



POLICIES &
PROCEDURES

QNET

POLICIES & PROCEDURES

1) Purpose

These Policies & Procedures (“P&P”) spell out the rights and obligations between QNet (M) Sdn Bhd (the “Company”) and its Independent Representatives (“Representatives”). The P&P, the IR Application Form that is accepted by the Company, the Compensation Plan and the Product Terms & Conditions together govern the total contractual relationship between the Company and its Representatives.

2) Definitions

“Account” means the account a Representative is given when s/he first becomes a Representative and is used to perform all transactions using a Representative Identification Number.

“Agreement” means the completed online or manual IR Application Form that was submitted by a Representative and subsequently accepted by the Company.

“Anniversary Date” means the anniversary of the date on which a Representative was accepted as a Representative.

“Annual Membership Fee” means the non-refundable annual administration fee a Representative has to pay to renew his/her contractual relationship, as a Representative with the Company.

“Business Kit” means a kit that includes training materials, product catalogues, brochures, flyers and the Company's information.

“Company” means QNet (M) Sdn Bhd, which is a company incorporated under the laws of Malaysia and having its principal place of business at 3A, Menara Amcorp, Amcorp Trade Centre, 18 Jalan Persiaran Barat, 46050 Petaling Jaya, Selangor, Malaysia.

“Compensation Summary” means a periodic statement issued by the Company to its Representatives that lists the value of commissions and/or bonuses each Representative has earned within the relevant period.

“Retail Customer” means a person who purchased the Company's products but does not register as a Representative.

“Downline” means the Representative registered below an existing Representative in the Genealogy as the context requires.

“Genealogy” means the relationship or relative positioning of Representatives in the Company's database.

“IR Application Form” means the form which a person can submit in support of his/her interest to become an Independent Representative of the Company.

“Merger” means the combination of two (2) or more into one (1).

“P&P” means the Policies & Procedures as stated herein.

“Person” includes any body of persons, corporate (for example a limited company) or unincorporated (for example a club or an association).

“Products” mean any products including services, unless the context otherwise requires.

“Product Terms & Conditions” means the terms and conditions imposed on the orders and purchase of each Product, as detailed in Appendix 2.

“QNet Compensation Plan” or **“Compensation Plan”** means the QNet Marketing and Compensation Plan as detailed in Appendix 1.

“Quest Account” means an accounting record inside the Company's accounting system. Each Representative has his/her own Quest Account. Such an Account records the amount of money the Company owes to the corresponding Representative or vice versa.

“Representative” or **“IR”** means Independent Representative of the Company. A person becomes a Representative if s/he applies according to the procedures as stipulated in the P&P and is subsequently accepted by the Company to be its Independent Representative for the promotion of its products.

“Representativeship” means the Account that a Representative has and all other interests s/he has as a Representative.

“Representative Identification Number” or **“IR ID”** means the identification number that the Company assigns to a Representative when the Company accepts that person as its Representative. [See sub-clause 4.01] A Representative's Representative Identification Number is a unique number for each Representative and it will be used to identify that Representative through his/her Representative business relationship with the Company.

“Referrer” means a Representative who referred/introduced Retail Customers and/or other Representatives to the Company.

“Tracking Centre” or **“TC”** means a payout centre in the Company's database. Commissions and/or bonuses are calculated with reference to the TC.

“Upline” means a Representative directly or indirectly above the TC or Representative respectively in the Genealogy as the context requires.

3) Independent Representatives

3.01 How to become an Independent Representative

To become an Independent Representative you shall:

- (a) Be of legal age in the state, territory or country of your domicile;
- (b) Have a referring Upline;
- (c) Complete the online IR Application Form on the official website of the Company and forward the completed application together with a copy of a National Identification Card or Passport to the Company's office in Malaysia, within two (2) weeks from the date of the Agreement;
- (d) Pay a non-refundable registration fee ("Registration Fee"), the price of which includes a Business Kit.

3.02 Repurchase

The Company will not repurchase any company-produced promotional materials and/or Business Kit when a Representative, for whatever reasons, leaves the Company and decides not to be a Representative any longer.

3.03 Business Entity

For applications other than for a natural person, all legal documents along with stockholder details for applying legal entity shall be produced. They shall be submitted within ten (10) days from the date of application to the Company's Office in Malaysia. Failure to produce such documents may cause the application to be rejected.

3.04 Changes in Directorships or Shareholder

In the event of any changes in Directorships or Shareholder in said entities in sub-clause 3.03, they shall immediately inform the Company of the change(s) and the Company shall have the right at its sole discretion to terminate or confirm their Representativeship.

3.05 Multiple online Representative Application Forms

If an applicant submits multiple online IR Application Forms that list different Referrers, only the first completed application received by the Company will be accepted.

3.06 Retail Customer's Referrer

For a Retail Customer of the Company who later applies to become a Representative, his/her last Referrer for his/her purchase shall also be his/her Referrer of his/her

Representativeship, unless the Retail Customer's last purchase from the Company was more than six (6) months before his/her Representative application and in his/her application s/he states another Representative as his/her Referrer.

3.07 Acceptance

The applicant will only be a Representative if his/her application is received and accepted by the Company. The Company has the right to accept or decline any application at its sole discretion. In the case of rejection, a notice will be given to the applicant with a complete refund including those listed in sub-clause 3.01(d).

3.08 Fictitious or assumed name

A person or entity may not apply as a Representative using a fictitious or assumed name.

4) Appointment

4.01 Representative status

Once the Company accepts an applicant's IR Application Form, the Company will grant to the applicant a Representative status within the Compensation Plan by sending to him/her an electronic mail notification and thereafter the applicant becomes a Representative. The Company will give the Representative a Representative Identification Number. The Representative shall include his/her Representative Identification Number in all his/her orders and correspondences with the Company.

4.02 Rescission by the Company

The Company reserves the right to rescind the said acceptance at its sole discretion within sixty (60) days after receipt of the application. Upon rescission of the acceptance, the Company shall give notice to the applicant to notify him/her of the rescission. However, the Company is not obliged to give any reason to the applicant for the Company's decision to rescind.

4.03 Renewal

- (a) The appointment of a Representative is for a term of one (1) calendar year only. A Representative must renew his/her Representativeship annually on or before the Anniversary Date. Subject to any relevant requirements under the Compensation Plan, the Representative has a right to renew the Agreement by paying the non-refundable Annual Membership Fee on or before the Anniversary Date. If a Representative fails to renew the Agreement on or before the Anniversary Date, s/he will thereafter have a grace period of thirty (30) days to pay the Annual Membership Fee. If Annual Membership Fee is paid within the thirty (30) days, s/he will be deemed to have renewed his/her Agreement on his/her Anniversary Date in

that year.

- (b) A Representative has the right not to renew his/her Agreement at his/her sole discretion. If a Representative does not renew his/her Representativeship on or before his/her Anniversary Date and before the expiry of the grace period, his/her Representativeship shall become inactive with retrospective effect back to the date of the relevant Anniversary Date. Once a Representativeship becomes inactive, the IR concerned shall not be entitled to enjoy any IRs' rights provided for in this P&P, including, but not limited to, the right to any commissions and/or bonuses accrued after that Anniversary Date should his/her Representativeship have not become inactive, except the right to renew his/her Representativeship by paying the non-refundable Annual Membership Fee.

- (c) If an inactive IR subsequently renews his/her Representativeship, s/he shall thereafter be entitled to enjoy all the rights provided for in the P&P. For avoidance of any doubt, a former inactive IR shall be entitled only to commissions and/or bonuses accrued after his/her renewal. S/he is not entitled to any commissions and/or bonuses that may have been accrued in the period during which his/her Representativeship is inactive, i.e. from the relevant Anniversary Date up to the date of his/her renewal.

4.04 Independent contractor

A Representative is an independent contractor having the rights and obligations conferred by the P&P to promote or market the products of the Company.

4.05 No right to represent Company

A Representative is not a franchisee, partner, employee, agent or representative of the Company. S/he has no right to, and shall not, represent himself/herself as such. The relationship between a Representative and the Company is wholly governed by this P&P. Any breach of this sub-clause on the part of the Representative is a serious breach of the P&P and may result in the immediate termination of his/her Representativeship.

4.06 Non-employee

As a Representative is not an employee of the Company, any costs s/he incurs in the development of his/her business are at his/her own expenses. S/he shall not be entitled to seek reimbursement from the Company.

4.07 Claim of workmen's compensation

Similarly, the Company is not responsible for payment or co-payment of any employee benefits for its Representatives. Representatives are responsible for their own liability, health, disability and workmen's compensation insurance, etc.

