



MEMORANDUM

To : All Stockists, Mobile Stockists and Distributors
Date : 10/4/2009
Re : **PRICE-UNDERCUTTING**

Warm greetings from Smart Naco!

The issue of price-undercutting on IgG-Plus has been brought to the company's attention. We are looking seriously into the matter as this activity is adversely affecting the efforts and benefits of all our distributors and ultimately hampering the growth of the product. It is very disheartening to discover that this counter-productive activity of selling below our fixed distributor's price is perpetuated by some stockists and distributors just to achieve their own selfish objectives without consideration for the welfare of the many other members of the Naco family.

Here, we would like to highlight again that *price-undercutting is a breach of Part 2, Section 5(5) of Policies & Procedures for Distributor*, which entitles the company to exercise its right under *Part 3, Section 4: Suspension & Termination of Policies & Procedures for Distributor*. The period of suspension shall be decided by the company as it deems fit.

As this unhealthy activity is detrimental to all in general, the company urges all our distributors to stand united with us and together we say "NO" to all price-undercutting. Should you discover any price-discounting on IgG-Plus, please provide the company with more information and details, and where possible, receipts for us to pursue legal action.

The company appreciates your contribution and continued support. As a member of the Naco family, your adherence to the company's policies and procedures is a big step in helping to build and maintain a healthy direct sales environment for all distributors of the company. The company is committed to your well-being and hope to receive the same in return.

The benefits of the Naco business is for all to share, so let us all join hands in opposing price-undercutting!

Thank you.

From,

THE MANAGEMENT OF SMART NACO SDN BHD