



## Policies and Procedures

## **Policies & Procedures – QNET Malaysia**

### **1) Purpose**

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

### **2) Definitions**

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

**“Agreement”** means the completed online IR Application Form that was submitted by an IR, which includes the P&P, the Product Terms and Condition, the Compensation Plan and subsequently accepted by the Company.

**“Anniversary Date”** means the anniversary of the date on which an IR was accepted as an IR.

**“Annual IRship Fee”** means the non-refundable annual administration fee an IR has to pay to renew his/her contractual relationship as an IR with the Company.

**“Business Kit”** means a kit that includes training materials, product catalogues, brochure, flyers, QNet Compensation Plan, code of conducts and the Company’s information.

**“Code of Ethics”** means the code of ethics which regulates the conduct of IRs as published on the Company’s website.

**“Company”** or **“QNET”** means QNet (M) Sdn Bhd, which is a company incorporated in Malaysia and having its principal place of business at Level 2, Qi Tower, PJ8, No. 23 Jalan Barat, Section 8, 46050, Petaling Jaya, Selangor, Malaysia.

**“Compensation Plan”** or **“QNET Compensation Plan”** or **“ComPlan”** means the QNET Marketing and Compensation Plan where an IR can earn commissions/bonuses based on his/her sales of QNET products and services as detailed in Appendix 1.

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

**“Downline”** means the IRs registered below an existing IR in the Genealogy as the context requires.

**“Genealogy”** means the relationship or relative positioning of IRs in the Company’s database.

**“Inactive IR”** means a Representative who failed to review his/her Representativeship pursuant to subclause 4.03 for at least a period of twelve (12) months after the last

Anniversary Date.

**"Independent Representative" or "IR"** means a person who has enrolled to build a network by selling products and referring others.

**"IRship Package"** is the welcome pack comprising of an online Starter kit and Product Portfolio consisting of an array of multimedia presentations, videos and brochures and many other valuable business building tools for new IRs;

**"Local Compensation Policy Schedule"** means the period when commission is calculated and paid based on the rules determined by the local company of a particular country, whenever applicable as determined by the Company.

**"Merger"** means the combination of two (2) or more into one (1).

**"MYR" or "RM" or "Ringgit Malaysia"** means the official currency of Malaysia.

**"OTP Form"** means Offer to Purchase Form, by which a person can offer to purchase the Company's products.

**"P&P"** means the Policies & Procedures as stated herein.

**"Person"** includes anybody of persons, corporate (for example a limited company) or unincorporated (for example a club or an association).

**"Product Portfolio"** means a kit that includes an array of multimedia presentations, videos and brochures and many other valuable business building tools.

**"Products"** means any products including services, unless the context otherwise requires.

**"Q Account"** means an accounting record inside the Company's accounting system. Each IR has his/her own Q Account. Such an account records the amount of money the Company owes to the corresponding IR or vice versa.

**"Registration fees"** means joining fees payable to QNet (M) Sdn. Bhd.

**"Retail Customer" or "Customer"** means a person who purchases the Company's products but does not register as an IR.

**"IRship"** means all the Account that an IR has and all other interests s/he has as an IR.

**"IR Identification Number" or "IR ID No."** means the identification number that the Company assigns to an IR when the Company accepts that person as its IR. [See subclause 4.01] It is a unique number for each IR and will be used to identify that IR through his/her IR business relationship with the Company.

**"Referrer"** means an IR who introduces Retail Customers and/or refers prospective IRs to the Company.

**"Social Media Policy"** means the Company's policy and guidelines on how IRs can promote

and present their business model on social media platforms such as blogs, Facebook, YouTube, LinkedIn, MySpace, etc. and attached herein as Appendix 3.

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

**“Upline”** means the Account or IRs direct or indirectly above a specific Account or IR respectively in the Genealogy as the context requires.

### **3) Independent Representatives**

#### **3.01 How to become an Independent Representative**

- (i) Check if your location of residency has a local plan by referring to Appendix 2 appended below. If the country or region you reside has a local plan, it is mandatory that you subscribe to the local plan. Any failure to subscribe to the correct plan may render your enrolment as an IRship void ab initio and you are fully responsible for all losses you may suffer as a result or arising therefrom.
- (ii) To become an Independent Representative you shall:
  - (a) Be of 18 years of age and above;
  - (b) Have a Referrer;
  - (c) Complete the online IR Application Form by providing true and accurate information about yourself on the official website of the Company and forward the completed application together with a copy of National Identification Card or Passport to the Company’s office in Malaysia, within two (2) weeks from the date of the Agreement;
  - (d) Purchase an “IRship Package”, the price of which includes the first year Annual IRship Fee (Registration Fee), which is payable by IR upon joining.

#### **3.02 Repurchase**

The Company will repurchase any company-produced promotional materials and/or Business Kit when an IR, for whatever reasons, leaves the Company and decides not to be IRs 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. Acceptance of the application is at the sole discretion of the Company.

#### **3.04 Changes in Directorships or Shareholder**

In the event of any changes in Directorships or Shareholder in said entities in subclause 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 IR Application Forms**

An applicant is only allowed to submit a single online Representative Application Form. In the event that there are more than one Representative Applications (whether with the same Referrer or not) received by the company, only the first duly completed application received by the company will be accepted and all subsequent IR-ships are void ab initio.

### **3.06 Retail Customer's Referrer**

For a Retail Customer of the Company who later applies to become a IR, his/her last Referrer for his/her purchase shall also be his/her Referrer of his/her IRship, unless the Customer's last purchase from the Company was more than six (6) months before his/her IR application and in his/her application s/he states another IR as his/her Referrers.

### **3.07 Acceptance**

The applicant will only be an IR 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 subclause 3.01(d).

### **3.08 Fictitious or assumed name**

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

### **3.09 Buy Back Policy**

IRs are hereby notified that products are subject to the Company's buy back policy. IR who wish to exercise his/her right of buy back, may make a request in writing to the Company in accordance with sub-clause 7 to cancel the contract and to return all/any unsold products previously purchased subject to the products for return must be in original marketable and saleable condition, not used, and not damaged. Such right shall be exercised in conjunction with the IR's resignation request in accordance with subclause 7.02 below.

The Company shall be obliged to buy back any products previously purchased by the IRs within six (6) months from the date of purchase at a sum not less than ninety per cent (90%) of the amount paid subject to administrative charges of 10% and deduction of bonuses/commissions in accordance to subclause 6.03 below.

If you have received the products or any materials from us relating to the products before you cancel your contract then you must send the products or those materials back to our contact address at your own cost and risk. If you cancel your contract but we have already processed the products for delivery you must not unpack the products or any such related materials when they are received by you and you must deliver the products or those related materials back to us at our contact address at your own cost and risk as soon as possible.

Once you have notified us that you are cancelling your contract, any sum debited to us from your credit card will, subject to the deduction of an administration fee, be re-credited to your account as soon as possible and in any event within thirty (30) days of your order PROVIDED THAT the products in question are returned by you and received by us in the condition they were in when delivered to you. If you do not return the products delivered to you or do not pay the costs of delivery, we shall be entitled to deduct the direct costs of recovering the products from the amount to be re-credited to you.

### **3.10 Exchange Product(s) Policy**

Subject to the approval of the Company and stock availability, an IR may apply to the Company to request for exchange of product(s) previously purchased within ten (10) days from the date of purchase. The product(s) for exchange must be in original marketable and saleable condition, not used, and not damaged and must be accompanied with:

- a) Copy of invoice(s) as proof of purchase;
- b) Copy of authorisation letter (if request is made on behalf of another IR); and
- c) Copy of IR ID and NRIC (National Registration Identification Card)

Request for exchange will be initiated after the receipt of the product(s) for exchange and the above required documentations together with an administrative charge of RM70.00 per invoice.

If the request for exchange is of higher value (RM), the IR is required to pay the differential value (RM). In the event the value (RM) of the product for exchange is lower, the differential value (RM) will not be refunded back to the IR and the BV and commission allocated prior will be deducted accordingly.

## **4) Appointment**

### **4.01 IR status**

Once the Company accepts an applicant's IR Application Form, the Company will grant to the applicant an IR status within the Compensation Plan by sending to him/her a written notice and thereafter the applicant becomes an IR. The Company will give the IR an IR Identification Number. The IR shall include his/her IR 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 from the date of 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 and Termination**

- (a) The appointment of a Representative is for a term of one (1) calendar year only. A Representative must renew his/her Representativenesship 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 IRship 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 IRship Fee. If Annual IRship 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 is required to renew his/her Agreement. If a Representative does not renew his/her Representativenesship on or before his/her Anniversary Date and before the expiry of the grace period, his/her Representativenesship shall be terminated (i.e. back to the Anniversary Date). Once a Representativenesship is terminated, the IR concerned shall not be entitled to enjoy any IR's rights provided in this P&P.

For the avoidance of doubt and without prejudice to clause 7.03 of the P&P, the use of the words “Renewal” and “Termination” in this clause 4.03 shall absolutely and unequivocally be restricted in its meaning and application in the context of this clause 4.03 only.

#### **4.04 Effects of Termination due to Non-Renewal**

The following shall apply to an IR who fails to renew his/her Representativeship in accordance with clause 4.03:

- (a) The TC of the Group Business Volume shall be nullified.
- (b) The TC, including those outstanding in TC Bank of the terminated Representativeship shall be nullified.
- (c) Termination of the IR concerned shall not affect the Group Business Volume, rank advancement, rank maintenance of his/her Referrer and his/her Referrer's Uplines.
- (d) The outstanding BV in BV Bank by the IR shall be void.
- (e) Right of access to the VO and the QNET eStore shall be revoked.
- (f) Referrals of prospective IRs shall be disallowed.
- (g) Any Q Account balance shall be forfeited.

