QNET

POLICIES & PROCEDURES

1) Purpose

These Policies & Procedures (the "P&P") spell out the rights and obligations between QNet Ltd (the "Company") and its Independent Representatives ("Representatives" or "IR(s)"). The P&P, the Representative Application Form that is accepted by the Company, and the Compensation Plan together govern the total contractual relationship between the Company and its Representatives.

2) Definitions

"Agreement" means the completed online Representative Application Form that was submitted by a Representative and subsequently accepted by the Company.

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

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

"Business Volume" or **"BV"** means the point value of a product used to qualify TCs and calculate Step Commissions.

"BV Bank" means a place which stores the BV available for TC allocation and temporarily held BV due to non-verified KYC status of the IR.

"Code of Ethics" means the code of ethics which regulates the conduct of IRs as published on the Company's website.

"Company" means QNet Ltd, which is a company incorporated with limited liability under the laws of Hong Kong and having its registered office at 21/F, 133 Hoi Bun Rd., Kwun Tong, Kowloon East, Hong Kong.

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

"Customer" or "Retail Customer" means a person who purchased the Company's products at a retail price but does not enrol as an Independent Representative.

"Downline" means the TCs or the Customers/Representatives below a specific TC or Representative respectively in the Genealogy as the context requires.

"Genealogy" means the relationship or relative positioning of TCs in the Company's database.

"Group Business Volume" or **"GBV"** means the total BV accumulated in both left and right Downline Groups of a TC.

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

"**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 Representatives;

"KYC" means Know Your Customer, a mandatory process of verifying the personal identity and background of customers who register as Independent Representatives with the Company for authentication purposes.

"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).

"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).

"Personal Data" means IR's image, name, valid identification number, date of birth, address, gender, signature, and photograph (digitally signed and encrypted formats) and such other information which either by itself or together with other information must reveal the IR's true and actual identity.

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

"Primary TC" means the first TC a Representative is given when s/he first becomes a Representative. It is usually identified by the extension '001' after the Representative Identification Number.

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

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

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

"QNET Compensation Plan" or **"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.

"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 Platforms" or **the "Platforms"** refers to the QNET Virtual Office, QNET Mobile App and Self-Service Portal, whichever channel that you will use to complete the KYC process.

"QNET Services" or **"Services"** means any processes, primarily the verification of identity, provided by QNET through available QNET Platforms in order to facilitate (1) telegraph transfer of payment to your bank accounts; (2) redemption of ecards from your Q Account and (3) use of QNet Platforms.

"Rank Advancement" means an IR will be promoted to a new rank when he/she meets all of the requirements for the new rank as set out in Schedule 3 of Appendix 1 within a fixed Month period.

"Rank Maintenance" means an IR can maintain his/her current Rank when he/she meets all the current rank requirements as set out in Schedule 3 of Appendix 1 within a fixed Month period.

"Referrer" means an IR who refers Retail Customers or prospective Independent Representatives to QNET.

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

"Representativeship" means all the TCs that a Representative has and all other interests s/he has as a Representative.

"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.

"Social Media Policy" means the Company's policy and guidelines on how IRs can discuss and promote their business on social media platforms such as blogs, Facebook, YouTube, LinkedIn, MySpace, etc. and this can be found on the IR's Virtual Office.

"Starter Kit" means a kit that includes training materials and the Company's information.

"Step Commission" means the commission paid to a Qualified and Activated IR according to his/her GBV on the Lower Volume Team and Compensation Level.

"Tracking Centre" or **"TC"** means a position in the Company's database. Commissions and/or bonuses are calculated with reference to each Tracking Centre.

"Upline" means the TCs or Representatives above a specific TC or Representative respectively in the Genealogy as the context requires.

"USD" or "US$" or "United States Dollar" means the official currency of the United States of America.

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 legal age in the state, territory or country of your domicile;

(b) Have a Referrer;

(c) Complete the online Representative Application Form by providing true and accurate information about yourself on the official website of the Company;

(d) Purchase an "IR-Ship Package", the price of which includes the first year Annual IRship Fee, which is payable by Representative upon joining.

(e) Complete the KYC process by providing your valid Personal Data to the Company through one of the QNET Platforms during the registration or within the prescribed grace period. Upon successful completion of the KYC process, you will be granted the full access to the QNET Services.

(1) By completing the KYC process, you agreed to be bound by the KYC Terms and Conditions.

(2) You are required to complete the mandatory KYC process during registration or within the grace period of 7 days from the date of your registration or 12 weeks from the date of your first retail sale or Personal Purchase. During the grace period, you will be placed under the following conditions:

a) During the 7 days' grace period

- Your Title and Pay Rank is IR.
- You have access to the QNET Services excepting only the Q Account.