5) Representative's Rights and Obligations

5.01 Non-exclusivity

A Representative has a non-exclusive right to market and promote products of the Company. There are no geographical limitations existing on the referring or selling country, provided, however, that the Company reserves the right not to sell products or services in any states, territories or countries.

5.02 Right to refer

Only a Representative has a right to refer Customers and/or refer another new Representative to the Company and enjoy the benefits under the Compensation Plan for doing so. When referring new Representatives to the Company, the referring Representative shall give the person/s whom s/he intends to refer a copy of the P&P, a Representative Application Form, and details of the Compensation Plan.

5.03 Right to purchase at discounted prices

The first purchase of products by a Representative of the Company shall be at Retail Price(s) if the Representative has not been able to promote any product of the Company successfully to a Customer before his/her own first purchase. Subject to the aforesaid, the Representative shall have a right to purchase products of the Company at a discounted price (the "IR Price").

5.04 Rights to Company literatures and communication, etc; Rights to participate in Company functions

Representatives may receive periodic literature and other communication from the Company. They will also be invited to, and upon payment of appropriate charges if applicable, participate in Company-sponsored support, service, training, motivational and recognition functions. They may also be invited to participate in promotional and incentive contests and programmes referred by the Company for its Representatives.

5.05 No right to represent the Company as an agent or an employee

A Representative has no right to negotiate or conclude any contract on behalf of the Company. Nor shall s/he hold himself/herself out as having such a right. S/he shall not represent himself/herself as an agent or an employee of the Company.

5.06 Obligation for personal promotion

Regardless of their rank of achievement, Representatives have an ongoing obligation to continue to personally promote sales through the introduction of new Customers to the Company and through servicing their existing Customers.

5.07 Obligations to Downlines

Any Representative who introduces another Representative to the Company is highly recommended to perform a bona fide assistance and training function to ensure that his/her Downline is properly operating and conducting his/her Representative business. It is both to the advantage of Referrer Uplines and their Downlines to have ongoing contact and communication. Representatives must truthfully and fairly describe the Compensation Plan. No past, potential or actual income claims may be made to prospective Representatives. Nor may Representatives use their own incomes, or other Representatives' incomes, as indication of the success assured to others. Commission cheques shall not be used as marketing materials. Representatives shall not guarantee commissions or estimate expenses to prospects.

5.08 Cross Lining

Subject to sub-clause 9.01 and sub-clause 9.03, no Representative may refer or attempt to refer another Representative from a different line of referralship to 'switch' to another Line of Referralship. Examples of Cross Lining are:

- (a) Placement of a new Representative using anyone's name known to the Referrer Upline and placing it in Lines of Referralship not below the Referrer Upline's Account while intending to profit from the proceeds of the said new Representative;
- (b) A Representative owning an interest in an entity that is a Representative in the Line of Referralship not below his/her Account;
- (c) Entering in other Lines of Referralship under the same name as an existing Representative using a valid Representative Identification Number other than the one used previously.

Any situation (whether the above examples or others) found to be in violation of this sub-clause shall be met with the greatest scrutiny and may result in termination of the newly placed Representative, as well as the Representative having instigated said situation.

5.09 60-Day Non-Compete Clause

If a Representative who attempted and successfully procured a prospective Customer/ Representative to sign any written document evidencing that the Representative attempted, successfully or unsuccessfully, to refer that prospective Customer/Representative to the Company, the prospective Customer/Representative shall not within sixty (60) days from the date of the written document register himself/herself under the referralship of another Representative. The Company shall have the right to suspend, terminate or switch the Account or Representativeship for any breach of this sub-clause.

5.10 Obligation of not referring to other programmes

A Representative shall not refer, attempt to refer, or knowingly assist another person to refer, another Representative or any person into any other network marketing company or into another Representative's sales organisation. In addition, no Representative shall participate in any action knowing that participating in the action may cause another Representative or any person to be referred through someone else into another network marketing company.

Representatives are strictly prohibited to promote any competitive services, products and/or business programmes.

At Company functions, or on all Company property, no Representative shall solicit any person to join any other network marketing company or involve the sale of products of any other network marketing company.

Breach of any part of this sub-clause is a serious breach of the P&P and may lead to the immediate suspension or even termination of the Representativeship of the Representative who is in breach.

5.11 Breach of security

All Representatives have a responsibility to maintain the network integrity of the Company. Any Representative who is found 'hacking' into or interfering or tampering with the Company's database or any part of the Company's computer system (hardware and/or software) or attempting to do any of the aforesaid acts without the proper authorisation shall be liable to immediate termination of his/her Representativeship. S/he shall also be liable for all consequential damages and losses of the Company.

5.12 Legal compliance

Representatives must comply with all laws, statutes, regulations and ordinances concerning the operation of their Representative business.

5.13 Tax, expenditures, etc.

Representatives are personally responsible for paying local, state, provincial and federal taxes on any income they generate as Representatives. Unless required by laws, regulations or rules in any relevant countries, the Company shall have no obligation to provide tax information about the commissions and/or bonuses its Representatives earned on behalf of Representatives to any government authorities.

Any commissions and/or bonuses paid by the Company are gross profits with no taxes of any kind withheld by the Company. If subsequent to payment of commissions and/or bonuses to a Representative, the Company is found liable for not withholding tax relating to those commissions and/or bonuses, the Representative shall indemnify the Company for such a liability.

Payment of commissions and/or bonuses to foreign Representatives shall be subject to a deduction of withholding tax, as the law requires.

5.14 Obligation to the Company

A Representative shall, at all times, remain loyal to the Company and shall not publish any written and/or verbal disparaging or adverse information/statement against the Company. S/he shall hold the Company's management in high esteem at all times, failing which, s/he may be terminated notwithstanding that s/he may also be liable for libel or slander.

6) Commissions and Bonuses

6.01 Qualification for commissions and/or bonuses

A Representative must be active and in compliance with the Agreement, P&P and the Compensation Plan and have paid the Registration Fee or Annual Membership Fee to qualify for commissions and/or bonuses. So long as a Representative is entitled under the Compensation Plan to receive commissions and/or bonuses, the Company shall pay commissions and/or bonuses to the Representative in accordance with the Compensation Plan. Representatives must consult the Compensation Plan for a detailed explanation of the benefits, commissions and/or bonuses structure and the corresponding requirements.

Commissions and/or bonuses are paid **ONLY** on the sale of the Company's products. No commission or bonus is paid on the purchase of the Company's sales materials, literatures, Business Kit, or for referring other Representatives and/or Retail Customers.

Commissions and/or bonuses are calculated in accordance to the Compensation Plan. A Representative shall only maintain one (1) Account, at all times.

6.02 Commission Period

A Commission Period means the period when commission is calculated and paid based on the preceding week's sales, starting from 00:00 am on Saturday to 23:59 pm on Friday. However, calculation for commission is calculated daily at the end of each day from Monday to Friday only. All transactions or BVs accumulated by or for any Representative during Saturday and Sunday shall be considered as if they were accumulated on Monday for all the purposes of calculating commissions and/or bonuses.

6.03 Adjustments to commissions and/or bonuses

Representatives receive commissions, bonuses and other benefits under the Compensation Plan based on the actual sales of products to Customers. When a product is returned to the Company for a refund or is repurchased by the Company or the transaction is in any way not successfully completed, the commissions, bonuses and/or other benefits attributable to the returned or repurchased product or the unsuccessful transaction will be deducted in the Commission Period in which the refund or repurchase occurs, and continuing every

Commission Period thereafter until the commissions, bonuses and/or other benefits are fully recovered from the Representatives who received commissions and/or bonuses on the sales of the refunded or repurchased product.

In addition, if the Company has already paid commissions and/or bonuses to a Representative for a returned product, the Company shall have the right to request the Representative for the return of the said commissions and/or bonuses and the Representative shall have the obligation to return such commissions and/or bonuses to the Company.

6.04 Compensation Summary

The Company reserves the right to charge a processing fee when issuing an electronic or printout of the Compensation Summary requested by Representatives.

6.05 Payment of commission

All commissions and/or bonuses a Representative earns will be credited to his/her Quest Account. The Representative can give instruction to the Company for payment out of his/her Quest Account by way of commission cheque.

6.06 Unclaimed commissions and/or bonuses

Representatives must deposit or cash commission cheques within six (6) months from their date of issue. A cheque that remains uncashed after six (6) months will be made void. After a commission cheque has been void and if the Representative who holds that void commission cheque requests the Company to reissue another commission cheque to replace the void one, the Company shall be entitled to charge that Representative a processing fee for reissuing a commission cheque. The processing fee shall be deducted from the balance owed to the Representative.