For the avoidance of doubt and without prejudice to clause 7.04 of the P&P, the use of the phrase “Effects of Termination” in this clause 4.04 shall absolutely and unequivocally be restricted in its meaning and application in the context of this clause 4.04 only.

#### **4.05 Independent contractor**

An IR is an independent contractor having the rights and obligations conferred by this Agreement to promote or market the products of the Company.

#### **4.06 No right to represent Company**

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

#### **4.07 Non-employee**

As an IR 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.

#### **4.08 Claim of workmen's compensation**

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

## **5) IR's Rights and Obligations**

### **5.01 Non-exclusivity**

An IR 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 an IR has a right to refer Customers and/or refer another new IR to the Company and enjoys the benefits under the Compensation Plan for doing so. When referring new IRs to the Company, the referring IR shall give the person/s that s/he intends to refer a copy of the P&P, Product Terms and Condition, an IR Application Form, and details of the Compensation Plan.

### **5.03 Right to purchase at discounted prices**

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

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

An IRs 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 IRs.

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

An IR 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, IRs have an ongoing obligation to continue to personally promote sales through the introduction of new Customers to the Company and servicing their existing Customers.

### **5.07 Obligations to Downlines**

Any IR who introduces a potential prospect to the Company is required to guide and train to ensure that his/her Downline is properly operating and conducting his/her business. It is both to the advantage of Referrer 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 IRs. IRs must not use their own incomes, or other IRs' incomes, as indication of the success in persuading potential prospect. Commission cheques shall not be used as marketing materials. IRs shall not guarantee commissions or estimate expenses to potential prospects. IRs shall not use any undue influence or to pressure their potential prospect to join them.



### **5.08 Cross Lining**

Subject to subclause 9.01 and subclause 9.03, no IR may refer or attempt to refer another IR from a different Line of Referralship to 'switch' to another Line of Referralship. Examples of Cross Lining are:

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

Any situation (whether the above examples or others) found to be in violation of this subclause shall be met with the greatest scrutiny and may result in termination of the newly placed IR, as well as the IR having instigated the 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 (without prejudice to any consumer rights applicable in law) register himself/herself under the referralship of another Representative.

### **5.10 Obligation of not referring to other programmes**

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

IRs are strictly prohibited from promoting any competitive services, products and/or business programmes.

At Company functions, or on all Company property, no IR 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 clause is a serious breach of the P&P and may lead to the immediate suspension or even termination of the IRship of the IR who is in breach.

### **5.11 Breach of security**

All IRs have a responsibility to maintain the network integrity of the Company. Any IR 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 IRship. S/he shall also be liable for all consequential damages and losses suffered by the Company as a result for such breaches.

#### **5.12 Legal compliance**

IRs must comply with all laws, statutes, regulations and ordinances concerning the operation of their businesses.

IRs are hereby notified that apart from the countries listed on the official website of the Company, the Company does not operate in any other countries or jurisdictions. Should an IR elect to conduct his/her business in a market which the Company does not support, he/she does so on his/her own initiative and at his/her own risk entirely. The IR shall be solely responsible for inquiring into, ascertaining and observing all legal and regulatory requirements in connection with the operation of his/her business in the relevant country (including engaging consultants and advisors to obtain the necessary information and assistance), and the Company shall not be obliged to provide any assistance or support to the IR in relation thereof whatsoever or in the event of any occurrences.

Failure to observe and comply with applicable laws, statutes, regulations and ordinance in the performance of an IR's business constitutes a serious breach of the P&P, and may lead to the immediate suspension or even termination of the IRship of the IR who is in breach. S/he shall further be liable for all consequential damages and losses suffered by the Company resulting from his/her violation of this clause.

#### **5.13 Tax, expenditures, etc.**

IRs are personally responsible and liable to submit their tax return to the relevant local, state, provincial and federal taxes on any income they generate as IRs. The Company shall provide a copy of the required annual statement, the CP58 form to facilitate the submission of taxes as the law requires. A copy of the CP58 form can be downloaded from the Company's website at [www.qnet.net.my](http://www.qnet.net.my).

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 IR, the Company is found liable for not withholding tax relating to those commissions and/or bonuses, the IR shall indemnify the Company for such a liability. Payment of commissions and/or bonuses to foreign IRs shall be subject to a deduction of withholding tax, as the law requires.

#### **5.14 Obligation to the Company**

An IR shall, at all times, remain loyal to the Company and shall not publish any written and/or verbal disparaging or adverse information/statement/s 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.

All Representatives must be fully aware of the QNET's Code of Ethics promulgated and published by the Company on its website. Representatives must not commit in conducting their Representative business any activities in violation of this P&P and/or the Code of Ethics. Any Representative who is found in violation of this P&P and/or the Code of Ethics will be subjected to immediate suspension or termination depending on the seriousness of the violation.

## **6) Commissions and Bonuses**

### **6.01 Qualification for commissions and/or bonuses**

An IR must be active and in compliance with the Agreement, P&P, the Product Terms and Conditions and the Compensation Plan and have paid the Annual IRship Fee to qualify for commissions and/or bonuses. So long as an IR is entitled under the Compensation Plan to receive commissions and/or bonuses, the Company shall pay commissions and/or bonuses to the IR in accordance with the Compensation Plan. IRs must refer 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 Kits, Product Portfolio, or for referring other IRs and/or Customers.

In order to receive commissions on products sold, an IR has to complete an IR Application Form that must be received and accepted by the Company prior to the end of the Commission Period in which the sale is made.

Commissions and/or bonuses are calculated in accordance to the Compensation Plan. An IR 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. It starts from 00:01 on Saturdays until 23:59 on Friday. However, calculation for commission is calculated daily at the end of each day from Monday to Friday only. All transactions or BV accumulated by or for any IR during Saturday and Sunday shall be considered as if they were accumulated on Monday for all the purposes of calculating commissions and/or bonuses. However, commissions earned and BVs accumulated which include any local sales transactions will be placed in a different commission period based on Local Compensation Policy Schedules.

### **6.03 Adjustments to commissions and/or bonuses**

IRs 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 IRs 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 an IR for a returned product, the Company shall have the right to request the IR for the return of the said commissions and/or bonuses and the IR 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 paper Compensation Summary requested by IRs.

#### **6.05 Payment of commission**

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

#### **6.06 Unclaimed commissions and/or bonuses**

IRs 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 IR 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 IR a processing fee for reissuing a commission cheque. The processing fee shall be deducted from the balance owed to the IR.

#### **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 IRs 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) an IR 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 IRs 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 IR 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**

An IR may voluntarily resign from and/or terminate his/her IRship by tendering thirty (30) days' written notice of such voluntary resignation or termination to the Company. Acceptance of voluntary resignation and/or termination upon receipt of such notice is at the sole discretion of the Company.

Upon acceptance of the voluntary resignation/termination of IRship by the Company, the IR may make a request to return any and/or unsold Products to the Company in accordance with subclause 3.09 above. The Downline group of the resigned/terminated IR shall be transferred to the Referrer of the said resigned/terminated IR; and all the status, right and/or privileges attached to the said IRship shall be forfeited accordingly.

In such event, the sales previously achieved on the returned products shall be cancelled accordingly. The Company therefore reserves the right to re-evaluate the status achieved by the said "cancelled sales" for all the Uplines of the resigned/terminated IR's and to re-

adjust all the status as it deemed fit and necessary. All commission paid pursuant to the cancelled sales shall be refunded back to the Company in accordance with the adjustment of commissions/bonuses policy as set out in subclause 6.03 above.

### **7.03 Suspension**

An IR may be suspended for violating any terms of the Agreement, P&P and/or the Code of Ethics, the Compensation Plan, and/or any other relevant documents produced by the Company. When a decision is made to suspend an IR, the Company will inform the IR 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 pursuant to the notice provisions contained in the P&P. The Representative is obliged to provide his explanation together with all relevant evidential proof to support his case within 7 working days from the date of the suspension notice which the Company shall deliberate upon as it sees fit in its sole discretion.

Such suspension may or may not lead to termination of the Representative as so determined by the Company at its sole discretion. During the suspension period, the Company may take certain action(s) including, but not limited to, the following:

- (a) Prohibiting the Representative from accessing the Q Account and/or the Virtual Office (VO) and other QNET platforms.
- (b) Prohibiting the IR from holding himself as IR or using any of the Company's proprietary marks and/or materials;
- (c) Withholding and/or deducting and/or forfeiting any commissions and/or bonuses due to the Representative and/or imposing such liquidated damages against the Representative (whether deducted or forfeited from any commissions or bonuses due or which may become due) in such amount(s) as the Company deems fit subject to the maximum sum of four (4) weeks of commissions and/or bonuses (which sum the Representative acknowledges, confirms and consents to as being a reasonable and genuine pre-estimate of the damages due and payable in compensation to the Company for the loss or potential loss it will suffer);
- (d) Prohibiting the IR from purchasing services and products from the Company;
- (e) Prohibiting the IR from referring new IRs, contacting current IRs, or attending meetings of IRs;
- (f) 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 IR has occurred, the suspended IR may be terminated.
- (g) The Company will provide a copy of the suspension notice issued to the direct referrer and the upline of the Representative.

### **7.04 Termination**

- (a) Depending upon the seriousness of the violation, an IR may be immediately terminated for violating the terms of the Agreement, P&P, Code of Ethics, Compensation Plan, and/or any other relevant documents produced by the Company. The Company may, at its sole discretion, terminate a violating IR without

placing the IR on suspension. When the decision is made to terminate an IR, the Company will inform the IR in writing to the address in the IR's file that the termination has occurred.