- You are eligible to earn Retail Profit and/or other bonuses from the QNET Compensation Plan, however, you are not able to withdraw any earnings from your Q Account.

b) During the 12 weeks' grace period

- Your Title and Pay Rank is IR.
- You have access to the QNET Services excepting only the Q Account.
- You are eligible to earn Retail Profit and/or other bonuses from the QNET Compensation Plan, however, you are not able to withdraw any earnings from your Q Account.
- BV from your Retail Sale or Personal Purchase shall be held temporarily in your BV Bank and it shall not be counted towards you and your uplines' Step Commission calculation and Rank Advancement or Rank Maintenance.
- Your GBV shall be held temporarily, and it shall not be counted to your Step Commission calculation and Rank Advancement or Rank Maintenance.

(3) Failure to complete the KYC process within the 12 weeks grace period will result in the following consequences:

- You will lose your IR status and become a Retail Customer.
- You will not be able to access QNET Services excepting only the QNet estore.
- You will lose your rights as an IR in the QNET Compensation Plan and to all commissions or earnings payable to you by the Company.
- Your on-hold Retail Profit and BV in your BV Bank shall be released and credited to your active KYC-verified Referrer or to the next level active upline within the line of sponsorship.
- Once your status is changed to Retail Customer, your GBV shall be forfeited.
- These consequences shall take effect immediately after the 12 weeks grace period and you shall not be able to restore your IR status. However, you may still make additional purchases as a Retail Customer using the same account or by registering again as a new IR subject to Clause 5.09.

3.02 Repurchase

The Company will repurchase, on reasonable commercial terms, currently marketable company produced promotional materials and/or Starter Kit when a Representative, for whatever reason, leaves the Company and decides not to be a Representative any longer. When a departing Representative requests the Company to repurchase his/her promotional materials and/or Starter Kit, he/she shall complete a Repurchase Request Form (which can be downloaded from the Company's official website www.qnet.net) and deliver, at his/her own cost and risk, to the Company's office in Hong Kong, the promotional materials and/or Starter Kit and their respective

original receipts. The refund that the departing Representative will receive is equivalent to his/her cost of the promotional materials and/or Starter Kit, with deduction of ten (10) per cent handling charge.

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 Hong Kong. Failure to produce such documents may cause the application to be rejected.

3.04 Changes in Directorships or Shareholder

In the event of any changes in Directorships or Shareholder in said entities in 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 Representative 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 Customer's Referrer

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

3.07 Acceptance

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

3.08 Fictitious or assumed name

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

3.09 Return Policy

Customers and/or Representatives are hereby notified that Products are subject to the return policy, applicable as stipulated in the General Terms and Conditions found online.

4) Appointment

4.01 Representative status

Once the Company accepts an applicant's Representative Application Form, the Company will grant to the applicant a Representative status within the Compensation Plan by sending to him/her a written notice and thereafter the applicant becomes a Representative. The Company

will give the Representativehis/her IR ID No. The Representative shall include his/her IR ID No in all his/her orders and correspondences with the Company.

4.02 Rescind

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

4.03 Renewal and Termination

(a) The appointment of a Representative is for a term of one (1) calendar year only. A Representative must renew his/her Representativeship annually on or before the Anniversary Date. Subject to any relevant requirements under the Compensation Plan, a Representative has the 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 the 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) If a Representative does not renew his/her Representativeship as stipulated in subclause 4. 03(a) above, his/her Representativeship shall become non-renewed. A non-renewed IR is subject to termination at any times at the discretion of the Company. Once a Representativeship becomes non-renewed or is terminated, the IR concerned shall not be entitled to enjoy any IRs' rights provided for in this P&P save and except the credit accrued in his/her QAccount prior to the non-renewal.

4.04 Maintenance of Non-renewed/Terminated IR's Q Account

(a) The Company reserves the right to charge a reasonable fee to maintain a nonrenewed/terminated IR's Q Account. This maintenance fee shall be a standard amount chargeable on a monthly basis through the Q Account system.

(b) The maintenance fee will be charged regardless of the amount of balance or credit left in the non-renewed/terminated IR's Q Account until the said Q Account is zeroed. If the IRship in respect of the Q Account has been non-renewed/terminated for seven (7) years and above, the credit or balance left in the said Q Account may be forfeited in total to the Company.