6.07 Back order policy

The Company will expeditiously ship all products currently in stock. Any out-of-stock items (unless discontinued) will be placed on back order and distributed upon the Company receiving additional inventory. Referring Representatives will be granted commissions on back-ordered items once they are shipped, unless notified of the discontinuance of such product. Back orders may be cancelled upon the Customer's or IR's request.

6.08 Set off

The Company shall have the right to set off any debt(s) a Representative owes to the Company against his/her commissions and/or bonuses.

7) Rescission, Resignation, Suspension and Termination

7.01 Rescission

The Agreement is subject to a cooling-off period of ten (10) days from the date of an application being accepted by the Company. The Representative shall be entitled to rescind the Agreement within the stipulated period and shall be required to notify the Company in writing.

Upon rescission of the Agreement, the Representative shall be entitled to a full refund of the sums paid to the Company within thirty (30) days from the date of the notice for rescission.

7.02 Resignation

A Representative may voluntarily resign from and/or terminate his/her Representativeship by tendering thirty (30) days' written notice of such voluntary resignation or termination to the Company. Voluntary resignation and/or termination is effective upon the receipt of such notice by the Company.

7.03 Suspension

A Representative may be suspended for violating any terms of the Agreement, P&P, the Compensation Plan, and/or any other relevant documents produced by the Company. When a decision is made to suspend a Representative, the Company will inform the Representative in writing of the decision, the effective date of the suspension, the reason(s) for the suspension, and the steps necessary to remove such suspension (if any). The suspension notice will be sent to the Representative's address on file pursuant to the notice provisions contained in the P&P. Such suspension may or may not lead to termination of the Representative as so determined by the Company at its sole discretion. If the Representative wishes to ask the Company to review the decision, s/he shall make such a request in writing to the Company within fifteen (15) days from the date of the suspension notice. The Company will review and consider the suspension and notify the Representative in writing of its decision within thirty (30) days from the date of the receipt of the Representative's written request. The Company will thereafter not further review its own decision. The Company may take certain action(s) during the suspension period, including, but not limited to, the following:

- (a) Prohibiting the Representative from holding himself/herself as Representative or using any of the Company's proprietary marks and/or materials;
- (b) Withholding commissions and/or bonuses due to the Representative during the suspension period;
- (c) Prohibiting the Representative from purchasing services and products from the Company;
- (d) Prohibiting the Representative from referring new Representatives, contacting current Representatives, or attending meetings of Representatives.

If the Company, at its sole discretion, determines that the violation that caused the suspension is continuing, and has not satisfactorily been resolved, or a new violation involving the suspended Representative has occurred, the suspended Representative may be terminated.

7.04 Termination

Dependent upon the seriousness of the violation, a Representative may be immediately terminated for violating the terms of the Agreement, P&P, Compensation Plan, and/or any other relevant documents produced by the Company. The Company may, at its sole discretion, terminate a violating Representative without placing the Representative on suspension. When the decision is made to terminate a Representative, the Company will inform the Representative in writing to the address in the Representative's file that the termination has occurred.

If a Representative wishes to ask the Company to review the decision to terminate, s/he shall make such a request to the Company in writing within fifteen (15) days from the date of notice of termination. If no such request is received by the Company within the fifteen (15) day period, the termination will automatically be deemed final. If a Representative files a timely written request, the Company will review the decision and notify the Representative of the result of the review within thirty (30) days after receipt of the Representative's request. Thereafter, the Company will not further review its own decision. In the event the termination decision is not reversed, the termination will remain effective as of the date stated in the original termination notice.

7.05 Effects of resignation, suspension and termination

After resignation, the former Representative shall not further represent himself/herself as a Representative of the Company, and shall cease to use any materials bearing the trademarks, service marks, trade names and any signs, labels, stationery or advertising referring to or relating to any products, plan or programme of the Company. S/he shall have no rights to enjoy any benefits under the Agreement, P&P, and/or the Compensation Plan.

If a Representative is suspended, s/he shall not before the removal of his/her suspension, further represent himself/herself or hold himself/herself out as a Representative of the Company. Nor shall s/he use any materials bearing the trademarks, service marks, trade names and any signs, labels, stationery or advertising referring to or relating to any products, plan or programme of the Company. S/he shall have no rights to enjoy any benefits under the Agreement, P&P and/or the Compensation Plan. But s/he shall be allowed to retain his/her Account pending the final resolution of his/her case. Any commissions and/or bonuses payable to him/her should s/he not be suspended shall be retained by the Company. If the suspension of the Representative is subsequently removed, all outstanding commissions and/or bonuses shall be paid to the Representative. However, if the Representative is subsequently terminated, the termination shall be treated as effective from the effective date of the suspension and all commissions and/or bonuses retained as aforesaid by the Company shall be forfeited forthwith to the Company.

Immediately upon termination, the terminated Representative:

- (a) Must remove and permanently discontinue the use of the trademarks, service marks, trade names and any signs, labels, stationery or advertising referring to or relating to any product, plan or programme of the Company;
- (b) Must cease representing himself/herself as a Representative of the Company;
- (c) Loses all rights to his/her Representative position in the Compensation Plan and to all future commissions and earnings resulting therefrom;
- (d) Must take all actions reasonably required by the Company relating to protection of the Company's confidential information. The Company has the right to set off any amounts owed by the Representative to the Company including, without limitation, any indemnity obligation incurred pursuant to sub-clause 11.15 herein, from commissions and/or bonuses or other compensation due to the Representative.

7.06 Reapplication

A Representative who resigns or determinates his/her Representativeship may reapply as a new Representative but such reapplication will only be considered twelve (12) months after resignation. The acceptance of any reapplication of a terminated Representative shall be at the sole discretion of the Company.

8) Transfer of Representativeship

8.01 Acquisition of Representativeship

- (a) Except as expressly set forth herein, a Representative may not sell, assign or otherwise transfer his/her Representativeship (or any rights thereof) to another Representative or to any person. Notwithstanding the foregoing and sub-clause 8.01(c) but subject to sub-clause 8.01(d), a Representative may transfer his/her Representativeship to his/her personal Referrer or the personal Referrer of his/her personal Referrer up to five (5) personal Referrer levels. In such an event, the Referrer's Representativeship and the transferring Representative's Representativeship shall be merged into one (1) entity.
- (b) No transfer of Representativeship shall be allowed within a six (6) calendar month period from the date of the registration of the Representative. In the event of a transfer, a Representative has to transfer his/her Account, i.e. the entire Representativeship, to the transferee without exception.
- (c) Any Representative desiring to acquire the Representativeship of another Representative or any interest therein must first terminate his/her Representativeship and wait twelve (12) months before becoming eligible for such a purchase. All such transactions must be fully disclosed and must be approved by the Company in advance.

- (d) Representatives may not sell, assign, merge or transfer their Representativeship (or any right thereto) without the prior written approval of the Company and compliance with the following conditions:

- (d.1) The Company possesses the right of first refusal with respect to any sale, assignment, transfer or merger of any Representativeship. A Representative wishing to sell, assign, or transfer his/her Representativeship must first offer it to the Company in writing on the same terms and conditions as any outstanding or intended offer. The Company will advise the Representative within fifteen (15) business days after receipt of such notice of its decision to accept or reject the offer. If the Company fails to respond within the fifteen (15) day period or declines such offer, the Representative may make the same offer or accept any outstanding offer that is on the same terms and conditions as the offer to the Company to any person who is not a Representative;
- (d.2) The selling Representative and/or the prospective purchaser must provide the Company with a copy of all documents that detail the transfer, including, without limitation, the name of the purchaser, the purchase price, and terms of purchase and payment;
- (d.3) An office administration transfer fee of must accompany the transfer documents;
- (d.4) The Representativeship transfer agreement must contain a condition made by the selling Representative for the benefit of the proposed purchaser not to compete with the proposed purchaser or attempt to divert or refer any existing Representative for a period of one (1) year from the date of the sale or transfer;
- (d.5) Upon a sale, transfer or assignment being approved in writing by the Company, the purchaser must assume the position and terms of the agreement of the selling Representative and must execute a current IR Application Form and all such other documents as required by the Company;
- (d.6) The Company reserves the right, at its sole discretion, to stipulate additional terms and conditions prior to approval of any proposed sale or transfer. The Company reserves the right to disapprove any sale or transfer.

8.02 Change of terms or conditions

If a Representative changes the terms or conditions of the offer at any time, the process of offering must start over, beginning with offering it to the Company.

8.03 Complying with Company requirements

Any sale, assignment, or transfer of Representativeship, or any interest therein not complying with the above requirements, will not be accepted or recognised by the Company.