- (b) Any Representative who is placed on suspension and who fails to respond to a suspension notice within the required 7 working days shall be immediately terminated without further investigation.
- (c) The Company will provide a copy of the termination notice issued to the Representative to the direct referrer.
- (d) Review of termination

If a Representative wishes to seek the Company to review a termination, 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) days period, the termination will automatically be deemed final. If a Representative files a timely written request, the Company shall review its decision.

The Company will notify the Representative of the result of the review within thirty (30) days after receipt of the Representative's request. 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 IR shall not further represent himself/herself as an IR 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 TCs pending the final resolution of his/her case. Any commissions and/or bonuses payable to him/her should s/he be suspended shall be retained by the Company. If the suspension of the Representative is subsequently removed, all outstanding commissions and/or bonuses may be paid to the Representative at the Company's sole discretion subject to the terms of clause 7.03 as applicable.

If a Representative is terminated, then immediately upon termination, the terminated Representative:

- (h) 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;
- (i) Must cease representing himself/herself as an IR of the Company;
- (j) Loses any and all rights to his/her Representative position in the Compensation Plan

and to all commissions and earnings payable to him/her by the Company;

- (k) 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 IR to the Company including, without limitation, any indemnity obligation incurred pursuant to subclause 11.15 herein, from commissions and/or bonuses or other compensation due to the IR.

#### **7.06 Reapplication**

An IR who resigns or has his/her IRship terminated due to non-renewal of his/her IRship may reapply as a new IR, but such reapplication will only be considered twelve (12) months after resignation or termination due to non-renewal. However, an IR who has been terminated due to a violation of the P&P and/or the Code of Ethics as determined by the Company may only reapply as an IR twelve (12) months from the date of termination, and the acceptance of which will be subject to the approval of the Company.

### **8) Transfer of IRship**

#### **8.01 Acquisition of IRship**

- (a) Except as expressly set forth herein, an IR may not sell, assign or otherwise transfer his/her IRship (or any rights thereof) to another IR or to any person without written approval of the Company.
- (b) The Company will not in general approve an application for selling, assigning or otherwise transferring his/her IRship except on very special circumstances to be determined on a case by case basis.
- (c) For exceptional cases, the IR shall send his/her written application to the Company together with the following supporting documents:
  - (i) the transfer agreement for the transfer of IRship which should be duly signed by the transferor and transferee and should contain at least, but is not limited to, information of the identity of both parties, the transfer price and intended date of the transfer;
  - (ii) the consent letter duly signed by the Referrer of the transferor;
  - (iii) a copy of identification documents of the transferor, the transferee and the Referrer of the transferor; and
  - (iv) any other documents as required by the Company at its sole and entire discretion.
- (b) A handling fee shall be charged to the transferor upon an application being made to the Company pursuant to clause 8.01 (c) which is non-refundable whether the application is successful or not.

#### **8.02 Circumvent compliance**

If it is determined, at the Company's sole discretion, that an IRship 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 IR's IRship.

## **Devolution**

### **9.01 Death**

An IR must nominate a person as his/her beneficiary to whom the Company will transfer the IR's IRship upon the death of the IR. The IR has a right to change his/her beneficiary in his/her lifetime by giving written notice to the Company. However, the Company will not accept such a transfer unless the beneficiary or the last beneficiary has executed a new IR Application Form and submitted certified copies of the death certificate of the IR to the Company. The beneficiary will then be entitled to take over the IRship of the late IR 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 IR of the Company. If the beneficiary had predeceased the IR and the IR failed to nominate a living beneficiary, his/her IRship shall be terminated immediately upon his/her death. All commissions/bonuses due under the IRship shall be distributed according to the law relating to intestacy in Malaysia. Any cross lining as a consequence of the devolution of IRship under this clause shall not be treated as a breach of the P&P.

### **9.02 Dissolution of a partnership**

If an IRship 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 IRship within thirty (30) days of being notified of the dissolution of the partnership, their IRship 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) IRs in separate Lines of Referralship get married, they may maintain their own individual IRship. They are also allowed to merge their IRships into one (1) but they are not allowed to transfer or change the positions of their TCs in the Genealogy. This shall not be treated as cross lining under subclause 5.08. Should a married couple opt to create a single IRship 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 notarised 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 IRs 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 IRs (including, but not limited to, credit data, Customer and IR profiles, and product purchase information), IR 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 IRs in strictest confidence



on a 'need-to-know' basis for use solely in the IRs' business with the Company.

IRs 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 an IR and thereafter. IRs 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, IRs 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**

Upon a Representative's request, the Company may provide 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 the IR. Nevertheless, due to any of the various factors, including but not limited to, the inherent possibility of human and mechanical error; information technology failures; 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 and/or the accuracy, completeness, adequacy, timeliness or otherwise thereof 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) IRs shall not reproduce or distribute privately reproduced versions of such materials under any circumstances. IRs 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 and/or the name of all the subsidiaries under the Qi Group of Companies is restricted from use by IRs in relation to their IR business activities on their personal website and/or email addresses.

#### **10.04 Copyright restrictions**

With respect to product purchases from the Company, IRs must abide by all manufacturers' recommended use and restrictions.

Without prior written approval from the Company, no IR 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. IRs must not contact, directly or indirectly, or speak to, or communicate with any supplier or manufacturer of the Company except at the Company-referred events at which the supplier or manufacturer is present at the request of the Company.

## **11) Promotion of IR'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 an IR'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 of the Company.

Reproduction of promotional items of the Company is prohibited. 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.

An IR may affix his/her name, address, IRship status, phone number and IR 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 IRs and/or Customers. No IR may represent his/her own incomes as indications of the success assured to others, since income success is dependent on many variables. IRs shall not guarantee salaries, draws, expenses, allowances, etc. No IR shall show or display an original or a copy of his/her earned commission or bonus cheque as enticement to any potential prospect.

### **11.03 Status of IRs**

IRs shall only present themselves as "an IR of the Company". Reference may be made to the relative rank an IR achieved at any one time, for example a Gold Star IR.

### **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 Management of the Company, IRs are prohibited from 'creating' their own stationery, business cards or letterhead graphics, where the Company's trade name or trademarks are used.
- (c) IRs 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, stationeries or letterheads.

### **11.05 Electronic advertising**

IRs 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 Management of the Company. Upon obtaining such approval, IRs are required to comply with the Social Media Policy, attached herein as Appendix 3. Spamming and use of automatic telephone dialling systems are prohibited. Breach of this clause is a serious breach of the P&P and could lead to the immediate suspension or even termination of the IR.

#### **11.06 Telephone listing**

IRs 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 Management of the Company.

#### **11.07 Media interviews**

IRs 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 Management of the Company.

#### **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.

#### **11.09 Independent Communication**

IRs, as independent contractors, are encouraged to distribute information and direction to their respective Downlines. However, IRs 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. IRs 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 nightclubs or any such similar establishment, convenience stores or gas stations. Exemptions must be approved in writing by the Management of the Company.

IRs may promote the Compensation Plan at their office, fairs and trade shows on the condition that it is not shown or displayed with any other plan associated with any direct selling company or networking company.

#### **11.12 Product and services claims**

IRs 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 P&P.

#### **11.13 Fax blasts and spamming**

Fax blasting and unsolicited emailing (spamming) is prohibited.

#### **11.14 Record keeping**

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

#### **11.15 Legal conformity**

Any tool or presentation technique used by an IR whilst promoting the Company's business concept, products and/or the Compensation Plan must be within the scope of an IR's rights in Malaysia. It is the IR'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 IR's responsibility to secure the necessary licence, degree or permit.

#### **11.16 Indemnity agreement**

Each and every IR 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 IR's:

- (a) Activities as IR;
- (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. IRs 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**

IRs agree and acknowledge that they are making use of the Company's websites, services, software, functions, information, applications and tools (herein after referred to collectively as the "Services") at their own risk, and that the Services are provided "AS IS" "AS AVAILABLE" "WITH ALL FAULTS" without any warranty of any kind, whether express or implied, including without limitation, that the Services will be provided uninterrupted and continuously at all times.

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

- (a) the breach by another IR of his/her Agreement, any Term or Condition of the P&P, and/or the Compensation Plan;
- (b) the operation of other IR's business;
- (c) any inadvertent, incorrect or wrong data or information provided by the Company;
- (d) the Company's failure to maintain complete and accurate records of IRs' business

dealings;

- (e) any system, server or connection failure, breach of security, error, tampering, unauthorised intervention, fraud, deletion, defect, omission, interruption, delay in operation or transmission, computer virus, bug or other malicious, destructive or corrupting code, agent programme or macros, or any other technical or other malfunction;
- (f) IRs' access, use or inability to access or use the Services; and
- (g) the Company's failure to provide any information or data necessary for IRs to operate their business, including, without limitation, the marketing and promoting of products of the Company and/or the introducing or referring of persons as Customers/IRs to the Company,

Regardless of whether the Company has been advised or should have been aware of the possibility of such losses and/or damages.

In the event any of the above exclusion on remedies, damages or liability is prohibited or restricted by law, and the Company is held liable to any IR for any reason, the IR shall limit the liability of the Company to the IR for any and all losses, damages, costs (including attorneys' fees), expenses, claims, demands, suits, actions, proceedings, orders or judgments whatsoever, so that the total aggregate liability of the Company to the IR shall not exceed the sum of RM16, 500.

### **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, floods, earthquakes, Acts of God and other natural disasters, epidemics, pandemics or other illnesses, war, government decrees or orders, information technology (including hardware and software) failures arising out of zero-day vulnerabilities or curtailment of a party's usual source of supply.