(c) The maintenance fee will be deducted from any balance in the relevant non-renewed /terminated IR's Q Account and will be shown in the relevant non-renewed/terminated IR's Q Account report/statement.

(d) The Company reserves the right to amend the non-renewed/terminated IR's maintenance fee from time to time and at any time without prior notice to the IR.

4.05 Independent contractor

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

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

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

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

5) Representative's Rights and Obligations

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

5.02 Right to refer
Only a Representative has a right to refer Customers and/or refer another new Representative to the Company.

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

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

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

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

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

5.08 Cross Lining
Subject to subclause 9.01 and subclause 9.03, no Representative may refer or attempt to refer another Representative from a different line of referralship to 'switch' to another line of referralship. Examples of Cross Lining are:

(a) Placing additional TCs of his/her own in lines of referralship not below his/her Primary TC;

(b) Placement of a new Representative using anyone's name known to the Referrer and placing it in lines of referralship not below the Referrer's Primary TC while intending to profit from the proceeds of the said new Representative;

(c) A Representative owning an interest in an entity that is a Representative in lines of referralship not below his/her Primary TC;

(d) Entering in other lines of referralship under the same name as an existing Representative using a valid IR ID No 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 Representative, as well as the Representative 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 register himself/herself under the referralship of another

Representative. The Company shall have the right to suspend, terminate or switch the TC or Representativeship for any breach of this subclause.

5.10 Obligation of not referring to other programmes

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

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

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

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

5.11 Breach of security

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

5.12 Legal compliance

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

Representatives 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 a Representative 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 Representative 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 Representative in relation thereof whatsoever or in the event of any occurrences.

Failure to observe and comply with applicable laws, statutes, regulations and ordinances in the performance of a Representative's business constitutes a serious breach of the P&P, and may lead to the immediate suspension or even termination of the Representativeship of the Representative who is in breach. 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.
Representatives are personally responsible for paying local, state, provincial and federal taxes on any income they generate as Representatives. Unless required by laws, regulations or rules in any relevant countries, the Company shall have no obligation to provide tax information about the commissions and/or bonuses it's Representatives earned on behalf of Representatives to any government authorities or to withhold any commissions and/or bonuses for paying its Representatives taxes.

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

5.14 Obligation to the Company

A Representative shall, at all times, remain loyal to the Company and shall not publish any written and/or verbal disparaging or adverse information/statement/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
A Representative must be active and in compliance with the Agreement, P&P and the Compensation Plan and have paid the Annual IRship Fee to qualify for commissions and/or bonuses. So long as a Representative is entitled under the Compensation Plan to receive commissions and/or bonuses, the Company shall pay commissions and/or bonuses to the Representative in accordance with the Compensation Plan. Representatives must consult the Compensation Plan for a detailed explanation of the benefits, commissions and/or bonuses structure and the corresponding requirements.

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

In order to receive commissions on products sold, a Representative has to complete a Representative Application Form that has to 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 for each individual Tracking Centre. A Representative is entitled to have more than one (1) Tracking Centre. For details of acquisition of additional TCs and placement of TCs, please see the Compensation Plan as detailed in Appendix 1.

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 Fridays. However, calculation for commission is calculated daily at the end of each day from Monday to Friday only. All transactions or BVs accumulated by or for any Representative during Saturday and Sunday shall be considered as if they were accumulated on Monday for all the purposes of calculating commissions and/or bonuses.

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

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

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

6.04 Compensation Summary

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

6.05 Payment of commission

All commissions and/or bonuses that a Representative earns will be credited to his/her Q Account. The Representative can give instruction to the Company for payment out of his/her Q Account by way of cheque, demand draft or telegraphic transfer subject to an administrative fee as determined by the Company from time to time.

6.06 Unclaimed commissions and/or bonuses

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

commission cheque. The processing fee shall be deducted from the balance owed to the Representative.

6.07 Back order policy

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

6.08 Set off

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

7) Resignation, Suspension and Termination

7.01 Resignation

A Representative may voluntarily resign from and/or terminate his/her Representativeship by tendering a thirty (30)-day written notice of such voluntary resignation or termination to the Company. Acceptance of voluntary resignation and/or termination upon the receipt of such notice is at the sole discretion of the Company."

7.02 Suspension

A Representative 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 a Representative, the Company will inform the Representative in writing of the decision, the effective date of the suspension, the reason(s) for the suspension, and the steps necessary to remove such suspension (if any). The suspension notice will be sent to the Representative 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), through the QNET Mobile App and other QNET platforms.