8.04 Transfer to one's Downline

Transfer of a Representativeship to one's own Downline is not allowed.

8.05 Circumvent compliance

If it is determined, at the Company's sole discretion, that a Representativeship was transferred in an effort to circumvent compliance with the Agreement, the P&P and/or the Compensation Plan, the transfer will be declared null and void. The Company may, at its sole discretion, take appropriate action(s), including, without limitation, terminating the transferring Representative's Representativeship.

9) Devolution

9.01 Death

A Representative has a right to nominate a person as his/her nominee to whom the Company will transfer the Representative's Representativeship upon the death of the Representative. The Representative has a right to change his/her nominee in his/her lifetime by giving written notice to the Company. However, the Company will not accept such a transfer unless the nominee or the last nominee has executed a current IR Application Form and submitted certified copies of the death certificate of the Representative to the Company. The nominee will then be entitled to take over the Representativeship of the late Representative and entitled to all the commissions, bonuses or other benefits accrued thereafter and all the rights, and/or be subject to all the obligations as a Representative of the Company. If a Representative did not make any nomination in his/her lifetime, his/her Representativeship shall be terminated immediately upon his/her death. Any cross lining as a consequence of the devolution of Representativeship under this sub-clause shall not be treated as a breach of the P&P.

9.02 Dissolution of a partnership

If a Representativeship is registered by two (2) or more persons, they will be deemed as a partnership under the Agreement and the P&P. In the event that the partnership is dissolved, unless the Company receives a valid and legally enforceable agreement signed by all the partners regarding the arrangement of their Representativeship within thirty (30) days of being notified of the dissolution of the partnership, their Representativeship will be automatically terminated after the expiry of the said thirty (30) day period.

9.03 Marriage and divorce

In the case that two (2) Representatives in separate Lines of Referralship get married, they may maintain their own individual Representativeship. They are also allowed to merge their Representativeships into one (1) but they are not allowed to transfer or change the positions of their respective Accounts in the Genealogy. This shall not be treated as cross lining under sub-clause 5.08. Should a married couple opt to create a single Representativeship

reflecting both as equal owners and these two (2) individuals subsequently divorce or separate, the Company will continue to pay earned commission as before the divorce or separation until the Company receives written notice, signed and notarized by both parties or by a court decree, specifying how future commissions are to be paid.

10) Proprietary Information

10.01 Confidential information

During the term of the Agreement, the Company may supply to Representatives confidential information, including, but not limited to, genealogical and Downline reports, Customer lists, Customer information developed by the Company or developed for and on behalf of the Company by Representatives (including, but not limited to, credit data, Customer and Representative profiles, and product purchase information), Representative lists, manufacturer and supplier information, business reports, commission or sales reports, and such other financial and business information that the Company may designate as confidential. All such information (whether in written or electronic format) is proprietary and confidential to the Company and is transmitted to Representatives in strictest confidence on a 'need-to-know' basis for use solely in the Representatives' business with the Company.

Representatives must use their best efforts to keep such information confidential and must not disclose any such information to any third party, or use such information for any non-Company activity directly or indirectly while a Representative and thereafter. Representatives must not use the information to compete with the Company or for any purpose other than promoting the Company's programme and its products and services. Upon determination, non-renewal or termination of the Agreement, Representatives must discontinue the use of such confidential information and promptly return any confidential information in their possession to the Company.

10.02 Online and telephonic reports

The Company will use its best effort to provide accurate information such as online or telephonic Downline activity reports, including, but not limited to, personal and group sales volume (or any part thereof), and Downline referring activity to Representatives. Nevertheless, due to various factors, including the inherent possibility of human and mechanical error; the accuracy, completeness, and timeliness of orders; denial of credit card and electronic cheque payments; returned products; and credit card and electronic cheque charge-backs; the information is not guaranteed by the Company or any persons creating or transmitting the information.

10.03 Use of Company name, logo, or trade names, etc.

- (a) The Company name, logo, trade name, trademarks, product names, brochures, catalogues, sales material, contracts and sales training sessions, literature, audio or video material, presentations or events are copyright-protected property of the Company worldwide and the Company retains ownership rights or exclusive licenses to the entire contents.

- (b) Representatives shall not reproduce or distribute privately reproduced versions of such materials under any circumstances. Representatives shall not use the Company name, logo, trade name, trademarks, programme names, or product names in any manner or form.
- (c) Naming Protection Reserved by the Company. In addition to any relevant intellectual property laws, the name “QNet” is reserved and restricted from use by Representatives in relation to their Representative business activities on their personal website and/or email addresses.

10.04 Copyright restrictions

With respect to product purchases from the Company, Representatives must abide by all manufacturers’ use restrictions and copyright protections.

Without prior written approval from the Company, no Representative shall video and/or audio record the Company’s meetings, conferences and/or training sessions or any speeches (including conference calls) given therein.

10.05 Vendor confidentiality

The Company’s business relationships with its vendors, manufacturers and suppliers are confidential. Representatives must not contact, directly or indirectly, or speak to, or communicate with any supplier or manufacturer of the Company except at the Company-sponsored events at which the supplier or manufacturer is present at the request of the Company.

11) Promotion of Representative’s Business

11.01 Promotional and advertising materials

Only the promotional and advertising materials produced or approved in advance in writing by the Company may be used to advertise or promote a Representative’s business or to sell products and services of the Company. Company literature and materials may not be duplicated, reprinted or personalised without prior written permission.

All promotional items that bear the Company’s name or logo must be purchased solely from the Company unless prior written permission is obtained from the Company.

A Representative may affix his/her name, address, Independent Representative title, phone number and Representative Identification Number to any promotional materials that the Company approved or sold to him/her.

11.02 Income claims

No income projections, including those based solely on mathematical projections or ‘ideal projections’ of the Compensation Plan may be made to prospective Independent Representatives. No Independent Representative may represent his/her own incomes as indications of the success assured to others, since income success is dependent on many variables. Independent Representatives shall not guarantee salaries, draws, expenses, allowances, etc. No Independent Representative shall show or display an original or a copy of his/her earned commission or bonus cheque as enticement to any prospective Independent Representative.

11.03 Title of Representatives

Representatives shall only present themselves as ‘an Independent Representative of the Company’. Reference may be made to the relative rank a Representative achieved at any one time, for example an Executive Independent Representative.

11.04 Stationery and business cards

- (a) Only the approved Company graphics version and wording are permitted to be used.
- (b) Unless prior approval has been obtained from the Legal Affairs Department of the Company, Representatives are not permitted to ‘create’ their own stationery, business cards or letterhead graphics, where the Company’s trade name or trademarks are used.
- (c) Representatives are not allowed to insert the address, contact phone number or emails of any office of the Company or its associated companies in their business cards, stationery or letterheads.

11.05 Electronic advertising

Representatives may not advertise or promote the Company’s business, products or marketing plan or use the Company’s name in any public media including electronic media or transmission, on the Internet via websites or otherwise, without the prior written approval of the Company’s legal department. Spamming and use of automatic telephone dialling systems are prohibited. Breach of this sub-clause is a serious breach of the P&P and could lead to the immediate suspension or even termination of the Representativeship of the Representative who is in breach.

11.06 Telephone listing

Representatives are not permitted to use the Company’s trade name in advertising their telephone and telecopy numbers on materials not produced and approved by the Company without first obtaining the prior written approval from the Company’s Legal Affairs Department.

11.07 Media interviews

Representatives are prohibited from granting radio, television, newspaper, tabloid or magazine interviews or using public appearances, public speaking engagements, or making any type of statement to the public media to publicise the Company, its products or Company businesses, without the express prior written approval of the Company. All media enquiries should be referred to the Company's Corporate Affairs Department.

11.08 Endorsement

No endorsements by a Company officer or administrator or third party may be asserted, except as expressly communicated in the Company literature and communication. Country, Federal and State regulatory agencies do not approve or endorse direct selling programmes. Therefore, Representatives shall not represent or imply, directly or indirectly, that the Company's programmes, products or services have been approved or endorsed by any country or governmental agency.

11.09 Independent communication

Representatives, as independent contractors, are encouraged to distribute information and direction to their respective Downlines. However, Representatives must identify and distinguish between their personal communication and the official communication of the Company when they communicate with their own Downlines.

11.10 Display of Company products

The integrity of the Compensation Plan is built upon person-to-person, one-on-one and in-door presentation methods of sale. Representatives shall not knowingly sell any Company product to, or display any Company product, Company name, trademarks, literatures, or promotional materials at any retail outlet, including, but not limited to, supermarkets or food stores, flea markets or swap meets, permanent restaurant displays, bars or night clubs or any such similar establishment, convenience stores or gas stations. Exemptions must be approved in writing by the Legal Affairs Department of the Company.

