invite others in the following ways that:
- 6.1.1 gives the erroneous impression that it relates to an employment opportunity;
- 6.1.2 appears to be an invitation to a social event;
- 6.1.3 falsely claims to be a "market survey," or
- 6.1.4 promotes the event as a tax seminar, finance seminar, investment seminar or a similar event.
- 6.2 A Distributor shall not issue an invitation to learn about the Amway business, or do any other act, matter or thing which is likely to mislead or deceive prospective Distributors, customers or any other persons into believing that:
- 6.2.1 The Amway business opportunity is an agency or business relationship with a person, company or organization other than Amway;
- 6.2.2 Amway products are marketed by a person, company or organization other than Amway;
- 6.2.3 The Amway business or Amway Distributors or Amway products are, or are part of, or are ancillary to, any business other than the business of Amway.
- 6.3 A Distributor may not deny, if asked, that the presentation of the Amway business is about the Amway Sales & Marketing Plan. When making a detailed explanation of the Amway business during the presentation, a Distributor shall correctly describe the legal relationship and the rights and obligations between Amway and its Distributors.
- 6.4 Presentation of the Amway business shall be made in accordance with Rule 3.1 and Rule 4.1.1, and other relevant rules as well as the following provisions:

- 6.4.1 Distributors shall follow the Amway Sales & Marketing Plan when presenting the Amway business;
- 6.4.2 Distributors shall explain correctly the features of the Amway business and the business relationship between Amway and Distributors as set out in the Amway Sales & Marketing Plan;
- 6.4.3 Distributors shall correctly describe the legal relationship between Amway and its Distributors as described in the Amway Business Manual and official Amway literature;
- 6.4.4 Distributors shall not represent that Distributors can benefit solely or principally by sponsoring others to be Distributors or having chance to order Amway products at Distributor price for their personal use, or a successful Distributorship can be built in the form of a "wholesale buying club" .
- 6.4.5 Distributors shall state that Distributors are under no obligation to sponsor others to be Distributors;
- 6.4.6 Distributors shall not promote the enjoyment of tax benefits as a reason for becoming a Distributor;
- 6.4.7 Distributors shall not state that the Amway business is a "get-rich-quick" opportunity in which it is easy to achieve success with little or no expenditure of effort or time;
- 6.4.8 Distributors shall state that income or bonuses will only be realized through continued sales of Amway products and provision of personal services to consumers and maintenance of certain qualifications;
- 6.4.9 Distributors shall only represent the past, present or future profits or earnings of Distributorship only in the following manner:
 - (a) may use specific income amounts in hypothetical illustrations or examples set out in the Amway

Business Manual or other Amway-produced literature, and provided that the amounts are stated to be only hypothetical; or

- (b) may use those earnings and/or bonus representations based on their own personal experiences; if the name, retail profits and/or bonuses of other Distributors are disclosed, Distributors must obtain the prior consent of the Distributor concerned.

6.4.10 Distributors shall only cite examples of success (e.g. travel, automobiles, homes, contributions to charitable causes) if they know such benefits were obtained as the result of earning bonuses from the sale of Amway products and Amway-distributed products.

- 6.5 No Distributor shall represent that Amway grants its Distributors exclusive territories.

7. USE OF THE AMWAY TRADE NAME, TRADEMARKS, AND BUSINESS SUPPORT MATERIALS / EVENTS POLICY

- 7.1 Distributors shall acknowledge that all Amway trademarks and service marks are owned and registered by Amway Corporation which constitutes trademarks or service marks user under the Trademark Law. Use of such trademarks or service marks in any manner without a proper authorization from Amway Corporation is a violation of the Trademark Law.
- 7.2 As means for Amway Taiwan to manage its products, and to ensure its compliance to local laws and regulations governing product labeling, commercial product inspection, trademark, and safety/sanitation issues, no Distributor may produce or procure from any source other than Amway any item upon which the Amway name or logo or any of its trade names or trademarks is imprinted.

- 7.3 Distributors shall not display the Amway trade name on his/her business vehicle without Amway's prior written approval, unless the display material is produced by Amway.
- 7.4 No Distributor may place classified or other sponsoring advertisements in any media using the Amway trade name, NUTRILITE, ARTISTRY, eSpring or any other Amway brand and product name.
- 7.5 In order to avoid violating the Trademark Law and other relevant laws and to reduce environmental pollutions, Distributors may never use Amway opportunity or Amway product related advertisements; telephone canvassing campaigns, letterbox drops, mass mailings or similar promotions to promote their Amway businesses.
- 7.6 For the purposes of maintaining the direct selling principle of Amway products and of ensuring consumers' full understanding of the accurate use of Amway products, no Distributors shall display the Amway name on the exterior of their business premises. Violation of Rule 7.2 by unauthorized manufacturing products bearing Amway name shall constitute as a violation of the Fair Trade Law and as a trademark infringement under the Trademark Law, and violating Distributors shall be responsible for the associated civil, criminal and administrative sanctions.
- 7.7 In their use of trademarks of Amway, in addition to complying with Rule 7.1, Distributors shall:
- 7.7.1 always indicate that Amway Corporation is the proprietor of the trademarks;
- 7.7.2 not represent in any way that they own the trademarks or are entitled to use the trademarks as an Amway Distributor;
- 7.7.3 only use registered trademarks as registered and shall provide Amway Taiwan with samples of all proposed uses of the trademarks;
- 7.7.4 Comply with rules or directives made or issued by Amway from time to time as to the proper use of the trademarks.
- 7.8 Distributors shall not use the word "Amway" as part of any corporate or business name or permit or allow any other person or corporation to do so.
- 7.9 All Amway Corporation and Amway Taiwan printed materials are protected by international, U.S., and Taiwan copyrights and may not be reproduced or reprinted in whole or in part by Distributors or other persons without the written permission of Amway Taiwan.
- 7.10 Distributors may use official Amway literature only for the purpose of carrying out their functions as Distributors.
- 7.11 Articles from the Amway official literature may be reprinted by Distributors in newsletters which they publish for their Personal Group provided that each article is reproduced completely and correctly and is immediately followed by the statement "Reprinted with permission of Amway Taiwan."
- 7.12 For the purposes of protecting Amway Distributors and business, compliance with Supervisory Regulations Governing Multi-Level Sales and any other applicable laws, and avoiding any adverse effect on consumer rights and any conduct which may damage Amway's reputation any matter involving distributor's Business Support Materials (BSM) or Events shall comply with the Amway Taiwan BSM / Events Policy, the Rules of Conduct, and the BSM / Events Management Rules ("Management Rules").
- Hereunder Business Support Materials (BSM) shall mean those products and services which are intended to support and assist the marketing and sale of the Amway Sales and Marketing Plan, products, the Amway Business Opportunity, or prospecting thereof, including, but not limited to, those listed below:
- (a) Printed materials (books, magazines, catalogues, news letters or any other printed materials)
- (b) Any form of video and audio materials (tapes, video-cassettes, DVD, VCD, CD)
- (c) Internet websites (Blog, web pages)

The term "Events" shall mean any and all meetings which are intended to support and assist the marketing and sale of the Amway Sales and Marketing Plan, products, the Amway Business Opportunity or prospecting thereof, including any meeting, rally, seminar, or any other form of gatherings and campaigns held for the purpose of motivation or training.

7.12.1 Prior to the production, sale, or distribution of the BSM to others, the Distributor shall submit the contents, sample, and sale price of such BSM for Amway Taiwan's review and written approval, except that the items of such BSMs have complied with the Management Rules.

7.12.2 The contents of BSM and Events shall be fair and truthful, and shall comply with Amway Rules of Conduct, Management Rules, and all relevant laws of the ROC. Without prior written permission of Amway, neither prediction of possible income or future financial gain from becoming an Amway Distributor, nor any matter involving the Amway Sales and Marketing Plan or Amway product usages, features, and claims may be contained in the BSM. Amway has the authority to review any BSM produced, sold, or distributed by any Distributor and the contents and speech of events at any Distributor event and to recommend any change thereof. However, a Distributor shall be solely responsible for the legality of his/her BSM and Events. If Amway discovers that the contents or the conducts violate the laws, the Rules of Conduct, or the spirit thereof, Amway may make necessary dispositions pursuant to Rule 7.14.

7.12.3 A Distributor may only supply non-Amway BSM, or hold Events in accordance with Rule 3.12 in this Rules of Conduct, and all purchases and sales of such BSM shall be strictly voluntary. Bundling of BSM / Events with Amway products or with products

/ services provided by the Distributor or any other third party is strictly prohibited.

7.12.4 When selling BSM, a Distributor shall provide a written buy-back statement, which allows the purchaser, within 3 months after the purchase, to return the BSM with no question asked and to receive a full refund; when a purchaser of an Event ticket cancels his/her participation or asks for a refund before the Event is conducted, the refund must be completed within 30 days after the Event (a reasonable cost occurred may be deducted).

7.12.5 All such BSM shall display the date of recording or publication, and a remark of prohibiting reproduction.

7.12.6 No Distributor may receive any compensation, reward, or benefits from BSM produced or Events held by the Distributor or other third parties.

7.12.7 Distributors may sell BSM and Event tickets only at cost and the pricing must be clearly and publicly stated. Amway has the authority to specify the prices for certain BSM and Event tickets/attendance that are subject to prior notification and review procedure according to the fluctuation of price indices in the Management Rules for the Distributors to follow. If a Distributor's promotion and selling prices for BSM and Event tickets/attendance exceed Amway's specification of the prices that are subject to notification and review procedure, the Distributor shall notify Amway in writing, and obtain prior written permission from Amway before promoting or selling.