### **12.04 Violations**

It is the obligation of every IR to abide by and maintain the integrity of the P&P. If an IR observes another IR committing a violation, s/he should discuss the violation directly with the violating IR. If the IR 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](http://www.qnet.net.my) and and mark the correspondence "Attention: Network Integrity Department" or by email to [network.integrity@qnet.net](mailto:network.integrity@qnet.net).

### **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 IRs through official Company publications or the Company website at [www.qnet.net.my](http://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 IR, assign, novate or transfer all

or part of its benefit, rights and obligations under this Agreement to a third party and the IR 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 IR 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 an IR 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 IR. No delay or omission by the Company to exercise any right arising from a default affect or impair 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, the Product Terms and Condition 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, the Product Terms and Condition and/or the Compensation Plan or the breach termination or invalidity thereof (herein after called the "Matter"), shall first be sought to be resolved amicably between the IR concerned and the Company. If the IR and the Company cannot resolve the Matter within sixty (60) days from the date the Matter was first brought to the attention by one party to 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, the Product Terms and Condition and the Compensation Plan together constitute the entire Agreement between an IR and the Company.

#### **12.11 Severability**

If at any time any provision of the Agreement and/or P&P, the Product Terms and Condition and the Compensation Plan is or becomes illegal, invalid or unenforceable in any respect under the law of Malaysia, neither the legality, validity or enforceability of the remaining provisions of the Agreement and/or P&P, the Product Terms and Condition and the Compensation Plan under the law of Malaysia, nor the legality, validity or enforceability of such provision under the law 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 an IR 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 it is 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 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.



## **POLICIES & PROCEDURES**

### **APPENDIX 1 - COMPENSATION PLAN**

#### **01 Title**

This is the "QNET Compensation Plan" or "CompPlan" as referred to in the Company's Policies & Procedures ("P&P"). This Compensation Plan provides for the entitlement and calculation of commissions and/or bonuses of IRs 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.

**"Account"** means the account an IR is given when s/he first becomes an IR and is used to perform all transaction using an IR Identification Number.

**"Active IR"** means any IR who achieves the minimum Monthly RSP maintenance requirements designated for his/her current Rank, from Retail Sales or purchases of any QNET products for personal consumption.

**"Activated"** means a Qualified IR has accumulated and allocated a minimum volume of 500 BV on each side of any of his/her Account.

**"Business Volume" or "BV"** means the point value of a Product used to qualify Account and calculate Dynamic Commissions.

**"BV Bank"** means a place which stores the BV earned by an IR.

**"Commission Period" or "Commission Week"** means the period or week when commission is calculated and paid based on the preceding week's sales. However, commissions earned and BVs accumulated which include any local sales transactions will be placed in a different commission period based on Local Compensation Policy Schedules.

**"Compensation Level"** means the payout level of an IR. Commission and/or bonuses are paid out according to an IR's Compensation Level and as provided for in Schedule 1 of this Appendix 1.

**"Compression"** means when an IR does not meet the minimum Monthly RSP Maintenance requirement for his/her current Rank, Active IRs below that IR will move up to temporarily fill his/her position for earning Repeat Sales Points ("RSP") from Downlines within his/her network or line of referralship.

**"Counter"** means a calculating mechanism for an Account, 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 subclause 8.03.



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

**“Commission Level”** or **“Level”** Commission Step” or **“Step”** means one (1) part of the Commission Cycle, which is equivalent to 3,000 GBV on the Lower Volume Team.

**“Customer”** or **“Retail Customer”** means a person who purchases the Company’s Products but does not register as an IR.

**“Demotion”** or **“Demotion Policy”** means that in the event that an IR fails to meet the minimum Monthly Rank Maintenance requirements for his/her current Rank, s/he will retain his/her current Title Rank but shall be Paid As the Pay Rank corresponding to his/her achievement in that particular Month.

**“Direct BV”** means the BV that an IR earns when s/he sells the Company’s Products to directly referred Retail Customers or Direct Referrals.

**“Direct Referral”** means a person who is directly referred to join the Company’s business by an existing IR and is placed within the line of referralship of the IR who refers him/her.

**“Downline Group”** has the same meaning as provided in subclause 7.02 hereunder.

**“Dynamic Commission”** means the commission paid to a Qualified and Activated IR according to his/her Compensation Level.

**“Early Payout Option”** or **“EPO”** means the payout the IR is entitled to immediately upon achieving the required Group Business Volume in any of the Lower Volume Team within the given time frame. This Early Payout only applies to the Primary TC, Commission Cycle 1, irrespective of whichever Rank the new IR is placed, and the total payout will be in accordance with Schedule 1. The Early Payout procedure is explained under subclause 7.03.

**“eVoucher Points (EP)”** means points earned at every Level 6 of any given Commission Cycle, which are used to redeem Products available on the QNET Redemption Store.

**“First Purchase Profit”** means Retail Profit earned by the Referrer from the first qualifying purchase of his/her new Direct Referral.

**“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.

**“Group Business Volume”** or **“GBV”** means the total BV accumulated from the IR’s Downline Group.

**“Group Performance”** means the number of Downlines who advanced in Rank to Gold Star and above.

**“IR Price”** or **“IR Discounted Price”** means the price of the Company’s Products at which the Company sells to the IRs after they have made their first qualifying Personal Purchase.

**“Lower Volume Team”** means the weaker leg or the leg with the lesser volume on which the

Dynamic Commissions are calculated.

**"Maintenance" or "Rank Maintenance"** means an IR is required to achieve or maintain the minimum requirements of his/her current Rank as provided in Schedule 3 of Appendix 1.

**"Month/Monthly"** means a minimum of four (4) Sales Period.

**"Paid As"** means that if an IR fails to fulfil his/her Rank Maintenance, s/he shall be paid in accordance to the Pay Rank in which s/he is qualified for during that period. In this connection, if the IR's current Rank is, for instance, Diamond Star but s/he is unable to fulfil the Maintenance for Diamond Star and s/he has only managed to fulfil the Maintenance of Gold Star, s/he shall be paid in accordance to the Pay Rank which is

Gold Star (the Rank in which s/he is qualified for). This shall apply to each Rank and the corresponding Rank for avoidance of doubt.

**"Pay Level"** refers to a position in the Genealogy from which an Active IR is eligible to earn RSP. An IR can earn RSP from a maximum of ten (10) Pay Levels based on his/her current Rank.

**"Pay Rank"** means the recognition title given to an IR, when s/he achieves the Rank Advancement and/or Maintenance requirements within a fixed Month period. Pay Rank is subject to Demotion based on the IR's achievement in a particular Month.

**"Pay Rank Maintenance"** means the number of Months that an IR is required to achieve the Monthly Rank requirements to get promoted to Platinum Star Rank and above.

**"Personal Business Volume" or "PBV"** means the BV that an IR is personally responsible to generate or achieve, whether through Retail Sale to a Customer or his/her purchase of QNET Products for personal consumption.

**"Personal Purchase"** means an IR's own purchase of QNET Products that are for personal consumption.

**"Personal RSP"** means RSP that an IR earns from his/her Personal Purchases or Retail Sales.

**"Placement"** means the way the Account is placed in the database of the Company as shown in the Genealogy.

**"QNET eStore"** means the place accessible from the QNET website and IR's Virtual Office (VO) where Products are offered for sale to Customers and IRs for their personal consumption.

**"QNET Redemption Store"** means the redemption store available and accessible from the IR's Virtual Office (VO) where an IR can redeem Products using the IR's earned eVoucher Points (EPs).

**"Qualified"** means an Account has achieved and been allocated with the minimum required BV. An IR must have at least one TC with the minimum 500 BV from a retail sale or personal purchase.

**"Rank"** means the recognition title given to an IR, which is based on the Compensation Level that s/he achieved. There are two types of Rank assigned to each IR; namely, Title Rank and Pay Rank.

**“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 of this Appendix 1 within a fixed Month period.

**IR** is the default Rank for a newly registered IR in the Compensation Plan.

**Bronze Star** is the Title Rank and Pay Rank given to a Qualified and Activated IR.

**Silver Star** is advancement from Bronze Star upon fulfilment of all the Silver Star Rank Advancement requirements within a fixed Month period as set out in Schedule 3 of this Appendix 1.

**Gold Star** is advancement from Silver Star Rank upon fulfilment of all the Gold Star Rank Advancement requirements within a fixed Month as set out in Schedule 3 of this Appendix 1.

**Sapphire Star** is advancement from Gold Star Rank upon fulfilment of all the Sapphire Star Rank Advancement requirements within a fixed Month period as set out in Schedule 3 of this Appendix 1.

**Platinum Star** is advancement from Sapphire Star Rank upon fulfilment of all the Platinum Star Rank Advancement requirements for two (2) consecutive Months as set out in Schedule 3 of this Appendix 1.

**Diamond Star** is advancement from Platinum Star Rank upon fulfilment of all the Diamond Star Rank Advancement requirements for two (2) consecutive Months as set out in Schedule 3 of this Appendix 1.

**Blue Diamond Star** is advancement from Diamond Star Rank upon fulfilment of all the Blue Diamond Star Rank Advancement requirements for three (3) consecutive Months as set out in Schedule 3 of this Appendix 1.

**“Referralship”** means the activity of referring Retail Customer or new IRs to the Company.

**“Repeat Sales”** means recurrent purchase or sale of Products of the Company.

**“Repeat Sales Points”** or **“RSP”** means points assigned to each QNET Product that an Active IR earns from a maximum of 10 Pay Levels based on his/her current Rank.