11.11 Product and services claims

Representatives shall make no claim, representation or warranty concerning any product of the Company, except those expressly approved in advance in writing by the Company or contained in official Company materials, such as the P&P.

11.12 Fax blasts and spamming

Fax blasting and unsolicited emailing (spamming) is prohibited.

11.13 Record keeping

The Company encourages all Representatives to keep complete and accurate records of all their business dealings.

11.14 Legal conformity

Any tool or presentation technique used by a Representative whilst promoting the Company's business concept, products and/or the Compensation Plan must be within the scope of a Representative's rights in Malaysia. It is the Representative's responsibility to ensure that any statements made, or any demonstration techniques performed, are, in fact, lawfully permitted in Malaysia. If a special licence or professional degree is required in a certain location to legally make such statements or perform such presentations, or to conduct business, then it is the Representative's responsibility to secure the necessary licence, degree or permit.

11.15 Indemnity agreement

Each and every Representative shall indemnify and hold harmless the Company, its shareholders, officers, directors, employees and agents from and against any claim, demand, liability, loss, cost or expense including, but not limited to, court costs and attorneys' fees, asserted against or suffered or incurred by any of them, directly or indirectly arising out of, or in any way related to or connected with, allegedly or otherwise, the Representative's:

- (a) Activities as a Representative;
- (b) Breach of the terms of the Agreement;
- (c) Violation of or failure to comply with any applicable laws, regulations or rules.

12) General Provisions

12.01 Company's employee prohibition

Employees of the Company and their immediate family members (for example spouse, mother, father, brother, sister, etc) who are domiciled at the same household as the employee are prohibited to take part in the Compensation Plan. Breach of this policy shall be deemed serious, and could result in the dismissal of the employee and the removal of his/her entire network to the credit of the Company. Representatives being transferred to a paid position or taking up an employment with the Company shall, prior to their acceptance of the employment or paid position, file ownership transfer notice to the Company and give up their ownership rights and privileges of their Account.

12.02 Liability

To the extent permitted by law, the Company shall not be liable for, and each Representative releases the Company from, and waives all claims for any loss of profits, indirect, direct, special or consequential damages or any other loss incurred or suffered by Representative as a result of:

- (a) The breach by another Representative of his/her Agreement, any term or condition of the P&P, and/or the Compensation Plan;
- (b) The operation of other Representative's business;
- (c) Any inadvertent, incorrect or wrong data or information provided by the Company;
- (d) The failure to provide any information or data necessary for Representatives to operate their business, including, without limitation, the marketing and promoting of products of the Company and/or the introducing or referring persons as Customers/Representatives to the Company.

12.03 Force majeure

The Company shall not be responsible for delays or failure in performance caused by circumstances beyond the Company's control, such as strikes, labour difficulties, fire, war, government decrees or orders, or curtailment of a party's usual source of supply.

12.04 Violations

It is the obligation of every Representative to abide by and maintain the integrity of the P&P. If a Representative observes another Representative committing a violation, s/he should discuss the violation directly with the violating Representative. If the Representative wishes to report such violation to the Company, s/he should detail the violation in writing or complete the Company's Complaint Form, which is downloadable from the official Company website at www.qnet.net.my.

12.05 Amendments

The Company reserves the right to amend/change the P&P, its retail prices, products and services availability, and/or the Compensation Plan at any time without prior notice as it deems appropriate. Amendments will be communicated to Representatives through official Company publications or the Company website at www.qnet.net.my. Amendments are effective and binding upon submission to the Company website. In the event any conflict exists between the original documents or policies and any such amendment, the amendment shall prevail.

12.06 Assignment / Novation / Transfer

The Company may at any time, without the consent of the Representative, assign, novate or transfer all or part of its benefit, rights and obligations under this Agreement to a third party and the Representative undertakes to execute and do all such things as the Company may require for perfecting and completing such assignment, novation or transfer.

12.07 Non-waiver provision

No failure of the Company to exercise any power under the P&P or to insist upon strict compliance by Representative with any obligation or provision herein, and no custom or practice of the parties at variance with the P&P, shall constitute a waiver of the Company's right to demand exact compliance with the Agreement and/or the P&P.

The Company's waiver of any particular default by a Representative shall not affect or impair the Company's rights with respect to any subsequent default. Nor shall it affect in any way the rights or obligations of any other Representative. No delay or omission by the Company to exercise any right arising from a default affects or impairs the Company's rights as to that or any subsequent or future default. Waiver by the Company can be effected only in writing by an authorised officer of the Company.

12.08 Governing law

The Agreement, the P&P and the Compensation Plan shall be governed by the laws of Malaysia.

12.09 Jurisdiction

Any dispute, controversy or claim arising from or in connection with the Agreement, the P&P and/or the Compensation Plan or the breach termination or invalidity thereof (hereinafter called the "Matter"), shall first be sought to be resolved amicably between the Representative concerned and the Company. If the Representative and the Company cannot resolve the Matter within sixty (60) days from the date the Matter was first brought to the attention of one party by the other, the Matter shall be settled by arbitration in Malaysia in accordance with the Rules for Arbitration of the Regional Centre for Arbitration Kuala Lumpur in force at the date of this Agreement.

12.10 Entire Agreement

The Agreement, the P&P and the Compensation Plan together constitute the entire Agreement between a Representative and the Company.

12.11 Severability

If at any time any provision of the Agreement and/or P&P is or becomes illegal, invalid or unenforceable in any respect under the laws of Malaysia, neither the legality, validity or enforceability of the remaining provisions of the Agreement and/or P&P under the laws of Malaysia, nor the legality, validity or enforceability of such provision under the laws of Malaysia shall in any way be affected or impaired thereby.

12.12 Notices and communication

Each notice, demand or other communication to be given or made under the Agreement, the P&P and/or the Compensation Plan by the Company to a Representative shall be in writing and delivered or sent to the relevant party at his/her last known address or email address on file. Any notice, demand or other communication to the Company shall be sent or delivered to the Company's address. Any notice, demand or other communication so addressed to the relevant party shall be deemed to have been delivered after fifteen (15) days if given or made, provided that, if such day is not a working day in the place to which it is sent, such notice, demand or other communication shall be deemed delivered on the next following working day at such place. In the event of such notice, demand or communication is serviced by email, it shall be deemed to have been received by the other party upon confirmation by email by that other party.

12.13 Headings and Table of Contents

Headings and Table of Contents in the Agreement, the P&P and the Compensation Plan are provided for convenience only and they are not part of those documents. They are not to serve as a basis for interpretation or construction of those documents or as evidence of intention of the parties.

12.14 Gender, etc.

Unless the context otherwise requires, words importing the singular number shall include the plural number and words importing the masculine gender shall include the feminine or neuter gender and vice versa, and references to persons shall include companies and bodies, corporate or unincorporated.

12.15 The English language prevails

In the event that the Policies & Procedures ("P&P") is translated into another language and there exists any inconsistencies in any provision between the English-language version and the translated version of the P&P, the English-language version shall always prevail.

APPENDIX 1

COMPENSATION PLAN

01 Title

This is the “QNet Compensation Plan” or “CompPlan” as referred to in QNet’s Policies & Procedures (“P&P”). This Compensation Plan provides for the entitlement and calculation of commissions and/or bonuses of Independent Representatives of QNet (M) Sdn Bhd.

02 Definitions and Interpretation

Unless specified herein below, all terms in this Compensation Plan have the same meanings as defined in the P&P.

“Activated TC” means a Qualified TC that has met the activation requirements in accordance with sub-clause 8.02 of Appendix 1.

“BV” means Business Volume and refers to the point value of a product that is used to calculate Dynamic Commissions.

“COBV” means Carry-Over-Business-Volume and refers to any excess or unused BV. This occurs when Dynamic Commission is paid on the TC’s volume but there is a remaining Business Volume after the commission payout/calculation or when there is not enough Business Volume to generate a Dynamic Commission payout.

“Commission Cycle” means six (6) Commission Levels.

“Commission Period” means the period when commission is calculated and paid based on the preceding week’s sales.

“Compensation Level” means the pay level of an Independent Representative, which requires 6,000 BV to earn a commission/bonus according to an IR’s Rank provided in Schedule 1 of Appendix 1.