7.12.8 When a Distributor plans to hold Events by himself/herself or by any outsourced party, if the selling prices exceed Amway's specification of the prices in Rule 7.12.7, that Distributor shall notify Amway about such Events and get

- prior written permission at least three weeks prior to the promotion or sales of Events; however, such notification and permission does not mean that Amway approves the contents of the Events.
- 7.12.9 No Distributor or third party may use Amway's corporation name, brand names, trademarks, or service marks on any Event or BSM without Amway's prior written permission.
- 7.12.10 The content of any speech, scheme, or promotion, or the BSM used in a Distributor Event shall comply with the rules regarding presentation of the Amway Sales and Marketing Plan in Rule 6.4, and may not involve any discussion of religions, politics, and business opportunities not related to the Amway business, and may not contain any statement which may harm other individuals or system/Lines of Sponsorship.
- 7.12.11 No Distributor shall require other Distributors or prospects to pay a fee obviously incommensurate with the costs in the names of holding an Event or other similar activities, or to profit therefrom. The above rule is also applicable to Distributors' sales of BSM. A summary of account substantiating no profit was earned must be submitted to Amway Taiwan upon request.
- 7.12.12 Distributors may promote and sell BSM/Events made by himself/herself or third parties, only if such BSM/Events comply with the BSM / Events Policy, the Rules of Conduct, the Management Rules, that includes any BSM/ Events which have no specification of prices that are subject to notification and review procedure listed in the Management Rules.
- 7.12.13 Amway may, from time to time, make any rule relevant to the BSM/Events (including but not limited to the BSM/ Events Management Rules) for Distributors to comply with.
- 7.13 No Distributor may record speeches or presentations made at Amway-sponsored meetings.
- 7.14 If distributor-produced Business Support Materials or Events have violated the laws or this Rules of Conduct, or Amway Taiwan determines that such Materials or Events violate or are against the law, the spirit and intent of the Rules of Conduct, Amway Sales and Marketing Plan, or give rise to claims of others against Amway Corporation or Amway Taiwan, or are potentially detrimental to the businesses of Amway Corporation or Amway Taiwan causing losses in the sales revenue or in the reputation of Amway Corporation or Amway Taiwan, such Distributor shall immediately cease producing, selling, or distributing his/her Business Support Materials and Events upon Amway Taiwan's request. Amway Taiwan may adopt all necessary dispositions, including, but not limited to, probation (including suspension of that Distributor's right of ordering, right of sponsoring, payment of all bonus, rewards, recognitions, or cancellation of invitation of attending oversea Leadership seminar or Diamond meeting, or suspension or cancellation of other rights or rewards.) or termination of distributorship. A violating distributor shall be liable for the damages and the costs of Amway Corporation or Amway Taiwan caused by such violation.

8. NEW MARKET AND ZERO TOLERANCE POLICY

- 8.1 No Distributor shall begin to operate in a new market not yet opened by Amway; as such behavior gives erroneous impression that Amway is doing business in a market prior to the authorization by the local government.
- 8.2 A Distributor who operates his/her Amway business in a new market must be aware of, familiarize, and comply with all laws and regulations of the said market.
- 8.3 Some markets do not allow non-citizen to operate a business. In this case Amway recommends international sponsoring as a means of expanding Amway business internationally.

- 8.4 Distributors are permitted to establish a second Distributorship in other markets. However, the requirements for owning and operating a business in a foreign country can be complicated and expensive (attorney fees, business licenses and registrations, incorporation, taxes, and other administrative expenses). In addition, Distributors who choose to operate a second Distributorship must sign a non-resident agreement in the local Amway office and identify a local business manager to operate their business during their absence from the country. For these reasons, Amway recommends international sponsoring as a means of expanding business internationally.
- 8.5 Any mention in the media of Amway's public relations efforts or of legal notices that Amway is required to file in a new market must not be interpreted as the official announcement of Amway's intention to open a new market.
- 8.6 In the event that Amway officially launches a new market, Amway shall announce the opening of the market through the official corporate communication channels. Such communications will include the date of launch, indicate what pre-launch activity is permitted, and provide other information critical for Distributors in order to assist them in the new market. Only after Amway has made such announcement should Distributors begin preparation to operate in a new market.
- 8.7 Amway has adopted a Zero Tolerance Policy that prohibits any Distributor activity in markets that have not been officially opened by Amway. Below is a list of behavior/ activity that would be subject to the Zero Tolerance Policy.:
- 8.7.1 Amway defines "Distributor activity" as any activity that is designed to promote or build the Amway business. All Distributors are prohibited from visiting a new market for the purpose of appealing one or more prospective Distributors into the Amway business. Amway does not permit holding meetings (even one-on-one meetings) in any country prior to the announcement of the launch date and launch plans.
- 8.7.2 Prospecting by web sites directed at the unopened market is considered as inappropriate Distributor activity.
- 8.7.3 It is highly improper and a serious violation of the "spirit" of this policy to educate a non-Distributor about the Amway Opportunity and to then encourage said prospective Distributor to return to his/her native country to engage in acts of profit.
- 8.7.4 The Zero Tolerance Policy applies to all markets including unopened markets and markets that have been officially launched by Amway.
- 8.7.5 Distributors are prohibited to solicit Distributors outside of their Line of Sponsorship or Personal Group to provide prospects for a new market. To do so is a direct violation of the agreement between Amway and its Distributors and the Rules of Conduct or Commercial Principles applicable in a Distributor's market. Amway encourages Distributors to follow their original Line of Sponsorship, to apply for authorization in a new market.
- 8.7.6 The importation, use, or sale of any privately produced literature, tapes or other such business support materials (including the use of websites, e-mail and other electronic means of advertisement or communication) in relation to the Amway business not previously reviewed by Amway for use in a/each specific market is unauthorized and a violation of this policy. Authorized or legal actions in one market do not automatically serve as authorization for use in all markets, especially for new or unopened markets.
- 8.7.7 As means for Amway Corporation to manage its products, and to ensure its compliance to local laws and regulations governing product labeling, commercial product inspection, trademark, and safety/sanitation issues, importation of any Amway product or promotional

materials into a new market for any reason including sales, gifts, demonstration, or display is strictly prohibited. Importation of products and promotional materials without proper import licenses, registrations, and labeling may subject the violating Distributor and Amway to substantial fines, increased scrutiny, and other repercussions.

- 8.7.8 Advertising for prospective Distributors in the new market in any format is prohibited both in the new market and in the Distributor's home market. This includes flyers, bulletin boards, misuse of business cards, publication of meeting schedules, and seeking media coverage. Distributors cannot participate in "blind prospecting" (soliciting prospects without proper referral) by using phone books, professional society membership lists, etc. Under no circumstances may Distributors use mass communication methods such as spam (unsolicited email), television merchandising channels or computer networks to advertise the Amway opportunity.
- 8.7.9 Distributors may neither state nor imply that they are employees or representatives of Amway or any of its affiliated companies, nor may they say that they are the exclusive representatives of Amway in any particular country.
- 8.7.10 No Distributor-produced "pre-applications" or any similar documents that appear to commit a prospective Distributor to join a particular Line of Sponsorship are allowed. "Lead Forms", which are used only for a Distributor's internal use to collect information about prospective Distributors, must never be utilized as "pre-applications" and are not legally binding. The Lead Form must not be signed by the prospective Distributor and a copy must not be left with the prospect. The Lead Form and its use must never appear to commit or obligate the prospect in any manner.
- 8.7.11 Prospective Distributors who are residents of non-Amway markets shall not be invited to any Distributor-sponsored or company-sponsored activities organized in either Amway or non-Amway markets.
- 8.7.12 Showing the Amway Sales & Marketing Plan, importing, selling or providing Amway products in an unopened market is not permitted.
- 8.8 In order not to mislead consumers' impression towards Amway and to prevent violations of the registration law, advertising of any type about Amway business or Amway products is prohibited. This includes flyers, ads in hotels or in newspapers/magazines and misuse of business cards.
- 8.9 Misrepresentations of the Amway business such as promising great wealth for little effort, no selling, tax shelter, guaranteed residual income for life are prohibited.
- 8.10 Any Distributor involved in improper pre-launch activity will be subject to Amway's enforcement procedures. Complaints of improper activities are to be submitted in writing to the appropriate Sales/Distributor Relations Department for review on a case-by-case basis.
- 8.11 Penalties will range from warnings to temporary suspension in the new market to permanent exclusion from all activity in the new market (for example, no speaking or meeting participation), or termination of Distributorship, based on the severity of the violation.
- 8.12 In the event of termination action, the appeal rights as granted by the Rules of Conduct or applicable policies in an Amway affiliate may be invoked by the terminated Distributor.
- 8.13 Violators may be required to provide Amway a list with names and addresses of all persons solicited / contacted by him or her as prospective Distributors as the result of their unauthorized activities.

- 8.14 These enforcement procedures as Rule 8.11 may also be applicable to the upline Direct Distributor and/or any other upline Distributors who participated in the planning of such improper activities, or who had knowledge about but failed to stop such improper activities.
- 8.15 Direct Distributors are responsible for ensuring that all Distributors in their organization who are involved in international markets understand these rules. It is each Distributor's responsibility to adhere to the letter and spirit of these new market activity rules.
- 8.16 The definition of an unopened market refers to either/all of the following conditions:
- (a) The market of MLM (multi-level marketing) has not been granted by the local government.
 - (b) The local government does not allow non-nationals to operate a MLM business.
 - (c) A market where Amway has not entered and established a local company to operate in MLM way.

9. DEATH AND INHERITANCE

- 9.1 In the event of the death of a Distributor, then, in addition to Rule 5.2, the following provisions must be followed:
- 9.1.1 Amway Taiwan may appoint a manager on such terms and conditions as Amway considers appropriate, to operate the Distributorship until such time as the Distributorship is assigned or otherwise dealt with pursuant to Rule 9.1.2 or terminated by Amway pursuant to Rule 10.1.7. Without limiting the breadth of Amway Taiwan's discretion as to such terms and conditions, the manager shall, if Amway considers it appropriate, be entitled to all, or such part as Amway specifies, of the bonuses and privileges accruing in respect of the Distributorship during the period of management.
- 9.1.2 The executor or administrator of the estate of the deceased Distributor shall within thirty (30) days after the grant of probate or letters of administration:
- (a) assign or transfer the Distributorship pursuant to Rule 5;
 - (b) if the heir of the deceased Distributor is or applies to become a Distributor, then the heir shall inherit that Distributorship and carry on the business; or
 - (c) appoint a manager for such period and on terms and conditions specified or approved by Amway, to operate the Distributorship, provided the manager himself/herself is or applies to become a Distributor before commencing to operate the Distributorship. Without limiting the breadth of Amway's discretions as to the terms and conditions which may be so specified, the manager shall, if Amway considers it appropriate, be entitled to all, or such part as Amway specifies, of the bonuses and privileges accruing in respect of the Distributorship during the period of management.
- 9.2 In the event that a Distributorship comprises two natural persons in partnership and one of the partner dies, then, in addition to Rule 5.2:
- 9.2.1 The surviving Distributor will be deemed to be the manager of the Distributorship, until such time as the Distributorship is assigned or otherwise dealt with pursuant to Rule 9.2.2 or terminated by Amway pursuant to Rule 10.1.7;
- 9.2.2 Within thirty (30) days after the grant of probate or letters of administration:
- (a) the surviving partner shall acquire (whether by means of sale or transfer by will) all rights and obligations of the deceased Distributor in the Distributorship; or

- (b) the executor or administrator of the estate of the deceased Distributor shall assign or transfer the deceased Distributor's interest in the Distributorship to another Distributor who shall carry on the Distributorship in partnership with the surviving Distributor; or
- (c) the Distributorship shall be assigned or transferred pursuant to Rule 5; or
- (d) the executor or administrator of the estate of the deceased Distributor and the surviving Distributor shall appoint a manager for such period and on such terms and conditions as are specified or approved by Amway, to operate the Distributorship provided the manager himself is or applies to become a Distributor before commencing to operate the Distributorship.