**“Repeat Sales Commission”** means commission derived from accumulated Repeat Sales Points.

**“Retail Price”** means the retail prices of the Company’s Products at which the Company sells to Customers and new IRs on their first qualifying Personal Purchase.

**“Retail Profit”** means the difference between the Retail Price and the IR Discounted Price of a Product of the Company. It is awarded only to an IR who sells the Company’s Products to Retail Customers and new Direct Referrals.

**“Retail Sale/s”** means a sale or sales of the Company’s Products to Customers.

**“Sales Period”** or **“Sales Week”** means a one-week period commencing from 00:01 on Saturday until 23:59 on the following Friday, Hong Kong Time.

**“Self-Activation”** means a method of activating an Account with BV that the IR achieved through his/her Retail Sales or Personal Purchases.

**“Title Rank”** is the recognition title given to an IR, which is based on the highest rank advancement requirements that he/she has achieved. An IR retains the highest Title Rank he/she has achieved subject to Demotion. The Company reserves the exclusive rights to demote the IR in accordance with the terms & conditions of QNet Policies & Procedures or based on the sole discretion of the Company.

### **03 Acquisition of Account**

#### **3.01 Starting the Business**

A prospective IR starts the business by completing an IR Application Form and together with the registration fee, which includes the Business Kit.

Upon enrolment and acceptance as an IR, s/he will be granted an IR ID No.

### **04 Placement**

#### **4.01 Right of placement**

A Referrer has the right to place the Primary TC of an IR whom s/he personally referred or any additional TCs that are allocated to him/her (meaning the IR decides the placement location of his/her own 004 and subsequent TC extensions as described under subclause 3.04 herein) subject to the Rules of Placement as stated herein below.

#### **4.02 Change of Placement of Tracking Centres**

1. Once the Tracking Centre of the Direct Referral (“Relevant TC”) has been placed in the data base, the Placement in the Genealogy cannot be changed except as provided by the process below within 7 calendar days from the date of the concerned Placement.
2. For any change request of Placement of the Relevant TC, the Referrer has to provide to the Company the following documents:
  - (a) A written request signed by the Referrer detailing the correct placement of the Relevant TC;
  - (b) A copy of identification documents of the Referrer;
  - (c) A signed written consent from the Direct Referral; and
  - (d) A copy of identification documents of the Direct Referral.
3. For the avoidance of any doubt, the correct placement of the Relevant TC must be

placed:-

- (a) under the Primary Tracking Centre of the Referrer in the Genealogy;
  - (b) in such a way that it is not in contrary to Clause 5.08 of the P&P regarding cross-lining;
  - (c) under any Tracking Centres created prior to the Relevant TC;
  - (d) above any Tracking Centres created after the Relevant TC; and
  - (e) not in contrary to any other provisions stipulated herein regarding Placement.
- 4. Any request for TC Placement change beyond the 7 Calendar days or without sufficient supporting documents stipulated herein will not be entertained.
  - 5. A non-refundable handling fee, as determined by the Company and declared from time to time, shall be charged for each Tracking Centre change request, regardless whether the Tracking Centre change request is successful or not.

## **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 subclause 5.08 "Cross Lining" in the P&P.

### **5.05 Default placement**

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**

### **6.01 Default placing of Account**

If the Referrer fails to place his/her newly registered Direct Referral(s) within the grace period provided, the system will automatically place them on the Lower Volume Leg of the Referrer's TC-001.

## **07 Commissions and/or Bonuses**

- (a) All IRs are entitled to Retail Profit. No Customer is eligible for any commissions and/or bonuses although an Account will be placed for their purchase.
- (b) Only Qualified and Activated Account are eligible for earning commissions and/or

bonuses other than Retail Profit.

- (c) Any BV accumulated before Activation is not commissioned to same IR unless it occurs in the same Commission Period of Activation.
- (d) 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.
- (e) All commissions and/or bonuses payable under this Compensation Plan will be paid in Malaysian Ringgit (MYR).

#### **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 (which may include more than one Product) 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 purchase of products made by Customers or IRs. Only an Activated IR is eligible for Dynamic Commission.
- (b) BV will be assigned to each type of product and the same types of products may be assigned different units of BV.
- (c) 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 one (1) of the Accounts 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. In the case of any product sold to a Customer, the Company shall credit the BV assigned to that product to a BV Bank of the IR who successfully promoted the sales of the product and the IR shall allocate the BV so obtained within seven (7) days to his/her Account.
- (d) For every Account, there is one (1) Counter recording the accumulation of BV of each Downline Group.
- (e) Dynamic Commission shall be calculated for each Account based on the total BV accumulated in both Downline Groups of an Account as shown in its Counters and according to Schedule 1.
- (f) Dynamic Commission is calculated daily 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. However, any commissions earned which include any local sales transactions will be placed in a different commission period based on the Local Compensation Policy Schedules.

- (g) A maximum weekly Dynamic Commission is capped for each Compensation Level of IRs as prescribed in Schedule 1. Any BV 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 (“EPO”)**

Early Payout Option (“EPO”) is only applicable to a newly Qualified and Activated IR who achieved the required Group Business Volume at the Primary TC, Commission Cycle 1, within the specified time frame. This is irrespective of whichever Rank the new IR is placed and the total payout will be in accordance to the Schedule 1.

As stipulated in this clause, the IR must be Qualified and Activated by referring 2 Qualified Direct Referrals, placed on each side of any of his/her tracking centres, in order to be eligible for the Early Payout Option. Self-Activation will not allow the IR to earn from the Early Payout Option.

A new IR who is Qualified and Activated must achieve the required first 1,000 BV of his/her Lower Volume team within the first 4 weeks from the registration date to be eligible to receive the corresponding Early Payout as set out in Schedule 2 of Appendix 1.

Thereafter, the new IR who is Qualified and Activated must achieve the required second 1,000 BV of the Lower Volume Team within the first 6 weeks from the registration date to be eligible to receive the corresponding second Early Payout as set out in Schedule 2 of Appendix 1.

### **7.04 Repeat Sales Points (RSP) and Repeat Sales Commission**

An IR can convert his/her earned RSP into cash based on the standard conversion rate of 10,000 RSP: RM990.

Repeat Sales Points are points assigned to each QNET Product that an Active IR can earn, from a maximum of ten (10) Pay Levels based on his/her current Rank.

Cash converted from earned RSP is called Repeat Sales Commission.

An IR needs to meet the minimum Monthly RSP Maintenance for his/her current Rank, from his/her Retail Sales or Personal Purchases of any QNET Products, in order to earn RSP from a maximum of ten (10) Pay Levels depending on his/her current Rank.

### **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 an Account, 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 has to qualify his/her Account by allocating 500 BV to his/her Account.

### **8.02 Activation**

An IR is activated when s/he has a minimum of two (2) Qualified Direct Referrals placed one each side of any of the IR's tracking centres. 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 place by him/her before qualifying his/her Account shall be disregarded for the purpose of his/her activation.

### **8.03 Turning on Account Counters**

The Counters of an Account will only be enabled after it is qualified and its IR is activated.

## **09 Promotion**

### **9.01 Compensation Levels**

There are seven (7) Compensation Levels for IRs for the purpose of awarding Dynamic Commissions and Repeat Sales Commissions derived from earned RSP. Thereafter the ascending order of the Compensation Levels is as set out in Schedules 1 and 5 of Appendix 1.

### **9.02 Promotion to a higher rank**

An IR will be promoted to the next higher Rank upon his/her fulfilment of the requirements designated for each Rank in the QNET Compensation Plan within a fixed Month period.

The minimum Rank Advancement and Maintenance requirements per Month for the seven (7) Ranks are provided in Schedule 3.

### **9.03 Demotion**

- (a) IRs who fail to fulfil the Rank Maintenance or meet the minimum Monthly Rank Maintenance requirements of the current Rank they are in, will retain their current Title Rank but shall be Paid As the Pay Rank corresponding to their achievement.
- (b) Existing IRs who have registered and have achieved a certain Rank before 22 July 2017 will retain their current Rank. However, if IRs are unable to fulfil the Maintenance of their current Rank within the time frame, they will retain their current Title Rank but shall be Paid As the Pay Rank corresponding to their achievement.



- (c) Existing IRs who have achieved the rank of Platinum Star or higher ranks shall:-
- a) Attend at least two (2) Company arranged events, whether live in-person or any online format such as the following:
    - (i) V Convention;
    - (ii) Regional V Convention;
    - (iii) In Service Bootcamp (ISB).
  - b) have their personal details, image or photographs and IR ID No. to be used in connection with testimonies for the products and business opportunity of the Company in various Company materials whether or not it is for promotional or advertising purposes including but not limited to, Profiles, Magazines, Websites, Presentation Notes, Virtual Office (VO), at the sole discretion of the Company.

In the event an IR fails to meet the above requirements, the IR may be demoted by two (2) ranks (both Title Rank and Pay Rank) at the sole discretion of the Company, unless commercially decided otherwise. Any appeal here must be for good and sufficient cause and made by the IR in writing stating with sufficient details the cause(s) of the appeal to [ncd@qnet.net](mailto:ncd@qnet.net) within fourteen (14) days from the date of demotion. Any determination here shall be in the sole discretion and consideration of the Company.

## 10 Extinguishment of BV for Specific IR Status

If an IR's status is marked as one of the following, all his/her BV in the left and right volume Counters and in the BV Bank are deemed expired and set to a value of zero (0):

- (a) "Terminated";
- (b) "Nullified"; or
- (c) "Cancelled".