“Compression” means in the event that an IR fails to meet the minimum requirement of each Rank set out in Schedule 3 of Appendix 1, any volume accumulating from his/her Downline’s Consumables purchase will be compressed and passed to his/her Upline. In other words, if an IR is not Qualified to earn at the time when his/her direct Downline makes a Consumables purchase, he/she will not be entitled to earn the corresponding commission. This will not be applicable for any Dynamic Commission earned.

“Consumables” means Company’s products that are sold for repeat purchase.

“Counter” means a calculating mechanism for a TC, the record of which reflects the balance of BV its Downline Group has accumulated for the purpose of calculating Dynamic Commission. The Counters are either on or off based on the rules described in sub-clause 8.03.

“DBV” means Direct Business Volume and refers to the BV earned from the sales of durable products by Direct Referrals.

“Demotion Policy” means in the event that an IR fails to meet the minimum requirements of each of the Compensation Levels s/he is in, s/he will be demoted back to the previous Compensation Level.

“DSC” means Direct Sales Commission and refers to commission and/or bonuses paid to an IR who made sales of Consumables on Quarterly basis.

“DSP” means Direct Referral Sales Points and refers to number of points earned from the sales of Consumables bought by an IR’s Direct Referral, which can be converted either into cash or BV. Please refer to the DSP to BV conversion table as set out in Schedule 5 of Appendix 1.

“Downline Group” has the same meaning as provided in sub-clause 7.02 hereunder.

“Durables” means non-consumable products of the Company.

“Dynamic Commission” means the equivalent pay-out rate for each step depending on the Compensation Level of the IR. Refer to Schedule 1 of Appendix 1.

“Early Payout Option” means an option given to an IR during his/her registration, to receive the first Level of Dynamic Commission immediately after the minimum requirement is fulfilled. Please refer to Schedule 2 and take note that the Early Payout Option is only available for Commission Level 1 of Cycle 1. Once selected, this option cannot be changed until after Commission Level 1 has been completed.

“Flushing” or “Flushed” means the elimination of excess BV when an IR has exceeded the maximum payout of the Compensation Level s/he is in, for the Commission Period. Please refer to Schedule 4 of Appendix 1.

“GBV” means Group Business Volume and refers to the BV earned from the sales of consumable products by Direct and Indirect Referrals.

“IR Price” means the prices of the Company’s products at which the Company sells to the IRs.

“Maintenance” means an IR needs to sell or purchase Consumables with a minimum of 30 BV on a Quarterly basis, in order to earn from the Direct Sales Commission.

“PBV” means Personal Business Volume and refers to the total BV of an IR from his/her personal purchase of the Company’s products.

“Qualified TC” means a TC to which a minimum 500 BV is been allocated.

“Quarter/Quarterly” means 13 Commission Weeks.

“Rank” means the recognition title given to an IR which is based on the compensation level s/he achieved.

“Rank Advancement” means an IR will be promoted to a new Rank when s/he meets all of the requirements for the new Rank as set out in Schedule 3 on a Quarterly basis.

“Retail Price” means the prices of the Company’s products at which the Company sells to Customers.

“Retail Profit” means the difference between the Retail Price and the IR Price of a product of the Company. It is awarded only to an IR who sells the Company’s products to Retail Customers.

03 Acquisition of an Account

3.01 Starting the Business

A prospect starts the business by completing an IR Application Form and paying a one-time registration fee which includes the Business Kit.

Upon enrolment and acceptance as a Representative, s/he will be granted an IR ID.

04 Placement

4.01 Right of placement

A Referrer has the right to place the Account of an IR whom s/he personally referred subject to clause 5, "Rules of Placement".

05 Rules of Placement

5.01 An IR is entitled to only one (1) Account which may be used to refer as many Direct Referrals to earn commissions.

5.02 Subject to sub-clause 5.05 below, a Referrer Upline shall have the sole right to place the Account of an IR whom the Referrer Upline personally referred.

5.03 An IR can only place his/her Referral under his/her existing Account in his/her Downline group. An IR is not allowed to place any Referral above his/her Account.

5.04 An IR cannot place any Referral which contravenes sub-clause 5.08 "Cross Lining" in the P&P.

5.05 Where the placement instruction from a referring IR is not clear, erroneous, contrary to the P&P (including the Compensation Plan) or s/he gives no placement instruction at all, default placement as stipulated under clause 6 "Default Placement Method" shall apply.

06 Default Placement Method

An Account placed by default shall only be placed, in the Genealogy, in the first vacant position of his/her Referrer's Account.

07 Commissions and/or Bonuses

- (a) All IRs are entitled to Retail Profit. Retail Customers are not eligible for any commissions and/or bonuses.
- (b) Any BV accumulated before activation is not commissioned to the selfsame IR unless it occurs in the same Commission Period of activation.
- (c) All commissions and/or bonuses payable under this Compensation Plan are based on the sale of the Company's products, not based on the introduction of persons into the Company.
- (d) All commissions and/or bonuses payable under this Compensation Plan will be paid in the local currency.

7.01 Retail Profit

- (a) An IR shall be entitled to the Retail Profit for every product the IR personally and successfully promotes to a Customer who thus purchases it from the Company.
- (b) A Referrer is also entitled to the Retail Profits from the first personal purchase at Retail Price by his/her personally referred Downlines.

7.02 Dynamic Commission

- (a) Dynamic Commissions are paid to IRs based on BV accumulated from the sales of products made by Customers or IRs. Only an Activated IR is eligible for Dynamic Commission.
- (b) Upon the sale of a product, the Company shall credit a certain number of BV, which shall be equal to the BV of that product, to the Account or the BV bank of an IR who either purchased the product himself/herself or successfully promoted the sale of the product to a Customer. IRs shall allocate the BV credited into the BV bank within seven (7) days to his/her Account.

For every TC, there is one (1) Counter recording the accumulation of BVs of each Downline Group. Commission shall be calculated for each TC based on the total BV accumulated by the Downline Groups as shown in its Counters and according to Schedule 1.

- (c) Commission is calculated and paid on a weekly basis. Commission payable to an Account shall be calculated at the end of the Commission Period and any remaining balance for non-commissioned BV shall be carried forward to the following Commission Period.
- (d) A maximum weekly Dynamic Commission is capped for each Compensation Level of Independent Representatives as prescribed in Schedule 4 of Appendix 2. Any BVs accumulated within a single week in a Commission Period after corresponding weekly maximum Dynamic Commission for that Commission Period has been reached shall be forfeited and shall not be taken into consideration for the calculation of any Dynamic Commission payable to the IR.

7.03 Early Payout Option

- (a) An IR may opt for Early Payout Option for the Commission Level 1, of Cycle 1 as set out in Schedule 2.
- (b) The selection of payout option must be made during the IRs registration with the Company.

7.04 Direct Sales Commission (DSC)

- (a) An IR is entitled to earn DSC through the sale of consumable products. An IR is only qualified to earn DSC by first qualifying his/her Account by purchasing a durable product with a minimum of 500 BV either from retail or personal purchase. An IR is required to maintain personal purchases (PBV) of consumable products with a minimum of 30 BV, every Quarter.
- (b) An IR has the option to convert the DSP derived from sales of consumable products into cash or BV.
- (c) Any available DSC not converted into either cash or BV, after the lapse of two (2) Quarters will automatically be converted into cash.

7.05 Change of Commissions and/or Bonuses

The Company may, at its sole discretion, replace the Schedules to this Compensation Plan or amend them to change the method or amount therein or may add or remove anything to or from the Schedules.

Where the Company intends to replace, change or delete the Schedules to the Compensation Plan, it shall give a reasonable time of prior notice to IRs by publishing the said change on its official website. The new replacement, change or deletion shall take effect immediately upon the expiry of the reasonably timed notice period.

08 Activation and Qualification

8.01 Qualification

- (a) For qualifying a TC, an IR can only use the BV assigned to a product that s/he purchased personally or that s/he successfully promoted to a Retail Customer.
- (b) An IR can qualify his/her TC by allocating 500 BV to his/her TC.

8.02 Activation

An IR is activated when s/he has a minimum of two (2) Qualified Direct Referrals. Once activated, all volume will be calculated retroactively to the date of qualification. However, an IR is only activated after s/he qualifies his/her own Account. All Qualified Direct Referrals placed by him/her before qualifying his/her Account shall be disregarded for the purpose of his/her activation.

8.03 Turning on TC Counters

The Counters of a TC will only be turned on after it is qualified and the IR is activated.

09 Promotion

9.01 Rank Advancement

There are five (5) Compensation Ranks for the purpose of awarding Dynamic Commission. Thereafter the ascending order is as set out in Schedule 1.

9.02 Promotion to a higher Rank

IRs can be promoted to a higher Rank upon fulfilment of the requirements designated for each Rank. The minimum requirements for the five (5) Ranks are provided in Schedule 3.