10. TERMINATION AND DESPONSORSHIP

- 10.1 Upon the happening of any one or more of the followings with a Distributor, Amway Taiwan may in its discretion terminate or desponsor the Distributor's Distributorship by notice in writing:
 - 10.1.1 If in Amway's opinion the Distributor has provided false information in his/her "Application for Amway Distributor Authorization" (SA88TW) (including signatures not made by the Distributor).
 - 10.1.2 If the Distributor makes serious misrepresentations of Amway or the Amway business; if in Amway's opinion it is not serious, Amway Taiwan may order the probation and retraining procedures referred to in Rule 11;
 - 10.1.3 If the Distributor breaches any of these Rules of Conduct and fails to rectify such breach within the period of being required to do so in writing by Amway;
 - 10.1.4 If the Distributor commits repeated breaches of any of these Rules of Conduct;
 - 10.1.5 If the Distributor (including any one partner in the Distributorship) is convicted of an offence punishable by prison term;
 - 10.1.6 If the Distributor (including any one partner in the Distributorship) is suspended or disbarred from practicing his/her usual trade or profession by any trade or professional association, institute or society;
 - 10.1.7 If the Distributor (including any one partner in the Distributorship) dies and the Distributorship is not assigned or otherwise dealt with pursuant to Rules 9.1.2 or 9.2.2, within thirty (30) days after the grant of probate or letters of administration of the deceased Distributor or if probate or letters of administration are not granted within six (6) months after the date of death.
 - 10.1.8 If the Distributor breaches any of Fair Trade Law or Supervisory Regulations Governing Multi-Level Sales.
- 10.2 For the purposes of these Rules of Conduct, "termination" means the complete termination of a Distributor's contractual relationship with Amway Taiwan. Effective upon the date notified to the relevant Distributor by Amway in writing, the Distributorship shall be terminated, and the right to receive any further income from or generated by such Distributorship whether arising or accruing before or after the date of termination shall be lost.
- 10.3 "Desponsorship" or "desponsored from one's Personal Group" means the removal of a Distributor from his/her position as a Sponsor in the Line of Sponsorship, such removal being effected by written notice from Amway to the relevant Distributor and becoming effective on the date stated in such notice. However there is no effect on the rights of the said desponsored Distributor to Sponsor others in future.
- 10.4 A Distributor whose Distributorship is to be terminated or desponsored shall be given written notice of Amway's decision via registered mail. The notice of termination or desponsorship shall:

- 10.4.1 be mailed to the last mailing address of such parties as shown in Amway Taiwan's data processing records.
 - 10.4.2 state the Rule or Rules that the Distributor is in breach of;
 - 10.4.3 state the date on which any such action shall come into effect;
 - 10.4.4 where appropriate advise the Distributor of his/her opportunity to have his/her appeal presented to a Review Panel pursuant to the procedure set out in Rule 12.
- 10.5 Upon termination of a Distributor's Distributorship or upon desponsorship of a Distributor:
- 10.5.1 The terminated or desponsored Distributor shall forfeit his/her leadership status in his/her Personal Group including his/her titles and qualifications;
 - 10.5.2 Amway Taiwan has the right to determine and specify an appropriate Distributor to be the new Sponsor of the desponsored Distributor's personally-sponsored Distributors.
- 10.6 Upon termination of Distributorship, the terminated Distributor shall:
- 10.6.1 return in good condition to Amway Taiwan all Amway products and Amway distributed products then held by the Distributor in accordance with the policy for return of merchandise and obtain a refund ;
 - 10.6.2 cease to use any and all Amway trademarks, trade names and marks related to the Amway business;
 - 10.6.3 cease to represent himself /herself as an Amway Distributor.
- 10.7 In the event that a Distributor's Distributorship is terminated or a Distributor is desponsored by Amway after a period of probation by Amway pursuant to Rule 11, Amway Taiwan will refund, interest free, the bonuses held in escrow during the probation period pursuant to Rule 11.7.1 and 11.7.2 to the Distributor

within two months from the date of termination or desponsorship, after deducting the expenses incurred as specified under Rule 11.9.2.

- 10.8 Unless otherwise herein provided or implied, Amway shall have the exclusive right and discretion to determine the appropriate disposition and the terms of such disposition of the rights and benefits if any, of the Personal Group of any terminated or desponsored Distributors.

11. PROBATION & RETRAINING

- 11.1 If Amway Taiwan deems that one or more of the Distributors in a Direct Distributor's Personal Group have misrepresented the Amway Sales & Marketing Plan or have committed serious violations of the Rules of Conduct, then Amway may place on probation the whole or part of the Direct Distributor's Personal Group as Amway may determine.
- 11.2 Before imposing probation on the whole or part of a Direct Distributor's Personal Group, Amway shall notify the Direct Distributor in question of the misrepresentation or other serious violations of the Rules of Conduct giving rise in Amway's view of the need for probation.
- 11.3 At the same time as giving notice to the Direct Distributor pursuant to Rule 11.2, Amway may in its absolute discretion elect to give the Direct Distributor and the Sponsor of the violating Distributors an opportunity to make their factual statements or to initiate their own investigation, and to initiate their own corrective actions within the Personal Group; Amway Taiwan may specify a period within which such corrective action is to be taken.
- 11.4 If the Direct Distributor or other related Sponsors neglect or fail to take appropriate action within the time prescribed in Rule 11.3, then Amway may proceed to impose probation as Amway may determine.
- 11.5 Probation and retraining by Amway shall consist of all or such one of the following corrective actions as Amway may consider appropriate:
 - 11.5.1 A notice to be prepared and sent by

Amway Taiwan to all Distributors in the Direct Distributor's Personal Group or in that part of his/her Personal Group placed on probation. The notice will specifically outline the nature of the misrepresentation of Amway or the Amway Sale & Marketing Plan which has given rise to the imposition of probation, and will outline the correct manner in which Amway requires its Distributors to present Amway and the Amway business. The notice may also announce the time, date and place at which special retraining seminars will be held for all Distributors on probation. The notice will be co-signed by Amway and by the Direct Distributor or other nominated Distributor, or by Amway alone;

- 11.5.2 Distributors placed on probation shall attend a thorough retraining program to learn the proper presentation and the conduct of Amway and the Amway business and to teach other Distributors in his/her Personal Group. Such retraining seminars will be conducted by the Direct Distributor or other nominated Distributor under the supervision of Amway Taiwan, or by Amway itself if the Direct Distributor or other nominated Distributor refuses to or in Amway's opinion does not fully cooperate with Amway in organizing and conducting the seminars.
- 11.6 In the event that the Direct Distributor whose Personal Group has been placed in whole or part on probation by Amway, elects to cooperate with Amway in the organization and conduct of the retraining seminars referred to in Rule 11.5.2 above, then:
- 11.6.1 The Direct Distributor or other nominated Distributor shall prepare and forward to Amway for its written approval, prior to the first retraining

meeting, a schedule of the retraining meetings;

- 11.6.2 The schedule shall include the date, time, and place of such meetings, the Distributors invited to attend, the speaker or speakers who is or are to speak at the retraining meetings, and the number of people expected to be in attendance;
- 11.6.3 All Distributors attending such retraining sessions will be required to sign an attendance sheet, which the Direct Distributor or other nominated Distributor will send to Amway after the meeting;
- 11.6.4 The Direct Distributor or other nominated Distributor shall tape all such retraining sessions in its entirety, and forward a copy of such tapes to Amway for review;
- 11.6.5 The Direct Distributor or other nominated Distributor shall conduct or direct all such retraining sessions and shall report the results of such sessions to Amway;
- 11.6.6 Amway Taiwan personnel may attend all or any one of such retraining sessions to monitor the meeting. And if considered necessary, the Amway personnel present may take over the conduct of the sessions to ensure their compliance with Amway's requirements.
- 11.7 The imposition of probation may have the following consequences as Amway may in its absolute discretion determine:
- 11.7.1 Suspension of payment of all bonuses, including but not limited to, Performance Bonuses, Ruby, Leadership Bonus, Pearl and annual bonuses including Emerald, Diamond, Diamond Plus and any special bonuses, payable to the Distributors under probation. Any such bonuses shall be computed, but held in escrow by Amway during the probation period.
- 11.7.2 The Performance Bonuses which would otherwise be paid to the Direct Distributor or other nominated Distributor will be treated as follows:
- (a) Performance Bonuses owing to the

- personally-sponsored Distributors of the Direct Distributor or other nominated Distributor will be computed and paid directly to them by Amway or temporarily by another upline Direct Distributor; and
- (b) the remaining balance of the Performance Bonuses will be held in escrow by Amway during the period of probation.
- 11.7.3 Amway may determine whether and to what extent the monthly Business Volume of the Distributorships on probation are to be counted towards qualification for Emerald, Diamond, one time cash bonuses or Diamond Plus bonus, for any rewards, for the annual Leadership Seminar, Diamond meetings or Founders Invitational Meetings, or for any Special Bonus to be paid by Amway after the probation at the end of the fiscal year.
- 11.7.4 Amway may in its absolute discretion withhold or refuse recognition of the Distributors on probation for any awards under the Amway Sales & Marketing Plan.
- 11.7.5 Amway may in its absolute discretion determine whether invitations are to be sent to the Distributors on probation to attend New Direct Distributor Seminars, Direct Distributor Forum, Leadership Seminars, Diamond meetings, Founders Invitational Meetings, or other Amway recognition event, even though they may have qualified for such session or meeting.
- 11.8 Pursuant to Rule 11.7.2, Amway may request a qualified Sponsor in the Line of Sponsorship to operate the Distributorship and who shall be entitled to all, or such part as Amway specifies, of the bonuses accruing in respect of the Distributorship during the period of service.
- 11.9 If Amway considers that probation and retraining have been successful such that the Distributors under probation will not misrepresent Amway or the Amway business or commit further other

serious violations of the Rules of Conduct:

- 11.9.1 Amway will lift the probation and, subject to Rule 11.9.2 below, restore full Distributor rights and privileges;
- 11.9.2 All expenses incurred by Amway in conducting the retraining seminars and in administering the probation generally will be deducted from the bonuses held by Amway in escrow during the probation period and the balance, if any, paid to the appropriate Distributors.
- 11.10 If Amway considers that the retraining has not been effectively carried out in respect of the Distributors on probation, Amway may:
- 11.10.1 Direct that probation be continued, and further corrective action taken, in respect of the Distributors; or
- 11.10.2 Conclude probation and terminate the Distributorship of the Distributors.