No deduction will be made from the volume that has been counted for the uplines of the concerned IR. For the purposes of this clause:

- (a) A "Terminated" IR is one whose IRship has been terminated by the Company due to his/her violation of the P&P or Code of Ethics;
- (b) A "Nullified" IR is one whose IRship has ceased by his/her voluntary cancellation of his/her purchase orders and registration fee; and
- (c) A "Cancelled" IR is one whose IRship has been terminated by his/her voluntary cancellation of his/her partially paid Product within twelve (12) months from the registration date.

## 11 Enhanced Compensation Plan

Effective 22 July 2017, the Company shall roll out various enhancements to the Compensation Plan. All existing and new IRs are thenceforth automatically subject to the

new Business Rules as stated hereunder:

1. All new and existing IRs will have an opportunity to earn commissions/bonuses from both BV and RSP of his/her Personal Purchases, Retail Sales, and sales to Downlines.
2. An IR can earn from one or more of the following seven (7) different types of commissions/bonuses from the QNET Compensation Plan:
  1. Retail Profit
  2. Early Payout Option (EPO)
  3. Dynamic Commission
  4. Repeat Sales Commission
  5. Rank Advancement
  6. Rank Maintenance
  7. Year-Round Incentives
3. An IR can advance to seven (7) Ranks with designated Compensation Level and Pay Level in the Compensation Plan as set out in Schedule 1 and Schedule 5 respectively of Appendix 1. The seven (7) Ranks are:
  1. Bronze Star
  2. Silver Star
  3. Gold Star
  4. Sapphire Star
  5. Platinum Star
  6. Diamond Star
  7. Blue Diamond Star
4. There is a maximum payout per Account per Sales Week based on the IR's Pay Rank as set out in Schedule 1 of Appendix 1. Maximum payout varies with the IR's Pay Rank.
5. An IR must achieve the prerequisite and the Monthly Rank Advancement requirements of the next Rank within a fixed Month period to advance in Rank as set out in Schedule 3 of Appendix 1. An IR is not allowed to skip Rank when advancing to a higher Rank.
6. An IR must achieve the Monthly Rank Maintenance requirements within a fixed Month period to maintain his/her current Title and Pay Rank and Compensation Level on a Monthly basis.
7. An IR who fails to achieve the Monthly Rank Maintenance for Gold Star and above will be Demoted to a lower Pay Rank based on his/her achievement but not to a Rank below Silver Star Rank.
8. An Active IR will be eligible to earn RSP from his/her Personal Purchases, Retail Sales, and Repeat Sales to his/her Downlines up to a maximum of ten (10) Pay Levels based on his/her current Rank. An IR must achieve a minimum of 50 Personal RSP to remain Active and eligible to earn Repeat Sales Commissions.
9. An IR who fails to achieve 50 Personal RSP within a fixed Month period will be Compressed and all the RSP from his/her Downlines' Repeat Sales will be forfeited in that particular Month.

10. The Pay Level of an Active IR is based on his/her current Pay Rank as set out in Schedule 5 of Appendix 1. RSP from Pay Level 2 are doubled in value.
11. Earned RSP are automatically converted into cash on a weekly basis using a conversion rate of 10,000 RSP: RM 990.
12. Diamond Star and Blue Diamond Star who maintain their current Title and Pay Rank for 6 consecutive Months will be eligible to earn a Maintenance bonus as set out in Schedule 4 of Appendix 1.
13. Rank Advancement to Bronze Star and Silver Star is effective immediately within the same Sales Week of achievement but the Rank will only be reflected on the website later in the third week of the achievement of the same Month.
14. Rank Advancement to Gold Star and above is effective in the first week of the following Month of the achievement but the Rank will only be reflected on the website later in the third week.

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## SCHEDULE 1:

### (A) COMPENSATION LEVEL PER RANK

LEVEL	GROUP BUSINESS VOLUME IN ANY LOWER VOLUME TEAM	BRONZE STAR	SILVER STAR	GOLD STAR	SAPPHIRE STAR	PLATINUM STAR	DIAMOND STAR	BLUE DIAMOND STAR
1	3, 000 GBV	MYR 660.00	MYR 742.50	MYR 825.00	MYR 858.00	MYR 907.50	MYR 990.00	MYR 1,072.50
2	3, 000 GBV	MYR 660.00	MYR 742.50	MYR 825.00	MYR 858.00	MYR 907.50	MYR 990.00	MYR 1,072.50
3	3, 000 GBV	MYR 660.00	MYR 742.50	MYR 825.00	MYR 858.00	MYR 907.50	MYR 990.00	MYR 1,072.50
4	3, 000 GBV	MYR 660.00	MYR 742.50	MYR 825.00	MYR 858.00	MYR 907.50	MYR 990.00	MYR 1,072.50
5	3, 000 GBV	MYR 660.00	MYR 742.50	MYR 825.00	MYR 858.00	MYR 907.50	MYR 990.00	MYR 1,072.50
6	3, 000 GBV	*10 EP	*10 EP	*10 EP	*10 EP	*10 EP	*10 EP	*10 EP

\* Ten (10) eVoucher Points (EP) are worth ten (10) cycle points that can be used to redeem Products on the QNET Redemption Store.

### (A) MAXIMUM WEEKLY DYNAMIC COMMISSION

RANK	BRONZE STAR	SILVER STAR	GOLD STAR	SAPPHIRE STAR	PLATINUM STAR	DIAMOND STAR	BLUE DIAMOND STAR
Payout per Level	MYR 660.00	MYR 742.50	MYR 825.00	MYR 858.00	MYR 907.50	MYR 990.00	MYR 1,072.50
Weekly Maximum Number of Levels	40	50	60	65	70	80	90
Weekly Maximum Dynamic Commissions	MYR 22,440.00	MYR 31,185.00	MYR 41,250.00	MYR 47,190.00	MYR 53,542.50	MYR 66,330.00	MYR 80,437.50
	+ 60 EPs	+ 80 EPs	+ 100 EPs	+ 100 EPs	+ 110 EPs	+ 130 EPs	+ 150 EPs

**SCHEDULE 2: EARLY PAYOUT OPTION**

GROUP BUSINESS VOLUME IN ANY LOWER VOLUME TEAM	EARLY PAYOUT (MYR)	TIME FRAME
1, 000 GBV	MYR 165.00	IR must achieve the first 1, 000 GBV Lower Volume Team within the first 4 weeks from registration date
1, 000 GBV	MYR 165.00	IR must achieve the 2nd 1, 000 GBV Lower Volume Team within the first 6 weeks from registration date
1, 000 GBV	MYR 330.00	N/A

\* Payout balance for the Level 1 Commission worth RM 660 for Bronze Star Rank.

### SCHEDULE 3: MINIMUM MONTHLY RANK ADVANCEMENT AND MAINTENANCE REQUIREMENTS

REQUIREMENTS	BRONZE STAR	SILVER STAR	GOLD STAR	SAPPHIRE STAR	PLATINUM STAR	DIAMOND STAR	BLUE DIAMOND STAR
Prerequisite	Registered IR, Qualified and Activated	Qualified and Activated and must be a Bronze Star	Qualified and Activated and must be a Silver Star	Qualified and Activated and must be a Gold Star	Qualified and Activated and must be a Sapphire Star	Qualified and Activated and must be a Platinum Star	Qualified and Activated and must be a Diamond Star
PERSONAL RSP *	*50 RSP (optional) IR must achieve 50 RSP to be eligible to earn RSP	*50 RSP (optional) IR must achieve 50 RSP to be eligible to earn RSP	50 *	50 *	50 *	50 *	50 *
QUALIFIED DIRECT REFERRALS	N/A	<i>OPTION 1</i> 3 Qualified Direct Referrals with 500 BV each  <i>OPTION 2</i> 2 Qualified Direct Referrals with 1,000 BV each (One-time Requirements)	N/A	N/A	N/A	N/A	N/A
DIRECT BUSINESS VOLUME (DBV) *** (either from retail sales or directs, new or existing)	N/A	N/A	500 BV	1,000 BV	1,000 BV	2,000 BV	3,000 BV
GROUP RSP **	N/A	N/A	600 GRSP from downlines within line of Referralship	2,000 GRSP from downlines within line of Referralship	5,000 GRSP with maximum of 2,500 GRSP per downline from at least 2 different legs within line of Referralship	15,000 GRSP with maximum of 7,500 GRSP per downline from at least 2 different legs within line of Referralship	20,000 GRSP with maximum of 7,500 GRSP per downline from at least 3 different legs within line of Referralship
STEPS	N/A	N/A	2	40	120	200	320
GROUP PERFORMANCE	N/A	N/A	N/A	5 Downlines within line of Referralship who advance/maintain to Gold Star Pay Rank or above	5 Downlines within line of Referralship who advance/maintain Sapphire Star Pay Rank or above and 10 Downlines within line of Referralship who advance/maintain Gold Star Pay Rank or above	30 Downlines (any Downline) who advance/maintain Sapphire Star Pay Rank or above (a maximum of 21 from any side of Account) and 1 Downline (within line of Referralship) who advance/maintain Platinum Star Pay Rank or above	10 Downlines (any Downline) who advance/maintain Platinum Star Pay Rank or above (a maximum of 7 from any side of Account) and 2 Downlines who advance/maintain a Diamond Star Pay Rank or above (1 on each side of Account, at least 1 within line of Referralship)
PAY RANK MAINTENANCE					Achieve the Platinum Star Monthly rank requirements for 2 Consecutive Months ***	Achieve the Diamond Star Monthly rank requirements for 2 Consecutive Months ***	Achieve the Blue Diamond Star Monthly rank requirements for 3 Consecutive Months ***

\* Achieved by either Personal Purchase or Retail Sales of QNET Products. Personal RSP can be carried forward up to one (1) year from the transaction date. 50 Personal RSP is an optional requirement for Rank Advancement and Maintenance for Bronze Star and Silver Star.