SCHEDULE 1

Compensation Level Per Rank

Level	Group BV	Rank				
		Executive	Manager	Senior Manager	Vice President	President
1	6,000 BV	RM 660	RM 740	RM 825	RM 900	RM 1,000
2	6,000 BV	RM 660	RM 740	RM 825	RM 900	RM 1,000
3	6,000 BV	RM 660	RM 740	RM 825	RM 900	RM 1,000
4	6,000 BV	RM 660	RM 740	RM 825	RM 900	RM 1,000
5	6,000 BV	RM 660	RM 740	RM 825	RM 900	RM 1,000
6	6,000 BV	10 EP	10 EP	10 EP	10 EP	10 EP

Note:

- 1) Group Business Volume (GBV) represents the total Business Volume (BV) accumulated through a minimum of two (2) Qualified Direct Referrals.
- 2) EP (eVoucher Points) are used to redeem products in the QNet Redemption Store. An eVoucher is worth 10 EP.

SCHEDULE 2

Early Payout Option

Minimum Number of two (2) Qualified Direct Referrals	Commission Payout
2,000 BV	RM 165
2,000 BV	RM 165
2,000 BV	RM 165

Note: The IR is not allowed to revert to the normal payout for Level 1 once this option is chosen during registration.

SCHEDULE 3

Rank Advancement Requirement

Minimum Requirements for each Rank per Quarter (13 commission weeks)

Rank	Executive	Manager	Senior Manager	Vice President	President
Personal Business Volume from Consumables	N/A	N/A	30 BV	30 BV	30 BV
*Levels earned	N/A	2	2	2	2
*Qualified Direct Referrals	N/A	3	3	3	3
Direct Referral Sales Points	N/A	N/A	400 DSP	600 DSP	800 DSP
Direct Business Volume from Qualifying Purchase (Durables)	N/A	N/A	3,000 DBV	3,000 DBV	3,000 DBV
Group Business Volume from Repeat Purchase (Consumables)	N/A	N/A	1,000 GBV	5,000 GBV	15,000 GBV
**Direct Referrals with Rank Advancement	N/A	N/A	N/A	3	6
**Indirect Referrals with Rank Advancement	N/A	N/A	N/A	30	60

*One time requirement.

**Rank advancement is from Manager or above, and NOT from Executive.

SCHEDULE 4

Maximum Payout according to Rank

Rank	Executive	Manager	Senior Manager	Vice President	President
Payout per level	RM 660	RM 740	RM 825	RM 900	RM 1,000
Maximum levels per week	40	50	60	70	80
Maximum payout per week	RM 22,440 + 60 EP	RM 31,080 + 80 EP	RM 41,250 + 100 EP	RM 53,100 + 110 EP	RM 67,000 + 130 EP

SCHEDULE 5

DSP conversion table

DSP	Equivalent conversion	
	BV	Cash
60	20 BV	RM 33
300	160 BV	RM 264
600	320 BV	RM 594
1,000	900 BV	RM 1,000

Note: The converted DSP to BV will be credited to the respective IR's BV bank. The IR will be able to allocate the BV to his/her existing TC.

APPENDIX 2

TERMS & CONDITIONS FOR PRODUCT PURCHASE

01. Product Orders

- 1.01 Any order for a product is treated as an offer to the Company.
- 1.02 Full payment for each order must be made before an order is accepted for processing by the Company. All payments shall be effected in the local currency, being Malaysian Ringgit (MYR).
- 1.03 Upon acceptance of the offer, the Company shall issue an electronic mail notification to the email address provided in the IR Application Form. The Company shall be entitled to accept or decline any offer, at its sole discretion.

02. Payment and Payment Terms

- 2.01 All price(s) are as set out in our website: www.qnet.net.my.
- 2.02 Shipping and handling charges are charged separately, depending on the weight of the product ordered and location of delivery. All shipping and handling charges are displayed on the Company's website.
- 2.03 Unless otherwise specified, all prices set out in the Company's website are net prices. Any customs duties, tariffs, import tax, Value Added Tax incurred by the Company shall be borne by the Representative and shall be payable upon arrival of the product in the country to which such products are shipped.

03. Buy Back Policy

- 3.01 The Company shall be obliged to buy back any marketable products sold to the Representative within six (6) months from the date of purchase at a sum not less than ninety per cent (90%) of the amount paid.

04. Cancellation by the Company

- 4.01 The Company reserves the right to cancel any order for the following reasons:
- i) insufficient stock;
 - ii) out of delivery area; or
 - iii) one or more of the products ordered was listed at an incorrect price due to a typographical error or an error in the pricing information received by us from our suppliers.
- 4.02 Any cancellation by the Company shall be notified by electronic mail, and the sum paid shall be refunded in full within thirty (30) days from the date of such cancellation. The Company is not obliged to offer any additional compensation for any inconvenience.

05. Delivery

- 5.01 Products shall be delivered to the address for delivery as provided by the IR at the time of purchase. Any change of delivery address will incur additional delivery charges, to be borne by the IR.
- 5.02 Delivery will be made as soon as possible after the order is accepted and in any event within thirty (30) days of the order. Mode of delivery will be by way of courier or other similar service.
- 5.03 Upon delivery of an order, ownership in the products is deemed to pass to the IR and any risk for loss or damage thereafter is passed along with it.
- 5.04 The Company will expeditiously ship all products currently in stock. Any out-of-stock items (unless discontinued) will be placed on back order and distributed upon the Company receiving additional inventory. The referring Upline will be granted commissions on back ordered items once they are delivered unless notified of the discontinuance of such product. Back orders may be cancelled upon request.

06. Liability

- 6.01 The Company shall not be held liable for damaged, defective and/or products received in an incorrect quantity, unless notified in writing by the Representative within ten (10) days from the date such products were received.
- 6.02 In the event that products ordered are not received within thirty (30) days from the date ordered, the Company shall not be liable, unless notified in writing within forty (40) days from the date the order was placed. Upon receipt of such notification, the Company shall use all reasonable endeavors to make good the non-delivery by:
- a) Re-shipping the product;
 - b) Replacing or repairing any products that may have been damaged in transition; or
 - c) Refunding the full amount paid for the products.
- 6.03 Save as precluded by law, the Company shall not be liable for any indirect or consequential loss, damage or expenses (including loss of profit, business or goodwill) howsoever arising. The Company shall have no liability to pay compensation other than to refund the amount paid.
- 6.04 The Company places reliance on the accuracy of all information provided in the order. The Representative shall, upon completion of each order, confirm the accuracy of all information provided. The Company shall not be held liable for any losses and/or delay caused by the inaccuracy of information provided.

6.05 Notwithstanding the foregoing, nothing in these terms and conditions are intended to limit any rights accorded to a consumer neither under applicable local law or other statutory rights that may not be excluded nor in any way to exclude or limit our liability for any death or personal injury resulting from negligence.

07. Notices

7.01 Unless otherwise stated, all notices from an IR shall be in writing and sent to the Company's address at 3A, Menara Amcorp, Amcorp Trade Centre, No. 18, Jalan Persiaran Barat, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia and/or via electronic mail to: nsg.my@qnet.net.

7.02 All notices from the Company shall be displayed on our website from time to time.

08. Events beyond our control

8.01 The Company shall not be liable for any failure to deliver products ordered or any delay in doing so or for any damage or defect to products delivered that is caused by any event or circumstance beyond our reasonable control including, without limitation, strikes, lock-outs and other industrial disputes, breakdown of systems or network access, flood, fire explosion or accident.

09. Invalidity

9.01 Invalidity or unenforceability of one or more provisions of the terms herein shall not affect any other provision of the terms.

10. General

10.1 These terms and conditions, together with our current website prices, delivery details, contact details and privacy policy, set out the entirety of terms relating to the sale of products. Nothing said by any third party on our behalf or any person should be understood as variation of these terms and conditions or as an authorised representation about the nature or quality of any products offered for sale. Save for fraud or fraudulent misrepresentation, the Company shall have no liability for any such representation being untrue or misleading.

APPENDIX 3

CODE OF ETHICS

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CODE OF ETHICS

QNet (M) Sdn Bhd ("QNet") expects all Independent Representatives (IRs) to uphold the principles of fairness, honesty and integrity in all their dealings and activities as IRs. This Code of Ethics forms part of QNet's Policies & Procedures and all other regulations and agreements currently in place that bind every IR. Any serious breach of the Code, Policies & Procedures, regulations and agreements in place will involve action(s) being taken by QNet in accordance with QNet's Policies & Procedures. The Code of Ethics explains proper conduct of business for IRs to practice. Additionally, QNet encourages all to observe the Code of Conduct provided by Direct Selling Association of Malaysia (DSAM). It is a mandatory requirement that IRs comply with the Code of Ethics of QNet and DSAM at all times.