12. REVIEW BY AMWAY CORPORATION

- 12.1 A Distributor who has been desponsored or placed on probation or whose Distributorship has been terminated (except pursuant to Rules 10.1.1 or 10.1.5 or 10.1.6), may within 15 days after notice from Amway Taiwan of the desponsorship, probation or termination as the case may be, make a written request in English to Amway Corporation (7575 East Fulton Road, Ada, Michigan, USA), marked to the attention of the Vice President-International, to review Amway Taiwan's decision.
- 12.2 Any request for review by a Distributor pursuant to Rule 12.1 shall be determined by a Review Panel which shall consist of such Amway personnel as may be determined by the Vice President-International of Amway Corporation to review Amway's decision.
- 12.3 The Distributor requesting the review shall submit necessary evidence, and shall produce additional evidence as the Review Panel may require.
- 12.4 The Review Panel shall be the judge of the relevancy and materiality of the evidence

submitted, and strict conformity to the rules of evidence will not be necessary.

- 12.5 The Distributor requesting the review will be provided with copies of all materials submitted by Amway Taiwan to the Review Panel, and Amway Taiwan will be provided with copies of all materials submitted by the Distributor.
- 12.6 The Review Panel may affirm, reverse or modify Amway Taiwan's decision
- 12.7 If the conclusion of the Review Panel includes termination of the Distributorship, Amway Corporation will notify the Distributor about such termination in the following manners:
 - 12.7.1 Amway Taiwan's decision to terminate a Distributorship has been confirmed as effective as from the date of termination previously notified by Amway Taiwan; or
 - 12.7.2 A Distributorship has been terminated by the Review Panel, in this case the Distributorship of the Distributor shall be deemed to have been terminated by Amway Taiwan upon and by virtue of service of notice to the Distributor concerned of the Review Panel's determination.

12.8 In the event that the Review Panel decides upon corrective action other than termination, then:

- 12.8.1 Amway Corporation will notify the Distributor who requests the review informing him/her the corrective action to be taken and specifying a period within which that action must be completed by the Distributor; and
- 12.8.2 Amway Taiwan will take such steps as may be necessary to implement the Review Panel's determination.

13. GENERAL

- 13.1 When any Distributor violates these Rules, Amway Taiwan may determine, on a case-by-case basis, the appropriate disposition upon the Distributorship of the violating Distributor based on factors like the materiality of the violation, the Distributor's attitude, conduct, and motive, among other things.
- 13.2 These Rules shall be governed and construed in accordance with the law of the Republic of China for the time being and from time to time in force.



3. Fair Trade Law

Fair Trade Act of 2002

CHAPTER I GENERAL PRINCIPLES

Article 1

This Law is enacted for the purposes of maintaining trading order, protecting consumers' interests, ensuring fair competition, and promoting economic stability and prosperity. Unless otherwise provided for in this Law the provisions of other relevant laws shall apply.

Article 2

The term "enterprise" as used in this Law shall include:

1. a company,
2. a sole proprietorship or partnership,
3. a trade association, and
4. any other person or organization engaging in transactions through the provision of goods or services.

Article 3

The term "trading counterpart" as used in this Law means any supplier or purchaser that engages in or concludes transactions with an enterprise.

Article 4

The term "competition" as used in this Law means any conduct of one enterprise to contest trading opportunities in the same market with one or more enterprises through offering more favorable price, quantity, quality, service or any other terms.

Article 5

The term "monopolistic enterprise" as used in this Law means any enterprise that faces no competition or has a dominant position to enable it to exclude competition in a relevant market.

Two or more enterprises shall be deemed monopolistic enterprises if they do not in fact engage in price competition with each other, and they as a whole have the same status as the enterprise defined in the provisions of the preceding paragraph.

The term "relevant market" as used in the first paragraph means a geographic area or a coverage wherein enterprises compete in respect of particular goods or services.

Article 5-1

An enterprise shall not be deemed a monopolistic enterprise as defined in the preceding article if none of the following circumstances exists:

1. the market share of the enterprise in a relevant market reaches one-half of the market;
2. The combined market share of two enterprises in a relevant market reaches two-thirds of the market; and
3. the combined market share of three enterprises in a relevant market reaches three-fourths of the market.

Under any of the circumstances set forth in the preceding paragraph, where the market share of any individual enterprise does not reach one-tenth of the relevant market or where its total sales in the preceding fiscal year are less than one billion New Taiwan Dollars, such enterprise shall not be deemed as a monopolistic enterprise.

An enterprise exempt from being deemed as a monopolistic enterprise by any of the preceding two paragraphs may still be deemed a monopolistic enterprise by the Central Competent Authority if the establishment of such enterprise or any of the goods or services supplied by such enterprise to a relevant market is subject to legal or technological restraints, or there exists any other circumstance under which the supply and demand of the market are affected and the ability of others to compete is impeded

Article 6

The term "merger" as used in this Law means a situation:

1. where an enterprise and another enterprise are merged into one;

2. where an enterprise holds or acquires the shares or capital contributions of another enterprise to an extent of more than one-third of the total voting shares or total capital of such other enterprise;
3. where an enterprise is assigned by or leases from another enterprise the whole or the major part of the business or properties of such other enterprise;
4. where an enterprise operates jointly with another enterprise on a regular basis or is entrusted by another enterprise to operate the latter's business; or
5. where an enterprise directly or indirectly controls the business operation or the appointment or discharge of personnel of another enterprise.

In computing the shares or capital contributions referred to in subparagraph 2 of the preceding paragraph, the shares or capital contributions of another enterprise held or acquired by an enterprise(s) controlled by, controlling, or affiliated with the acquiring enterprise under subparagraph 2 shall be included.

Article 7

The term "concerted action" as used in this Law means the conduct of any enterprise, by means of contract, agreement or any other form of mutual understanding, with any other competing enterprise, to jointly determine the price of goods or services, or to limit the terms of quantity, technology, products, facilities, trading counterparts, or trading territory with respect to such goods and services, etc., and thereby to restrict each other's business activities.

The term "concerted action" as used in the preceding paragraph is limited to horizontal concerted action at the same production and/or marketing stage which would affect the market function of production, trade in goods, or supply and demand of services.

The term "any other form of mutual understanding" as used in Paragraph 1 means other than contract or agreement, a meeting of minds whether legally binding or not which would in effect lead to joint actions.

By means of its charter, a resolution of a general meeting of members or a board meeting of directors or supervisors, or any other means, to restrict activities of enterprises is also deemed as horizontal concerted action as used in Paragraph 2.

Article 8

The term "multi-level sales" as used in this Law means the promotion or sales plan or organization pursuant to which the participants pay a certain consideration to obtain the right to promote or sell goods or services and the right to introduce other persons to participate in the plan or organization, thereby receiving a commission, bonus, or other economic benefit.

"To pay a certain consideration" as used in the preceding paragraph means the payment of money, the purchase of goods, the provision of services, or the undertaking of an obligation.

The term "multi-level sales enterprise" as used in this Law means an enterprise that adopts a multi-level sales operations plan or organization and conducts overall planning of multi-level sales activity.

A participant of a foreign enterprise or a third party that introduces the multi-level sales plans or organizations of such enterprise shall be deemed a "multi-level sales enterprise" as referred to in the preceding paragraph.

The term "participant" as used in this Law means the following:

1. a person who takes part in the organization or plans of a multi-level sales enterprise and promotes or sells goods or services, and may introduce other persons to participate;
2. a person who, by agreement with a multi-level sales enterprise, obtains the right to promote or sell goods or services and introduce other persons to participate only after cumulatively paying a certain amount of consideration.

Article 9

The term "competent authority" as used in this Law means the Fair Trade Commission, Executive Yuan, at the central government level; the metropolitan government at the metropolitan level; and the county (or city) government at the county (or city) level.

For any matter provided for in this Law that concerns the authorities of any other ministries or commissions, the Fair Trade Commission, Executive Yuan may consult with such other ministries or commissions to deal therewith.

CHAPTER II MONOPOLIES, MERGERS AND CONCERTED ACTIONS

Article 10

No monopolistic enterprises shall:

1. directly or indirectly prevent any other enterprises from competing by unfair means;
2. improperly set, maintain or change the price for goods or the remuneration for services;
3. make a trading counterpart give preferential treatment without justification; or
4. otherwise abuse its market power.

Article 11

Any merger that falls within any of the following circumstances shall be filed with the central competent authority in advance:

1. as a result of the merger the enterprise(s) will have one third of the market share;
2. one of the enterprises in the merger has one fourth of the market share; or
3. sales for the preceding fiscal year of one of the enterprises in the merger exceeds the threshold amount publicly announced by the central competent authority.

The threshold amount of the sales referred to in Subparagraph 3 of the preceding paragraph may be announced separately for financial enterprises and non-financial enterprises by the Central Competent Authority.

Enterprises shall not proceed to merge within a period of 30 days from the date the Central Competent Authority accepts the complete filing materials, provided that the Central Competent Authority may shorten or extend the period as it deems necessary and notifies the filing enterprise of such change in writing.