\*\* Achieved from Downlines within line of referralship.

\*\*\* For the Rank Maintenance of Platinum Star and above, achieve the requirements for only one (1) Month.

**SCHEDULE 4: RANK MAINTENANCE BONUS**

RANK	DIAMOND STAR	BLUE DIAMOND STAR
Achieve the Rank Maintenance requirements for 6 consecutive Months	MYR 33,000	MYR 99,000

**SCHEDULE 5: PAY LEVEL PER RANK**

RSP REQUIREMENTS	IR	BRONZE STAR	SILVER STAR	GOLD STAR	SAPPHIRE STAR	PLATINUM STAR	DIAMOND STAR	BLUE DIAMOND STAR
PAY LEVEL PER RANK	5	5	5	6	7	8	9	10
MINIMUM RSP REQUIREMENTS PER MONTH	*50 RSP	*50 RSP	*50 RSP	*50 RSP	*50 RSP	*50 RSP	*50 RSP	*50 RSP

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## **APPENDIX 2 – PRODUCT TERMS & CONDITIONS**

### **TERMS AND CONDITIONS**

Please read these Terms & Conditions ("Agreement") carefully. The Terms & Conditions set out your rights with respect to any purchases made by you, including important limitations and exclusions, such as those in QNet's product warranties. In this Agreement, when QNet (M) Sdn. Bhd. uses the term "we", "us", "our", "Company" or "QNet", it means QNet (M) Sdn. Bhd. unless the context otherwise required, the singular includes the plural and vice versa.

**BY PLACING AN ORDER WITH US, YOU ACCEPT AND ACKNOWLEDGE RECEIPT OF THIS AGREEMENT UNDER BOTH THE REGULAR PURCHASE AND THE REPEAT PURCHASE PROGRAMME ("RRP").**

QNet reserves the right, at its sole discretion, to change, modify, add or remove portions of this Agreement or change the Terms and Conditions of sale, at any time.

You should read this Agreement together with any other existing and future written agreements that you have with us. If there is a conflict between a term in this Agreement and any other written agreement you have with us, the term of this Agreement will prevail.

#### **A THE CONTRACT BETWEEN US UNDER THE REGULAR PURCHASE**

- 1.1 Your order is treated as an offer to us. Your product(s) order(s) is deemed accepted upon receiving of the correct required payment by the Company. We shall at our sole discretion, determine whether or not to accept your offer. Once payment has been received and your offer is accepted by us, we will confirm the acceptance of by sending an email to you at the email address you provided in your order. The acceptance of your offer shall deem to be concluded in Malaysia. Our acceptance of your order brings into existence a legally binding contract between us. Should we reject your offer, any payments made by you shall be refunded in the manner provided for in clause 3.02 this Agreement.
- 1.2 In placing an order, you certify that the information provided by you is complete and accurate. without limiting the foregoing, you undertake that:
  - (a) you are legally and fully entitled to use any credit card, qCard, Q Account and/or such other method as may be agreed between the parties for the purpose of making the purchase; and
  - (b) There are sufficient funds to cover the total cost of your purchases, including any applicable delivery charges.
- 1.3 In the event that an item is listed at an incorrect price or with incorrect information, we shall have the right, at our sole discretion to refuse any order placed. Should we refuse your offer, any payments made by you shall be refunded in the manner provided for in sub-clause 3.02 of this Agreement.

## **2 PRICE AND PAYMENT TERMS**

- 2.01 The prices payable for the products that you order are as displayed in our website: [www.qnet.net.my](http://www.qnet.net.my).
- 2.02 You will be required to pay extra charges for delivery and it might not be possible for us to deliver to some locations. Our delivery charges are as set out in our website.
- 2.03 The prices set out in our website are net prices which do not include any Value Added Tax (VAT), customs duties, tariffs, import tax etc. You shall be solely responsible for any possible VAT, customs duties, tariffs, import tax etc, payable upon the arrival of the products at the country to which you request for the products to be shipped.
- 2.04 You may pay for any products ordered by using a credit card, Card, Q Account and/or such other method as may be agreed between the parties. All credit card purchases are subject to approval from your credit card company.
- 2.05 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 Malaysia Ringgit (MYR).
- 2.06 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.

## **3 CANCELLATION BY THE COMPANY**

- 3.01 The Company reserves the right to cancel any order for the following reason:
- (a) Insufficient stock of the product ordered; or
  - (b) Out of delivery area; or
  - (c) One or more of the products you 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.
- 3.02 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 disappointment suffered.

## **B THE CONTRACT BETWEEN US UNDER THE REPEAT PURCHASE PROGRAMME**

### **4 CHANGES FOR SUCCEEDING ORDERS**

- 4.01 In the event that you intend to change the shipping address for the succeeding orders, you should call or email MSC fourteen (14) days prior to the next scheduled delivery/charge.
- 4.02 In the event that you intend to make any changes on RPP frequency for the succeeding

orders, you should call or order email MSC fourteen (14) days prior to the next scheduled delivery/charge.

## **5 PRICE CHANGE**

- 5.01 You will be charged at the same price of your first purchase for subsequent transactions until there is a price increase in the QNET eStore.
- 5.02 In the event of a price increase as determined by QNet from time to time, an email notification will be sent to you at least fourteen (14) days prior to the price increase.
- 5.03 If you do not contact MSC to cancel the succeeding orders, subsequent orders will be transacted at the new price.

## **6 RECURRING BILLING**

- 6.01 You will be charged on the same date of delivery every 1 month, 3 months, 6 months or 12 months depending on your preferred frequency. The date of charge shall be as follows:
  - (d) Every 1 month – date of purchase plus 1 month.
  - (e) Every 3 months – date of purchase plus 3 months.
  - (f) Every 6 months- date of purchase plus 6 months.
  - (g) Every 12 months – date of purchase plus 12 months.

\* Where your date of delivery falls on the 29<sup>th</sup>, 30<sup>th</sup> or 31<sup>st</sup> of any given month (except February), and you have a chosen recurring billing frequency which will occur in the month of February, you will be charged on the 1<sup>st</sup> of March instead, and your recurring billing will henceforth occur in accordance with this date and the frequency which you have chosen. An email notification reflecting this occurrence will be sent to your registered email address.

## **7 NOTIFICATION IF TRANSACTION IS NOT SUCCESSFUL**

- 7.01 In the event that a transaction is not successful, (a) an email notification will be sent to you; (b) a notification will appear when you log into the virtual office; and (c) GSC officer will inform you that the shipment will not be dispatched.

## **8 CANCELLATION**

- 8.01 You can opt to cancel your succeeding order without any additional charges if you have completed a minimum of 3 intervals of a particular RPP order.
- 8.02 If a cancellation is made prior to three (3) completed intervals, a liquidated sum equivalent to the value amount of discount plus processing fee will be charged directly to the payment option previously selected.
- 8.03 In the event that you would like to cancel the succeeding orders, you should call or email our Malaysia Service Support ("MSC") to cancel fourteen (14) days prior to the next scheduled delivery/charging.

**C THE CONTRACT BETWEEN US AND YOURSELF UNDER BOTH REGULAR PURCHASE AND THE REPEAT PURCHASE PROGRAMME**

**9 COOLING OFF PERIOD**

9.01 You are entitled to a ten (10) working days cooling-off period after the date of making purchase from the Company. No products and/or services will be delivered to you and no payment will be collected from you until the expiry of the cooling off-Period. During the cooling-off period, you have the right to either to continue with the order of the products and/or services or cancel the order.

9.02 Notwithstanding sub-clause 9.1 above, you can serve a notice of waiver ("Notice of Waiver") in writing in the event that you require the products and/or services earlier or before the cooling-off period. Upon receipt of the Notice of Waiver, the Company shall collect the payment from you immediately and deliver the products and/or services to you pursuant to the terms and conditions set out in this Agreement.

**10 DELIVERY OF PRODUCTS**

10.01 Products shall be delivered to the address as provided by you at the time of purchase of product or at the time of payment of a product under RRP. Any change of delivery address will incur additional charges, to be borne by you.

10.02 Delivery will be made as soon as possible after your order is accepted or at the time of payment of a product under RRP, and in any event within thirty (30) days of your order. Delivery will be by way of courier or other similar service.

10.03 We will make the first attempt at delivery within thirty (30) days of your order. In the event the first attempt fails for whatsoever reason, we will make a maximum of two (2) additional attempts within a period of fourteen (14) days from the first delivery attempt, to deliver your ordered product(s) to the delivery address provided by you.

10.04 Undelivered product(s) will be returned to us and if:

- (a) We are unable to deliver after three (3) attempts provided in subclause 4.03 above;
- (b) You have changed your delivery address without notifying us;
- (c) Delivery address provided is incomplete, not valid or illegible;
- (d) We are unable to contact or trace you;
- (e) Any other reasons not provided herein.

10.05 The re-shipment and applicable charges incurred will be borne by you in the event we are unable to deliver the product(s) to you as stipulated in subclasue 4.2 above.

10.06 Once products have been delivered to you they will be held at your own risk and we will not be liable for their loss or destruction.

10.07 In the event of the products you ordered being unavailable, we will, at our sole discretion, provide you substitute products of equivalent quality and prices. If you do not agree to

accept the substitute products, you may return them to our contact address. Any cost of returning any such substitute products shall be borne by us.

- 10.08 If the products you order are not physical products, the email we send you for the confirmation of our acceptance shall be conclusive evidence of a binding contract between us for your purchase of the products.