PART A CONDUCT

01 Dealing with the General Public

1.1 Contact & Communications

An IR:

- (a) will at all times, when contacting anyone either from a telephone list or by other means, respect the privacy and wishes of the person contacted;
- (b) will never engage in objectionable or abusive conduct, unfair or aggressive conduct when contacting or dealing with any other person in relation to QNet or the opportunity it provides;
- (c) will offer the opportunities of, and associated with, QNet on its merits without exaggeration, concealment, curiosity or misrepresentation;
- (d) will ensure they maintain their personal presentation in dress, language and documentation to the highest possible standard;
- (e) will observe the provisions of the law and good manners regarding items and days making calls and appointments.

1.2 Presenting Opportunity

An IR presenting the Compensation Plan at any time, conducting a training event or seminar or QNet IR meeting will:

- (a) not falsely represent to any person any details regarding the financial rewards available under the QNet Plan;

- (b) not make any false or misleading representations about the features of QNet products, services and programmes, including as to their standard, quality, value, characteristics, accessories, uses for a particular purpose, merchantability or benefits;
- (c) not make any false or misleading representations about the price of QNet products or services;
- (d) not engage in conduct that is liable to mislead anyone as to the nature, manufacturing process, characteristics, suitability for purpose or quality of any QNet products or services;
- (e) not make any false or misleading representations concerning the need by anyone for goods or services;
- (f) make it thoroughly clear to any person to whom the IR discusses the opportunity that financial rewards to IRs are based on an IR's individual performance;
- (g) use official literature as approved by QNet including forms, scripts and other tools.

1.3 Conducting Business

An IR must not at any time:

- (a) take advantage of another person's disabilities or weaknesses, such as illness, age, infirmity, lack of education or unfamiliarity with language;
- (b) actively solicit or demand orders for QNet products by anything other than an offer to collate any order an IR wishes to make, including by the use of physical force, undue harassment or coercion;
- (c) refuse to identify themselves when requested to do so.

1.4 Explaining Business Plan

- (a) When presenting or discussing the QNet Compensation Plan and the benefits that might be available, an IR must generally rely for reference on QNet literature and observe the following regarding the contents of the Compensation Plan:
 - i. if predictions as to profitability are made, they should reflect what an average person carrying on the Business would achieve under normal circumstances;
 - ii. if any estimates of profits are made, the assumptions on which they are based should be clearly stated;
 - iii. where there is no previous experience on which to base expectations as to profitability, this should be stated when making the representation.

- (b) When presenting or discussing the QNet Compensation Plan, an IR must not make false representations concerning:
 - i. any risks likely to be associated with carrying on the Business;
 - ii. the amount of time the average person would have to devote to carrying on the Business;
 - iii. the annual expenditure and the annual gross income that the average person carrying on the Business might expect and the method of calculating those figures.

PART B OBLIGATIONS

02 General Obligations

2.1 Authorisation Limit

Authorisation of an IR is limited. They shall refer any matter pertaining to QNet to the designated Company Representative. An IR shall not interfere in any decision-making process without prior written approval from the Company Representative.

2.2 Poaching Independent Representatives

QNet does not condone the intentional poaching of other competitors' IRs or IRs from another Line of Introduction within the QNet Business.

03 Use of QNet Property

As trademarks, logos and service marks are registered and owned by QNet and/or its affiliates, all written materials are the copyright of QNet. The use of trademarks, logos and service marks or the publication of copyright materials may only be undertaken with the written authorisation from QNet and not otherwise.

04 Product Claims

QNet publishes detailed data about its products that is verifiable, accurate and complete. An IR must not make claims about any QNet products or services unless they are sourced from appropriate official QNet literature and accurately reflect the information contained in the appropriate literature.

05 Obligations of Independent Representativeship

5.1 Promote Professional Business Practice

An IR will:

- (a) ensure the IRs in his/her group are aware of this Code and at all times carry out their Business relationships either within the group or with IRs of the public; lawfully; with courtesy and integrity; and in accordance with this Code;
- (b) ensure they remain well informed regarding laws applicable to the Business and duties of an IR, including other essential facts and public policies or regulations that may affect such Business and duties;
- (c) keep confidential and not unethically use information that may be of detriment to another IR's Business.

5.2 QNet's Obligations

QNet will ensure that:

- (a) its employees will at all times act in a manner that does not conflict with the best legitimate interests of an IR and carry out duties with professional courtesy and integrity;
- (b) IRs are kept well informed regarding laws applicable to the Business and duties of IRs and other essential facts and public policies that affect such Business and duties and will comply with all the requirements thereof;
- (c) full cooperation of its employees is given to IRs with respect to advising them about matters that affect them;
- (d) it acts in the IRs' legitimate interest to the best of its abilities.

PART C APPLICATIONS

06 Application of the Code of Ethics

QNet and an IR will accept the Code of Ethics entirely and observe its provisions.

6.1 Compliance

QNet and an IR will ensure full compliance of the Code:

- (a) in QNet's case by Directors, Executives and all other employees;
- (b) in the IR's case by the IR and their Downlines.

6.2 Administration

QNet will administer its dealings with IRs in a manner that is conducive to compliance of the Code of Ethics.

07 Professional Contact

An IR must not:

- (a) tout for or on behalf of another MLM Company or Direct Selling Company;
- (b) divulge confidential information to unauthorised persons or for unauthorised or unethical purposes;
- (c) discuss financial aspects of other IRs' Businesses;
- (d) encourage another IR to change Line of Referralship or Introduction;
- (e) engage in Cross Lining or Poaching; encourage or induce any other person to engage in Cross Lining or Poaching;
- (f) use QNet's referred Functions, Literatures or CDs to support Cross Lining or Poaching.

08 Potential Independent Representative

An IR, either with or without an Upline's assistance, must at all times complete all relevant parts of the IR Application Form in the presence of the Prospect.

8.1 Explanation to Prospect

A Referrer or Upline must explain to the Prospect, and complete in his/her presence, the details of the IR Application Form so that the Prospect comprehends that s/he is personally introduced by the Upline or Introducing IR.

8.2 Application Subject to Acceptance

The IR Application Form is subject to QNet's discretion in accepting it as a valid application and making the appointment of that person as an IR.

09 Complaints

If an IR becomes aware of a breach of this Code, and wishes to proceed to lodge a complaint, the complaint should be made in writing in accordance to QNet Policies & Procedures.

"I AM COMMITTED TO MY SUCCESS"

GOOD BUSINESS ETHICS STARTS WITH ME, THE LEADER.

As a QNet Independent Representative, I will ...

- be honest and fair in my dealings with QNet;
- perform all my professional activities in a manner that will enhance my reputation and the positive reputation established by QNet;
- present the Compensation Plan accurately and honestly, clearly portraying the level of effort required to achieve success;
- accept and carry out to my best effort all duties expected of an IR and Referrer, including training and supporting the Downlines in my organisation;
- abide by all Policies & Procedures that are applicable to the operation of my business;
- strive to ensure that my Downlines are satisfied with my service and leadership;
- present realistic income possibilities only, and solely in relation to the appropriate effort involved;
- answer the questions and queries of prospects and Downlines fairly and honestly;
- present the benefits and information of the business as stated in the Company's official literature and from my own personal experiences;
- refer only those people that I have developed as my own Downlines and/or business prospects;
- always encourage Prospect(s) developed by his/her initial Referrers to be referred by him/her as well;
- be clear that QNet is a Network Marketing opportunity in which my income is related to my marketing and leadership skills as well as my own personal efforts;
- treat all Prospects, Downlines and associates with respect, goodwill and professional courtesy;
- not entice Downlines from outside my Line of Referralship to sign under my organisation;
- not misrepresent the QNet business in any way;
- not use any advertising that I know may be false or misleading;
- be fair and just to my Downlines and associates, and not engage in practices that may reflect unfavourably on myself, my organisation, the Company, and/or the industry;
- conduct myself in such a manner as to reflect only the highest standard of integrity, frankness and responsibility because I recognise that my actions as an IR with QNet have far-reaching effects;
- use the information contained in all QNet websites for my personal, non-commercial use only;
- not create any unapproved or illegal websites, which may tarnish the image of QNet and its related companies.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

QNet Malaysia

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English Edition



QNET INDEPENDENT REPRESENTATIVE

Name

IR Number

Phone

Email

Exclusively available from **QNET**