Where the Central Competent Authority extends the period in accordance with the proviso of the preceding paragraph, such extension may not exceed 30 days; for cases of extension, decisions

on the filing shall be made in accordance with the provisions of Article 12.

Where the Central Competent Authority fails to notify of the extension as referred to in the proviso of Paragraph 3 or makes any decision as referred to in the preceding paragraph when the period is going to expire, the enterprises may proceed to merge provided that the merger may not proceed under any of the following circumstances:

1. where the filing enterprises consent to a further extension of the period.
2. where the filing contains any false or misleading item.

Article 11-1

The provisions of Paragraph 1 of the preceding Article shall not apply to any of the following circumstances:

1. Where any of the enterprises participating in a merger already holds no less than 50% of the voting shares or capital contribution of another enterprise in the merger and merges such other enterprise.
2. Where enterprises of which 50% or more of the voting shares or capital contribution are held by the same enterprise merge.
3. Where an enterprise assigns all or a principal part of its business or assets, or all or part of any part of its business that could be separately operated, to another enterprise newly established by the former enterprise solely.
4. Where an enterprise, pursuant to the proviso of Article 167, Paragraph 1 of the Company Law or Article 28-2 of the Securities and Exchange Law, redeems its shares held by shareholders so that its original shareholders' shareholding falls within the circumstances provided for in Article 6, Paragraph 1, Subparagraph 2 herein.

Article 12

The Central Competent Authority may not prohibit any of the mergers filed if the overall economic benefit of the merger outweighs the disadvantages resulted from competition restraint.

Article 13

Where any enterprise(s) fail to file an application for any merger that is required for approval, or proceed with the merger despite that the application is not approved, the Central Competent Authority may prohibit such merger, prescribe a period for such enterprise(s) to split, to dispose of all or a part of the shares, to transfer a part of the operations, or to remove certain persons from positions, or make any other necessary dispositions.

For enterprise(s) violating the disposition made by the central competent authority pursuant to the preceding paragraph, the central competent authority may order the dissolution of such enterprise(s), or the suspension or termination of their operations.

Article 14

No enterprise shall have any concerted action; unless the concerted action that meets one of the following requirements is beneficial to the economy as a whole and in the public interest, and the application with the central competent authority for such concerted action has been approved:

1. unifying the specifications or models of goods for the purpose of reducing costs, improving quality, or increasing efficiency;
2. joint research and development on goods or markets for the purpose of upgrading technology, improving quality, reducing costs, or increasing efficiency;
3. each developing a separate and specialized area for the purpose of rationalizing operations;
4. entering into agreements concerning solely the competition in foreign markets for the purpose of securing or promoting exports;
5. joint acts in regards to the importation of foreign goods for the purpose of strengthening trade;
6. joint acts limiting the quantity of production and sales, equipment, or prices for the purpose of meeting the demand orderly, while in economic downturn, the market price of products is lower than the average production costs so that the enterprises in a particular industry have difficulty to maintain their business or encounter a situation of overproduction; or

7. joint acts for the purpose of improving operational efficiency or strengthening the competitiveness of small-medium enterprises.

After receipt of the application referred to in the preceding Article, the Central Competent Authority shall make a decision of approval or rejection within three months, the period of which may be extended once if necessary.

Article 15

The central competent authority may attach conditions or require undertakings in the approval it grants pursuant to the provisions of the preceding article.

The approval shall specify a time limit not exceeding three years. The enterprises involved may, with justification, file a written application for an extension thereof with the Central Competent Authority within three months prior to the expiration of such period; provided, however, that the term of each extension shall not exceed three years.

Article 16

After a concerted action is approved, the Central Competent Authority may revoke the approval, alter the contents of the approval, or order the enterprises involved to cease from continuing the conduct or rectify its conduct, or to take necessary corrective actions if the cause for approval no longer exists, the economic condition changes, or the enterprises involved engage in any conduct beyond the scope of approval.

Article 17

The Central Competent Authority shall establish a specific registry to record the approvals, conditions, undertakings, time limits, and relevant dispositions referred to in the preceding three articles and publish these matters in the government gazette.

CHAPTER III

UNFAIR COMPETITION

Article 18

Where an enterprise supplies goods to its trading counterpart for resale to a third party or such third party makes further resale, the trading counterpart and the third party shall be allowed to decide their resale prices freely; any agreement contrary to this provision shall be void.

Article 19

No enterprise shall have any of the following acts which is likely to lessen competition or to impede fair competition:

1. causing another enterprise to discontinue supply, purchase or other business transactions with a particular enterprise for the purpose of injuring such particular enterprise;
2. treating another enterprise discriminatively without justification;
3. causing the trading counterpart(s) of its competitors to do business with itself by coercion, inducement with interest, or other improper means;
4. causing another enterprise to refrain from competing in price, or to take part in a merger or a concerted action by coercion, inducement with interest, or other improper means;
5. acquiring the secret of production and sales, information concerning trading counterparts or other technology related secret of any other enterprise by coercion, inducement with interest, or other improper means; or
6. limiting its trading counterparts' business activity improperly by means of the requirements of business engagement.

Article 20

No enterprise shall have any of the following acts with respect to the goods or services it supplies:

1. using in the same or similar manner, the personal name, business or corporate name, or trademark of another, or container, packaging, or appearance

of another's goods, or any other symbol that represents such person's goods, commonly known to relevant enterprises or consumers, so as to cause confusion with such person's goods; or selling, transporting, exporting, or importing goods bearing such representation;

2. using in the same or similar manner, the personal name, business or corporate name, or service mark of another, or any other symbol that represents such person's business or service, commonly known to relevant enterprises or consumers, so as to cause confusion with the facilities or activities of the business or service of such person; or
3. using on the same or similar goods the mark that is identical or similar to a well-known foreign trademark that has not been registered in this country; or selling, transporting, exporting, or importing goods bearing such trademark.

The preceding paragraph shall not apply to any one of the following:

1. using in an ordinary manner the generic name customarily associated with the goods or the representation customarily used in the trade of the same category of goods; or selling, transporting, exporting or importing goods bearing such name or representation;
2. using in an ordinary manner the name or representation that is customarily used in the trade of the same type of business or service;
3. using in good faith one's own name, or selling, transporting, exporting or importing goods bearing such name; or
4. using, with good faith, in the same or similar manner the representation referred to in the first or second subparagraph of the preceding paragraph before such representation having become commonly known to the relevant enterprises or consumers, or using such representation by any successor that acquires such representation together with the business from a bona fide user; or selling, transporting, exporting or importing goods bearing such representation.

Where any enterprise has any of the acts set forth in the third and fourth subparagraphs of the preceding paragraph which is likely to damage or cause confusion

with the business, goods, facilities, or activities of another enterprise, the latter enterprise may request the former to add appropriate representation unless the former only transports such goods.

Article 21

No enterprise shall make or use false or misleading representations or symbol as to price, quantity, quality, content, production process, production date, valid period, method of use, purpose of use, place of origin, manufacturer, place of manufacturing, processor, or place of processing on goods or in advertisements, or in any other way making known to the public.

No enterprise shall sell, transport, export or import goods bearing false or misleading representations referred to in the preceding paragraph.

The two preceding paragraphs shall apply mutatis mutandis to the services of an enterprise.

Where any advertising agency makes or designs any advertisement that it knows or is able to know is misleading, it shall be jointly and severally liable with the principal of such advertisement for damages arising therefrom. Where any advertising medium communicates or publishes any advertisement that it knows or is able to know is likely to mislead the public, it shall be jointly and severally liable with the principal of such advertisement for the damages arising therefrom.

Article 22

No enterprise shall, for the purpose of competition, make or disseminate any false statement that is able to damage the business reputation of another.

Article 23

No multi-level sale shall be conducted if the participants thereof receive commissions, bonuses, or other economic benefit mainly from introducing others to participate, rather than from the marketing or sale of the goods or services at reasonable market prices.

Article 23-1

Any participant in multi-level sales may rescind the participation agreement by giving the multi-level enterprise written notice within fourteen days after entering into such agreement.

Within a period of thirty days after rescission of the agreement takes effect, the multi-level sales enterprise shall accept the application from the participant for returning of goods, collect or accept goods returned by the participant, and return to the participant all the payment for goods made upon purchase and any other fees paid upon participation, accumulated until the time of rescission.

In returning the payments made by the participant according to the preceding paragraph, the multi-level sales enterprise may deduct upon the time of returning of the goods the value decreased due to the damage or loss attributable to the participant, and any bonus or remuneration already paid to the participant for purchase of such goods.

If the returned goods as referred to in the preceding paragraph are collected by the enterprise, the enterprise may deduct the shipping costs required for such collection.

Article 23-2

After the lapse of the period for entitlement to rescind the agreement as referred to in the first paragraph of the preceding article, the participant may still terminate the agreement by writing and withdraw itself from the multi-level sales.

Within thirty days from the termination of the agreement in accordance with the preceding paragraph, the multi-level sales enterprise shall buy back all goods possessed by the participant at ninety percent (90%) of the original purchase price; provided that it may be deducted the bonuses or remuneration paid to the participant for the purchase as well as the amount of the decreased value of the goods.

Article 23-3

When the participant exercises the right to rescind or terminate the agreement in accordance with the two preceding articles, the multi-level sales enterprise may not claim damages or levy penalties against the participant for such rescission or termination.

The provisions of the two preceding articles that relate to goods shall apply mutatis mutandis to the supply of services.

Article 23-4

Regulations concerning any multi-level sales enterprise' filing for record, inspection of activities, CPA certification and public disclosure of financial statements, the matters that participants should be informed, the content of participation agreements, the protection of participants' interest, conduct prohibited as materially affecting the rights and interests of participants, and management obligations toward participants are to be promulgated by the Central Competent Authority.

Article 24

In addition to what is provided for in this Law, no enterprise shall otherwise have any deceptive or obviously unfair conduct that is able to affect trading order.

CHAPTER IV FAIR TRADE COMMISSION

Article 25

In order to manage matters in respect of fair trade as set forth in this Law, the Executive Yuan shall establish the Fair Trade Commission, which shall be in charge of the following matters:

1. preparation and formulation of fair trade policy, laws and regulations;
2. review of any fair trade matters related to this Law;
3. investigation of activities of enterprises and economic conditions;
4. investigation and disposition of any case violating this Law; and
5. any other matters related to fair trade.