## **11 BUY BACK POLICY**

- 11.01 You are hereby notified that products are subject to the Company's buy back policy. If you who wish to exercise your right of buy back, you may make a request in writing to the Company in accordance with subclause 7 of the Policies and Procedure to cancel the contract and to return all/any unsold products previously purchased provided that the products being returned being in the exact original marketable and saleable condition, not used, and not damaged. Such right shall be exercised in conjunction with your resignation request in accordance with subclause 7.02 in the Policies and Procedures.

- 11.02 The Company shall be obliged to buy back any products previously purchased by you within six (6) months from the date of purchase at a sum not less than ninety per cent (90%) of the amount paid subject to administrative charges of 10% and deduction of bonuses/commissions in accordance to subclause 7.03 in the Policies and Procedures.

- 11.03 If you have received the products or any materials from us relating to the products before you cancel your contract then you must send the products or those materials back to our contact address at your own cost and risk. If you cancel your contract but we have already processed the products for delivery you must not unpack the products or any such related materials when they are received by you and you must deliver the products or those related materials back to us at our contact address at your own cost and risk as soon as possible.

- 11.04 Once you have notified us that you are cancelling your contract, any sum debited to us from your credit card will, subject to the deduction of an administration fee, be re-credited to your account as soon as possible and in any event within thirty (30) days of your order PROVIDED THAT the products in question are returned by you and received by us in the condition they were in when delivered to you. If you do not return the products delivered to you or do not pay the costs of delivery, we shall be entitled to deduct the direct costs of recovering the products from the amount to be re-credited to you.

## **12 EXCHANGE PRODUCT(S) POLICY**

- 12.01 Subject to the approval of the Company and stock availability, you may apply to the Company to request for an exchange of product(s) previously purchased within ten (10) days from the date of purchase. The product(s) for exchange must be in its/their original marketable and saleable condition, not used, and not damaged and must be accompanied with:-

(a) A copy of invoice(s) as proof of purchase;

(b) A copy of the authorisation letter (if the request is made on behalf of

another IR); and

(c) A copy of the IR ID and NRIC (National Registration Identification Card)

12.02 Request for exchange will be initiated after the receipt of the product(s) subject to exchange and the above required documentations together with an administrative charge of RM70.00 per invoice.

12.03 If the requested product(s) to be exchanged for the possessed products is of higher value (RM), you are required to pay the differential value (RM). In the event that the value (RM) of the product being exchanged is lower, the differential value (RM) will not be refunded back to the IR and the BV and commission allocated prior will be deducted accordingly.

### **13 LIABILITY**

13.01 If the products we deliver are not what you ordered or are damaged or defective or the delivery is of an incorrect quantity, you must notify us in writing in accordance to clause 9 regarding the problem within ten (10) working days of the delivery of the products in question.

13.02 If you do not receive the products ordered by you within thirty (30) days of the date from which you ordered them, you must notify us in writing in accordance to clause 9 regarding the problem within forty (40) days of the date from which you ordered the products.

If you notify a problem to us under this clause, our obligation, at your option, shall be:

(a) to make good any shortage or non-delivery; or

(b) to replace or repair any products that are damaged or defective; or

(c) Refunding the full amount paid for the products.

13.03 Save as precluded or restricted by law, by these Terms and Conditions and the Policies and Procedure, we shall not be liable for any indirect or consequential loss, damage or expenses (including loss of profits, business or goodwill) howsoever arising out of any problem you notified to us under this condition. We shall have no liability to pay any monetary compensation other than to refund the amount paid for the products in question under clause 10.02(c) above.

13.04 You must observe and comply with all applicable regulations and legislation, including obtaining all necessary customs, import or other permits to purchase products from our site. The importation or exportation of certain of our products to you may be prohibited by certain national laws. We make no representation and accept no liability in respect of the export or import of the products you purchase.

13.05 We rely on the accuracy of all information you provide in your order. You shall be solely responsible for any losses and/or delay due to any incorrect information you provide us in your order.

13.06 Notwithstanding the foregoing, nothing in these Terms and Conditions is intended to limit any rights you might have as 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 to you for any death or personal injury resulting from our negligence.

## **14 NOTICES**

Unless otherwise expressly stated in these Terms and Conditions, all notices from an IR shall be in writing and sent to the Company's address Level 2, QI Tower, PJ8, No. 23 Jalan Barat, Section 8, 46050 Petaling Jaya, Selangor Darul Ehsan, Malaysia and all notices from us to you will be displayed on our website from time to time.

## **15 EVENTS BEYOND OUR CONTROL**

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 the 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.

## **16 INVALIDITY**

If any part of these Terms and Conditions is unenforceable (including any provision in which we exclude our liability to you) the enforceability of any other part of these conditions will not be affected.

## **17 PRIVACY**

You acknowledge and agree to be bound by the terms of our privacy policy.

## **18 THIRD PARTY RIGHTS**

Except for our affiliates, directors, employees or IRs, a person who is not a party to this agreement has no right to enforce any term of this agreement.

## **19 GOVERNING LAW**

The contract between us shall be governed by and interpreted in accordance with the Laws of Malaysia.

## **20 ENTIRE AGREEMENT**

These Terms and Conditions, together with our current website prices, delivery details, contact details and privacy policy, set out the whole of our agreement relating to the supply of the products to you by us. Nothing said by any sales person 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 by us. Save for fraud or fraudulent misrepresentation, we shall have no liability for any such representation being untrue or misleading.

### APPENDIX 3 – SOCIAL MEDIA POLICY

IRs are permitted to discuss and promote their business on social media platforms such as blogs, Facebook, YouTube, LinkedIn, MySpace, and such other social media platforms. The following is the Company's policies and guidelines on such representation. The absence of, or lack of explicit reference to a specific site does not limit the extent of the application of this policy. Where no policy or guideline exists, IRs should use their professional judgment and take all necessary measures in this regard.

1. Personal blogs, websites and social media profiles should have clear disclaimers that the views expressed by the author are the author's alone and do not represent the views of the company.

Eg - The opinions and positions expressed are my own and don't necessarily reflect those of QNet (M) Sdn. Bhd."

2. You must represent yourself accurately and clearly state your relationship with the company as **IR**. No other claims may be made as employee, agent or otherwise.
3. You may not use the company's trademarks, trade names, service marks, logos or brands in any username or publish in any social media platform. These include but are not limited to Twitter, Facebook, and LinkedIn.
4. Information published on your blogs, websites and social media profiles should comply and adhere with the QNet's Policies and Procedures. (See clause 11.03, 11.04 and 11.05 of the Policies and Procedures). This also applies to comments posted on other blogs, forums, and social networking sites.
5. IRs may not use or attempt to register, sell, assign or license any of QNet and its associated company's trade names, trademarks, service names, service marks, product names, or any derivative thereof, for any internet domain name or email address (See 10.03 (c) of the Policies and Procedures)
6. By identifying yourself as an IR, you identify yourself with the brand image and the values of the company. As such, your online activity can affect others' perceptions of the Company, its products and services. It is therefore vital to be aware that your actions captured via images, posts, or comments can reflect on or against Company. The following guidelines must be adhered to for posting any content online:
  - You must use only text found on the company's official website
  - You may not supplement the content of your website or social networking profile with text from any source other than that of the company
  - All content must be spell-checked.
  - All misleading or deceptive activities, information and tactics are strictly prohibited.
  - Respect copyright laws, and reference or cite sources appropriately.
  - No abusive language is permitted.

- No personal attacks are permitted.
- 7. IRs must always disclose their relationship or identify themselves as a QNet IR when making any comment in relation to QNet and/or its products.
- 8. IRs who provide testimonials online must be truthful and subject to typical results.

Eg 1: "Amezcua Biodisc cured my snoring problem" While that may be an honest opinion, it is not a typical result, and therefore, any such opinion posted online would be in violation of the current guidelines, unless there is valid research to support the claim.

Eg 2. "I made MYR25,000 in one month with QNet, and you can too." While this statement may be true, the result is not "typical." Such statements would be in violation of the current guidelines. Whenever discussing earnings, you should refer to clause 11.02 of the Policies and Procedures for guidance on this subject matter.

- 9. For paid Internet advertising such as Facebook ads, the company's logo or trademark may not be used.  
All links must be directed to the IR's Personal (myqnsite) website and not the company's official site.

If you have any complaint, contact the Company for resolution through any of its official social media channels available at [www.qnet.net.my](http://www.qnet.net.my) or the Malaysian Support Centre at [support.centre@qnet.net.my](mailto:support.centre@qnet.net.my). Do not use other social media to express your grievances publically as the Company will have no way of addressing your grievance. Many of the people who read your grievance will not know whether it has been resolved, and they will be left with wrong impression that the matter remains unresolved.

## APPENDIX 4

Availability of Local Plans (Country or Region)

URL Address

Country/Region	URL Address
Europe	<a href="http://www.qneurope.com">www.qneurope.com</a>
Hong Kong	<a href="http://www.qnet.hk">www.qnet.hk</a>
India	<a href="http://www.qnetindia.in">www.qnetindia.in</a>
Indonesia	<a href="http://www.qnet-indonesia.co.id">www.qnet-indonesia.co.id</a>
Malaysia	<a href="http://www.qnet.net.my">www.qnet.net.my</a>
Philippines	<a href="http://www.qnet.net.ph">www.qnet.net.ph</a>
Singapore	<a href="http://www.qnet.com.sg">www.qnet.com.sg</a>
Sri Lanka	<a href="http://www.globallifestyle.lk">www.globallifestyle.lk</a>
Thailand	<a href="http://www.qnet.co.th">www.qnet.co.th</a>
Turkey	<a href="http://www.qnetturkiye.com.tr">www.qnetturkiye.com.tr</a>

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Last updated: April 2022