Article 26

The Fair Trade Commission may investigate and handle, upon complaints or ex officio, any violation of the provisions of this Law that harms the public interest.

Article 27

In conducting investigations under this Law, the Fair Trade Commission may proceed in accordance with the following procedures:

1. to notify the parties and any related third party to appear to make statements;
2. to notify relevant agencies, organizations, enterprises, or individuals to submit books and records, documents, and any other necessary materials or exhibits, and
3. to dispatch personnel for any necessary on-site inspection of the office, place of business, or other locations of the relevant organization or enterprises.

An investigator carrying out its duties under this Law shall present the documents supporting its duties; the person to be investigated may refuse the investigation where the investigator fails to present such documents.

Article 27-1

During the course of an investigation conducted pursuant to the preceding Article, a party or a related person, for the need of claiming or defending its legal rights and interests, may apply to read, transcribe, photocopy, or photograph relevant materials or files except the following:

1. Drafts of an administrative decision or any other working document prepared for a case.
2. Materials related to national defense, military affairs, diplomatic affairs, and any other official secrets that are required to be kept confidential by laws or regulations.
3. Materials relating to personal privacy, professional secrets, or business secrets that are required to be kept confidential by laws or regulations.
4. Where it is likely to infringe the rights and interests of a third party.
5. Where it is likely to seriously obstruct the performance of the official duties in maintaining social order, public security, or any other public interests.

Procedural matters and restrictions relating to the qualifications of applicants, the application period, the scope of materials or files available for access, and

the way to proceed as referred to in the preceding paragraph shall be prescribed by the Central Competent Authority.

Article 28

The Fair Trade Commission shall carry out its duties independently in accordance with the law and may dispose of the cases in respect of fair trade in the name of the Commission.

Article 29

There shall be a separate law enacted to govern the organizational structure of the Fair Trade Commission.

CHAPTER V COMPENSATION FOR DAMAGES

Article 30

If any enterprise violates any of the provisions of this Law and thereby infringes upon the rights and interests of another, the injured may demand the removal of such infringement; if there is a likelihood of infringement, prevention may also be claimed.

Article 31

Any enterprise that violates any of the provisions of this Law and thereby infringes upon the rights and interests of another shall be liable for the damages arising therefrom.

Article 32

In response to the request of the person being injured as referred to in the preceding article, a court may, taking into consideration of the nature of the infringement, award damages more than actual damages if the violation is intentional; provided that no award shall exceed three times of the amount of damages that is proven.

Where the infringing person gains from its act of infringement, the injured may request to assess the damages exclusively based on the monetary gain to such infringing person.

Article 33

No claim for damages as prescribed in this Chapter shall be allowed unless the right is exercised within two years after the claimant knows the act and the person liable for the damages; nor shall the claim be allowed after lapse of ten years from the time of infringing conduct.

Article 34

In filing a suit with a court in accordance with this Law, the injured may request the content of the judgment to be published in a newspaper at the expenses of the infringing party.

CHAPTER VI PUNISHMENT

Article 35

If any enterprise violating the provisions of Articles 10, 14, or paragraph 1 of Article 20 is ordered by the central competent authority pursuant to Article 41 to cease therefrom, rectify its conduct, or take necessary corrective action within the time prescribed in the order, and after the lapse of such period, shall such enterprise fail to cease therefrom, rectify such conduct, or take any necessary corrective action, or after its ceasing therefrom, shall such enterprise have the same or similar violation again, the actor shall be punished by imprisonment for not more than three years or detention, or by a fine of not more than one hundred million New Taiwan Dollars, or by both.

Any person violating any of the provisions of Article 23 shall be punished by imprisonment for not more than three years or detention, or by a fine of not more than one hundred million New Taiwan Dollars, or by both.

Article 36

If any enterprise violating the provisions of Article 19 is ordered by the central competent authority pursuant to Article 41 to cease therefrom, rectify its conduct, or take necessary corrective action within the time prescribed in the order, and after the lapse of such period, shall such enterprise fail to cease therefrom, rectify such conduct, or take necessary corrective

action, or after its ceasing therefrom, shall such enterprise have the same or similar violation again, the actor shall be punished by imprisonment for not more than two years or detention, or by a fine of not more than fifty million New Taiwan Dollars, or by both.

Article 37

Shall any enterprise violate the provisions of Article 22, the actor shall be punished by imprisonment for not more than two years or detention, or by a fine of not more than fifty million New Taiwan Dollars, or by both.

No action shall be brought against the violation referred to in the preceding paragraph unless there is a complaint filed.

Article 38

Shall any juristic person be convicted of the violation referred to in any of the three preceding articles, not only the actor shall be punished in accordance with the provisions of the three preceding articles, the juristic person shall also be fined as prescribed in each of the respective articles.

Article 39

Where any other laws provide for more severe punishment than those prescribed in the preceding four articles, the provisions of such other laws shall apply.

Article 40

Where any enterprise(s) proceeds with a merger in violation of Paragraph 1 or 3 of Article 11 herein, or proceeds with a merger despite that the Central Competent Authority decides upon the filing to prohibit such merger, or fails to perform the undertakings required as pursuant to Paragraph 2 of Article 12, in addition to the disposition pursuant to the provisions of Article 13, an administrative penalty of not less than one hundred thousand nor more than fifty million New Taiwan Dollars shall be assessed upon such enterprise(s).

Where any enterprise(s) proceeds with a merger under the circumstance set forth in Subparagraph 2 of the proviso of Article 11, Paragraph 5, an administrative penalty of not less than fifty thousand nor more than five hundred thousand New Taiwan Dollars shall be assessed upon such enterprise(s).

Article 41

The Fair Trade Commission may order any enterprise that violates any of the provisions of this Law to cease therefrom, rectify its conduct or take necessary corrective action within the time prescribed in the order; in addition, it may assess upon such enterprise an administrative penalty of not less than fifty thousand nor more than twenty-five million New Taiwan Dollars. Shall such enterprise fails to cease therefrom, rectify the conduct or take any necessary corrective action after the lapse of the prescribed period, the Fair Trade Commission may continue to order such enterprise to cease therefrom, rectify the conduct or take any necessary corrective action within the time prescribed in the order, and each time may successively assess thereupon an administrative penalty of not less than one hundred thousand nor more than fifty million New Taiwan Dollars until its ceasing therefrom, rectifying its conduct or taking the necessary corrective action.

Article 42

Any person violating the provisions of Article 23, in addition to being subject to the disposition pursuant to the provisions of Article 41, may be subject to an order for dissolution, suspension or termination of business operation if the violation is serious.

Any person violating any of the provisions of paragraph 2 of Article 23-1, paragraph 2 of Article 23-2, or Article 23-3, may be ordered to cease therefrom, rectify its conduct, or take necessary corrective action within the time prescribed in the order; in addition, an administrative penalty of not less than fifty thousand nor more than twenty-five million New Taiwan Dollars may be assessed upon it. After the lapse of the prescribed period, shall it fail to cease therefrom, rectify its conduct or take any necessary corrective action within the time prescribed, it may be ordered continuously to cease therefrom, rectify its conduct or take necessary corrective action within the time prescribed, and in addition, an administrative penalty of not less than fifty thousand nor more than fifty million New Taiwan Dollars may be assessed successively thereupon each time until it ceases therefrom, rectifies its conduct, or takes necessary corrective action. Shall the violation be serious; an order for dissolution of the enterprise or suspension or termination of its operations may be made.

Any enterprise violating the regulations which is promulgated by the Central Competent Authority pursuant to the provisions of Article 23-4 shall be subject to the disposition prescribed in Article 41.

Article 42-1

The periods for suspension of business operation ordered pursuant to this Law shall be limited to six months each.

Article 43

Shall any person subject to any investigation conducted by the Fair Trade Commission pursuant to the provisions of Article 27 refuse the investigation without justification, or refuse to appear to respond or to render relevant materials such as books and records, documents, or exhibits by the set time limit, an administrative penalty of not less than twenty thousand nor more than two hundred fifty thousand New Taiwan Dollars shall be assessed upon it. Shall such person continue to refuse without justification upon another notice, the Fair Trade Commission may continue to issue notices of investigations, and may assess successively thereupon an administrative penalty of not less than fifty thousand nor more than five hundred thousand New Taiwan Dollars each time until it accepts the investigation, appears to respond, or renders relevant materials like books and records, documents, or exhibits.

Article 44

Shall any person upon which an administrative penalty is assessed pursuant to the preceding four articles refuse to pay such penalty; the matter shall be referred to the court for compulsory execution.

CHAPTER VII SUPPLEMENTARY PROVISIONS

Article 45

No provision of this Law shall apply to any proper conduct in connection with the exercise of rights pursuant to the provisions of the Copyright Law, Trademark Law, or Patent Law.

Article 46

Where there is any other law governing the conducts of enterprises in respect of competition, such other law shall govern; provided that it does not conflict with the legislative purposes of this Law.

Article 47

Any unrecognized foreign juristic person or organization may file a complaint for public prosecution, private prosecution, or civil action pursuant to the provisions of this Law; provided, however that any national or organization of the Republic of China in the country of such foreign juristic person or organization must be entitled to the right of the kind in accordance with any treaty, or any law, regulation, or custom of such country; or through any agreement entered into by any organization(s) or institution(s) and approved by the Central Competent Authority, for mutual protection.

Article 48

The enforcement rules of this Law shall be made and promulgated by the Central Competent Authority.

Article 49

This Law shall take effective one year from promulgation. Amendments to this Law shall take effect from the date of promulgation.

Enforcement Rules to the Fair Trade Act of 2002

Article 29

"Participant" as used in Paragraph 3, Article 23bis, and Paragraph 2, Article 23ter, of the Law means the party to a contract that has been rescinded or terminated, and does not extend to other participants.

4. Supervisory Regulations Governing Multi-Level Sales (2009)

Promulgated on February 28, 1992
by Fair Trade Commission Order (81) Kung Mi Fa Tzu No. 001

Amendments Promulgated on June 16, 1999
by Fair Trade Commission Order (88) Kung Mi Fa Tzu No. 01588

Amendments Promulgated on April 24, 2002
by Fair Trade Commission Order Kung Mi Fa Tzu
No. 0910003680

Amendments Promulgated on November 26, 2003
by Fair Trade Commission Order Kung Mi Fa Tzu
No. 0920010906

Amendments Promulgated on December 24, 2004
by Fair Trade Commission Order Kung Mi Fa Tzu
No. 093000976

Amendments Promulgated on May 25, 2009
by Fair Trade Commission Order Kung Mi Fa Tzu
No. 0980004914

CHAPTER ONE GENERAL PROVISIONS

Article 1

These Regulations are promulgated pursuant to the provisions of Article 23-4 of the Fair Trade Act ("the Act" for short).

Article 2

The provisions of these Regulations shall apply to relevant matters including any multi-level sales enterprise' filing for record, inspection of activities, required CPA certification of and public disclosure of financial statements, matters requiring notice to participants, the content of participation agreements, the protection of participants' interests, conduct prohibited as materially affecting the interests of participants, and managerial obligations toward participants.

Article 3

(Deleted)

Article 4

(Deleted)

CHAPTER TWO PROCEDURES OF REPORT FILING FOR RECORD

Article 5

Prior to engaging in multi-level sales operations, a multi-level sales enterprise, should prepare a complete and truthful report containing the following items, and apply for record by the central competent authority:

1. the name of the enterprise, the actual paid in capital, the representative or legally responsible natural person, location, date of establishment, and documents pertaining to the corporation and business registration;
2. primary place of business and other business operating places;
3. the date of commencement of multi-level sales operations;
4. conditions for participating in the multi-level sales plan or organization;
5. the multi-level sales structure, including commissions, bonuses and other economic benefits provided, conditions for earning such remuneration, methods of calculation, and estimates for the highest percentage such payments constitute within the overall sales income;
6. the participation agreement terms and conditions as well as the form of the contract;
7. the itemized products or services for sale, prices, unit costs, uses of the product or service, place of

origin or source, and other related matters;

8. for enterprises which have a partial refund policy providing a standard for determining the degree of use or damage of a product or service pursuant to Article 23-2 or 23-3 of the Act, provide the standard and its contents; and
9. such other matters as may be required by the central competent authority.

The format and process of report discussed in the preceding paragraph may be prescribed by the central competent authority.

Article 6

Multi-level sales enterprises which fail to provide a complete report meeting the requirements of paragraph one of the preceding article, shall be deemed to not have filed a complete report, and the central competent authority may return their report, and order them to resubmit a complete one for record.

If it deems necessary, the central competent authority may order a multi-level sales enterprise to provide additional materials to supplement any item listed in paragraph one of the preceding article.



Regarding any of the requirements in paragraph one of the preceding article, the central competent authority may in its discretion determine it to be appropriate, to order the multi-level sales enterprise to provide additional supplemental amendments to the report; if the amendatory supplements are not filed, then the preceding paragraph may be applied.

Article 7

Except for changes regarding the unit costs in Article 5(1)(vii), all other alterations in the required materials submitted in the report for the multi-level sales enterprise, should be reported prior to their going into effect. But for items included within the scope of Article 5(1)(i) above, which may have changed, it is permitted to report within 15 days of the change.

The format and process of making amendment to the report discussed in the preceding paragraph may be prescribed by the central competent authority.

Article 8

Multi-level sales enterprises which intend to cease their multi-level sales operations, should file a written report with the central competent authority prior to cessation.

Article 9

The central competent authority shall record in a roster the names of multi-level sales enterprises found, upon checking, to have fully reported all the information in paragraph 1 of Article 5.

The roster of multi-level sales enterprises and the important developments of the relevant information thereof shall be published by the central competent authority.

The publication referred to in the preceding paragraph may take the form of publication on the World Wide Web site, or other forms sufficient to make the information widely known to the public.

Article 10

If a multi-level sales enterprise listed in the roster is found, upon checking, to have relocated to an unknown location or shows no evidence of operation, the central competent authority may note such circumstances in the roster.

CHAPTER THREE RIGHTS AND OBLIGATIONS OF PARTICIPANTS

Article 11

Before a participant takes part in the sales organization or plan of a multi-level sales enterprise, the enterprise shall inform the participant of the following particulars, and shall make no dissembling, false, or misleading presentations:

1. Paid-up capital and gross business volume in the preceding year, or, if the enterprise has been operating for less than one year, the cumulative business volume for the months of operation;
2. multi-level sales system, which shall include the contents of the attainable benefits, acquiring requirements and measuring methods from goods or services directly promoted or sold by participants as well as from goods or services promoted or sold by participants who joined the multi-level sales system posteriorly.
3. laws and regulations relevant to multi-level sales;
4. obligations and responsibilities of a participant;
5. the itemized products or services for sale, prices, unit costs, uses of the product or service, place of origin or source, and other related matters;
6. conditions, terms, and scope of warranties against defects of the goods or services;
7. conditions of withdrawal by a participant from the organization or plan, and rights and obligations arising from the withdrawal; and
8. such other matters as may be required by the central competent authority.

Shall make no false or misleading presentations on items listed in the preceding paragraph when a participant introduces another person to take part in the organization or plan.

Article 12

A multi-level sales enterprise shall enter into a participation contract in writings with that who intends to take part in the sales organization or plan as a participant; the participation contract shall include the

matters prescribed in items 2 through 8 of paragraph 1 of the preceding article.

The writings referred to in the preceding paragraph may not be in the form of an electronic document.

Article 13

The content of written contract, which should be disclosed by multi-level sales enterprise to participants, in accordance with item 7, paragraph 1 of article 11, should include articles 23-1 through 23-3 of the Act, except for those are beneficial to participants.

Article 14

The method for handling a request by a participant to return goods in the event a multi-level sales enterprise rescinds or terminates the contract for breach of operational rules or plans by such participant or other reasons attributable to such participant, shall be specified in the contract.

Article 15

A multi-level sales enterprise shall prepare and keep in its main office the following audited financial statements for the previous accounting year certified by a Certified Public Accountant:

1. balance sheets; and
2. income statement.

A participant who has joined a multi-level sales enterprise for more than one year and who was entitled to obtain commission, bonus, or other economic benefit during the preceding year, may inspect the audited financial statements as specified in the preceding paragraph of the multi-level sales enterprise to which the participant belongs. The multi-level sales enterprise may not refuse such request without justifiable reason.

A multi-level sales enterprise shall continue to abide by the provisions of the preceding two paragraphs for two months after it ceases multi-level sales activities.

Article 16

A multi-level sales enterprise that recruits a minor as its participant shall first obtain the written consent of the minor's statutory agent, and shall furthermore attach it to the participation contract.

The written consent referred to in the preceding paragraph may not be in the form of an electronic document.

CHAPTER FOUR SALES ACTIVITIES

Article 17

A multi-level sales enterprise may not engage in any of the following activities:

1. requiring a participant to pay any fee obviously incommensurate with the cost in the name of training, seminars, social activities, meetings, or other like activities;
2. requiring a participant to pay or undertake any security deposit, breach penalty, or other liability, where such is obviously unreasonable;
3. requiring a participant to purchase goods in a quantity that would obviously be impossible for an average person to sell out in a short period, unless it is agreed that the price shall be paid only after the goods are re-sold;
4. unjustifiably withholding commissions, bonuses, or other economic benefit payable to a participant after rescission or termination of the contract;
5. stipulating that a participant shall be paid greater benefits only after he pays training fees obviously incommensurate with the cost or pays other obviously unjustifiable consideration;
6. giving specific persons preferential treatment in a manner contrary to the multi-level sales organization or plan, such that the commissions, bonuses, or other economic benefits that should be available to other participants would be diminished;
7. improperly hindering a participant from returning goods arising from rescinding the contract or terminating the contract;
8. requiring a participant to undertake obviously unfair obligations.

The provisions of the preceding paragraph shall apply mutatis mutandis to participants.

Article 18

For purposes of regulating the activities of its participants in respect of multi-level sales, a multi-level sales enterprise shall stipulate that the following are breaches of contract by the participant, and shall prescribe methods for handling such breaches and faithfully enforce them:

1. promoting or selling goods or services, or recruiting participants to the sales organization, by deceptive or misleading means;
2. raising funds from other persons in the name of the multi-level sales enterprise or through its organization;
3. engaging in sales activities by means that run counter to public order or good morals;
4. affecting the market trading order or creating heavy losses to consumers by improper direct sales calls;
5. engaging in sales activities that violate the Criminal Code or other laws or regulations governing industry and commerce.

Article 19

When recruiting participants by advertising or other means of communication to the public, a multi-level sales enterprise shall make it clearly known that it is engaged in multi-level sales activities; neither may it recruit participants under the guise of recruiting employees or on other pretense.

The provisions of the preceding paragraph shall also apply to participants.

Article 20

When promoting or selling goods or services or recruiting participants by means of declared cases of success, a multi-level sales enterprise or its participants shall concretely explain the time periods, benefits obtained, and course of development of such cases, and may not make false or misleading representations.

Article 21

After a participant joins the sales organization or plan

of a multi-level sales enterprise, the enterprise shall educate and train the participant with respect to laws and regulations relevant to multi-level sales and to channels for filing complaints about infractions of law by enterprises.

CHAPTER FIVE INSPECTION OF BUSINESS

Article 22

A multi-level sales enterprise shall prepare and keep in its principal place of business the following written materials, and record therein on a monthly basis its development within the territory of the Republic of China:

1. the organizational system of the enterprise overall and at each level of its hierarchy;
2. total number of participants, and numbers of participants that joined and withdrew in the relevant month;
3. each participant's name or appellation, citizen's ID card number or number appeared on the business license, address, and contact telephone number; and the areas in which the participants are mainly located;
4. written participation contracts signed with the participants;
5. types, quantities, and monetary amounts of the goods or services sold, and other matters related thereto;
6. status of the payment of commissions, bonuses, or other economic benefits;
7. status of the handling of return of goods by participants and the aggregate amount of purchase price refunds paid.

The materials in the preceding paragraph shall be kept for five years; the same shall apply in the case of an enterprise that ceases multi-level sales activities.

The written materials in the first paragraph may be stored by means of electronic data storage media.

Article 23

The central competent authority may at any time dispatch personnel to inspect the materials provided for in the preceding article, or order an enterprise to provide those materials at regular intervals; the enterprise may not impede, refuse, or evade such inspection or order.

CHAPTER SIX SUPPLEMENTARY PROVISIONS

Article 24

(Deleted)

Article 25

(Deleted)

Article 26

The Regulations shall be in force from the date of promulgation.



Part 5

Operation and Support

Amway Taiwan Facilities

Service Call: (03) 353-7800

Business Hours: Mon~Fir 8:30~18:00

Taipei Office

Business Hours: Mon~Fir 9:00~12:30; 13:30~18:00

Address: 11F, No. 168, Tun Hwa N. Rd., Taipei City

TEL: (02) 2546-7566

Taipei Experience Center

Business Hours: Mon~Sat 10:00~20:00;

Sun 12:00~18:00

Address: B1, No. 168, Tun Hwa N. Rd., Taipei City

TEL: (02) 2546-7566

Amway Experience Plaza

Address: No. 139, Jinxi Rd., Luchu Township, Taoyuan County

Business Hours: Mon~Sat 10:00~20:00;

Sun 12:00~18:00

TEL:(03) 270-6168

Hsinchu Experience Center

Business Hours: Mon~Sat 10:00~20:00;

Sun 12:00~18:00

Address: No. 23, Zhuangjing S. Rd., Zhubei City, Hsinchu County

TEL: (03) 620-6300

Taichung Experience Center

Business Hours: Mon~Sat 10:00~20:00;

Sun 12:00~18:00

Address: No. 800, Yungtsun E. Rd., Taichung City

TEL: (04) 3701-6000

Chiayi Experience Center

Business Hours: Mon~Sat 10:00~20:00;

Sun 12:00~18:00

Address: No. 513, Zhongxiao Rd., Chiayi City

TEL:(05) 320-6030

Tainan Experience Center

Business Hours: Mon~Sat 10:00~20:00;

Sun 12:00~18:00

Address: No. 129-1, Sec.2 Yunghwa Rd., Tainan City

TEL: (06) 702-6600

Kaohsiung Experience Center

Business Hours: Mon~Sat 10:00~20:00;

Sun 12:00~18:00

Address: No.299, Boai 3rd Rd., Zuoying Dist.,

Kaohsiung City

TEL: (07) 973-6050

Banciao Service Center

Business Hours: Tue~Sat 12:00~20:00;

Sun 12:00~18:00

Address: 1F., No.235, Sec. 2, Minsheng Rd., Banciao

Dist., New Taipei City

TEL: (02) 6620-1888

How to Order

Currently, Amway Taiwan provides several different ordering ways for the distributors so that you can select the most suitable way to place orders. After receiving the order, Amway will soon safely deliver the products to the address of the distributor. The distributor can also choose to pick up the products at the Experience Centers. The ordering procedures and the relevant notes are as follows:

1. Voice Orders:

Toll-free voice ordering number: 0800-016811
home delivery

2. Internet Orders:

<http://www.amway.com.tw>
home delivery

3. Phone Orders:

phone number:(03) 353-7900
home delivery

4. Fax Orders:

fax number:(03) 322-3735

home delivery

5. Mail Orders: Fill up the ordering form and send it with the receipt of the mailing remittance to Order Handling Group (address : No.139, Jinxi Rd., Luchu Township, Taoyuan County 338)

Giro account no. : 17688941

Account Title : Amway Taiwan Company Limited
home delivery

6. Counter Orders:

Amway Experience Centers/ Plaza

home delivery/center pick-up

Processing Fees

Distributors are entitled to waive the home delivery processing fee when the ordering amount (including VAT) reaches or exceeds NT\$2,000 (based on distributor price). If not, a processing fee of NT\$150 will be charged.

Cash Vouchers

If the ordered products are "TNA, Temporarily Not Available" or "NLA, No Longer Available" , Amway will offer cash vouchers to the distributors to assure your PV and BV. The cash voucher can be used as cash payment for Amway products; the PV and BV will be deducted then.

In the condition that the amount of TNA/NLA items exceeds NT\$5,000, Amway would automatically delete these items from the order and refund in 15 days; no more cash vouchers will be issued and the PV and BV of these items will not be counted.

How to Renewal

Your distributor authorization is valid for one year and shall be renewed annually to maintain your distributorship; otherwise, the authorization will automatically lapse at midnight of the last day of the expiration month.

You may apply to renew authorization by submitting to Amway Taiwan the Intent to Continue Renewal Agreement along with the renewal fee NT\$500 before the due date. Your renewal may be conducted when you place order through the internet, mail, telephone, or at Experience Centers.

Satisfaction Guarantee

The Standard Amway Satisfaction Guarantee

Anytime you buy an Amway product you have the right to use it for a reasonable time to determine if it is satisfactory and you want to keep it. If you decide it is not satisfactory, you may return it to the Amway distributor from whom you purchased it. The distributor will offer you the choice of replacement without charge, or full credit toward the purchase of another Amway product, or a refund of the full purchase price. This guarantee does not apply to products that have been intentionally damaged or misused.

* The reasonable time starting from the day when the invoice of the products was issued by Amway is no longer than 2 years.

The 90 Days Satisfaction Guarantee (for durable products)

If you purchase Amway Cookware or other Home Tech durable products such as eSpring or Atmosphere, you have right to use the Amway product for 90 days from date of purchase to determine if it is satisfactory and you want to keep it. If, within such 90-day period, you decide it is not satisfactory, you may return it to the Amway distributor from whom you purchased it. The distributor will offer you the choice of replacement without charge, or full credit toward the purchase of another Amway product, or a refund of the full purchase price. This Guarantee does not apply to products that have been intentionally damaged or misused.

* The 90 days starts from the day when the invoice of the products was issued by Amway.

The 14 Days Hesitation Period

If you purchase DORIAN extra virgin olive oil, R&J product series, you are entitled to a 14-day hesitation period, starting from the day when the invoice of the products was issued. Within this 14-day period, if you decide it is not satisfactory, you may return the unsealed product to the Amway distributor from whom you purchased it. The distributor will offer you the choice of replacement without charge, or full credit toward the purchase of another Amway product, or a refund of the full purchase price. This guarantee does not apply to products that have been intentionally damaged or misused.

Product Return & Replacement Policy

	Subject of Application	Required Documents	Application Method	Refund Method
Return	Dissatisfaction	1. Returned Merchandise Application Form(SA112TW1) 2. Original purchase dedicated invoice	Send the required documents with the product to Amway Experience Centers/ Plaza	Refund with cash vouchers
	Over inventory		Send the required documents with the product or the Starter Kit to Amway Experience Centers/Plaza	Refund to the purchaser carried on the original invoice by bank transfer
Replacement	Replacement of durable products for product deficiency	1. Warranty card(user info need to be filled out) and the copy of the original purchase dedicated invoice 2. Description of product flaws	Send the required documents with the product to Amway Experience Centers/ Plaza	Replace the product by another of the same kind
	Product deficiency or package damage	1. Copy of the original purchase dedicated invoice 2. Description of product flaws		
	Subject of Application	Required Documents	Application Method	Refund Method
Withdrawal	Withdrawal from distributorship	1. Returned Merchandise Application Form (SA112TW1) 2. Original purchase dedicated invoice 3. Distributor card or a copy of ID card of the withdrawing distributor	Send the required documents with the Starter Kit to Amway Experience Centers/ Plaza	Refund to the purchaser carried on the original invoice by bank transfer
	Withdrawal from distributorship and return of inventory		Send the required documents with the product or the Starter Kit to Amway Experience Centers/ Plaza	

* For items of BSMs, please refer to the latest Amway Distributor Price List.

* If a distributor wishes to return a product which carries a free gift or premium item, both the product and the premium must be presented for return. Amway has the right to deduct the cost of the missing premium from the product refund.

Unacceptable Items	
	<ol style="list-style-type: none"> 1. BSMs and replacement parts of Home Tech durable products 2. Products that have been intentionally damaged or misused 3. Products that are not covered by Amway Satisfaction Guarantee 4. Information provided is verified to be false 5. Products that have passed the satisfaction guarantee period specified in Amway Satisfaction Guarantee counting from the date of purchase. 6. Products of those who have ill-meaningly or intentionally abused Amway Satisfaction Guarantee
	<ol style="list-style-type: none"> 1. BSMs 2. NLA products or old packing products that have passed 6 months counting from the date of publication in Amagram 3. Products of which the transparent packing film or other packaging be broken 4. The Starter Kits that lack of blank application forms(SA88TW) due to inventory 5. Products that are not covered by Amway Satisfaction Guarantee 6. Products that have passed the date of expiration or have been bought for over one year counting from the date of purchase.
	<ol style="list-style-type: none"> 1. Products that have been damaged accidentally or misused or reconstructed 2. Products that have been used in commercial places 3. Normal consumption/loss of products
	<ol style="list-style-type: none"> 1. Products that have been intentionally damaged 2. Products that have been misused 3. Products that have been improperly stored 4. Replacement of the product by another of different kinds
Buy-back Rules	
	<ol style="list-style-type: none"> 1. Please make the application by yourself or ask a distributor of the same LOS to do it for you. Do not ask a cross-line distributor to make a withdrawal application for you. 2. Those whose ADA number starts with 3, 4 or 5 have to return the plastic package of the Starter Kits. 3. Those whose ADA number starts with 6 or a larger number do not need to return the paper-made package of the Starter Kits.
	<ol style="list-style-type: none"> 1. All products (with or without PV) are eligible to apply for inventory return. Those who apply for inventory return within 30 days after the rescission of the Distributor Agreement will receive a refund of the full purchase price. Those who apply for inventory return after the termination of the Distributor Agreement will receive a refund of 95% of the full purchase price, but the prepaid bonus and value loss concerning the product in question may be deducted. 2. Products meeting one of the following situations will be considered 100% value loss: <ol style="list-style-type: none"> 1) Products that have been opened and used 2) NLA products or old packing products that have passed 6 months counting from the date of publication in Amagram 3) Products that have passed the date of expiration (Please think over the above situations when you apply for withdrawal and return of products in order to avoid from extra freight.)



Amway

Amway Taiwan Company Limited. 11F, No. 168, Tun Hwa N. Rd., Taipei City, Taiwan All rights reserved.
Service Call: (03)3537800 <http://www.amway.com.tw> 201105



WHU1732TW