(b) Prohibiting the Representative from holding himself as Representative 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 Representative from purchasing services and products from the Company;

(e) Prohibiting the Representative from referring new Representatives, contacting current Representatives, or attending meetings of Representatives; and

(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 Representative has occurred, the suspended Representative 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.

7.03 Termination

a) Depending upon the seriousness of the violation, a Representative 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 Representative without placing the Representative on suspension. When the decision is made to terminate a Representative, the Company will inform the Representative in writing to the address in the Representative's file that the termination has occurred.

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.

7.04 Effects of resignation, suspension and termination

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

If a Representative is suspended, s/he shall not before the removal of his/her suspension, further represent himself/herself or hold himself/herself out as a Representative of the Company. Nor shall s/he use any materials bearing the trademarks, service marks, trade names and any signs, labels, stationery or advertising referring to or relating to any products, plan or programme of the Company. S/he shall have no rights to enjoy any benefits under the Agreement, P&P and/or the Compensation Plan. But s/he shall be allowed to retain his/her 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 7.02 as applicable.

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

(a) Must remove and permanently discontinue the use of the trademarks, service marks, trade names and any signs, labels, stationery or advertising referring to or relating to any product, plan or programme of the Company;

(b) Must cease representing himself/herself as a Representative of the Company;

(c) Loses 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;

(d) Must take all actions reasonably required by the Company relating to protection of the Company's confidential information. The Company has the right to set off any amounts owed by the Representative to the Company including, without limitation, those incurred pursuant to any indemnity obligation under subclause 11.15 herein, from commissions and/or bonuses or other compensation due to the Representative.

7.05 Reapplication

A Representative who resigns or has his/her Representativeship terminated due to nonrenewal of his/her Representativeship may reapply as a new Representative, but such reapplication will only be considered twelve (12) months after resignation or termination due to non-renewal. However, a Representative 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 re-apply as a Representative 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 Representativeship

8.01 Acquisition of Representativeship

(a) Except as expressly set forth herein, a Representative may not sell, assign or otherwise transfer his/her Representativeship (or any rights thereof) to another Representative or to any person without written approval of the Company.

(b) The Company will not in general approve an application for selling, assigning or otherwise transferring his/her Representativeship except on very special circumstances to be determined on a case by case basis.

(c) For exceptional cases, the Representative shall send his/her written application to the Company together with the following supporting documents:

- (i) the transfer agreement for the transfer of Representativeship 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.

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

9) Devolution

9.01 Death

A Representative has a right to nominate a person as his/her nominee to whom the Company will transfer the Representative's Representativeship upon the death of the Representative. The Representative has a right to change his/her nominee in his/her lifetime by giving written notice to the Company. However, the Company will not accept such a transfer unless the nominee or the last nominee has executed a current Representative Application Form and submitted certified copies of the death certificate of the Representative to the Company. The nominee will then be

entitled to take over the Representativeship of the late Representative and entitled to all the commissions, bonuses or other benefits accrued thereafter and all the rights, and/or be subject to all the obligations as a Representative of the Company. If a Representative did not make any nomination in his/her lifetime, his/her Representativeship shall be terminated immediately upon his/her death. Any cross lining as a consequence of the devolution of Representativeship under this clause shall not be treated as a breach of the P&P.

9.02 Dissolution of a partnership

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

9.03 Marriage and divorce

In the case that two (2) Representatives in separate lines of referralship get married, they may maintain their own individual Representativeship. They are also allowed to merge their Representativeships into one (1) but they are not allowed to transfer or change the positions of their 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 Representativeship reflecting both as equal owners and these two (2) individuals subsequently divorce or separate, the Company will continue to pay earned commission as before the divorce or separation until the Company receives written notice, signed and 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 Representatives confidential information, including, but not limited to, genealogical and Downline reports, Customer lists, Customer information developed by the Company or developed for and on behalf of the Company by Representatives (including, but not limited to, credit data, Customer and Representative profiles, and product purchase information), Representative lists, manufacturer and supplier information, business reports, commission or sales reports, and such other financial and business information that the Company may designate as confidential. All such information (whether in written or electronic format) is proprietary and confidential to the Company and is transmitted to Representatives in strictest confidence on a 'need-to-know' basis for use solely in the Representatives' business with the Company.

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

10.02 Online and telephonic reports

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 Representative. 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) Representatives shall not reproduce or distribute privately reproduced versions of such materials under any circumstances. Representatives shall not use the Company name, logo, trade name, trademarks, programme names, or product names in any manner or form.

(c) Naming Protection Reserved by the Company. In addition to any relevant intellectual property laws, the following list of names are also reserved and restricted from use by Representatives in their Representative activities: QI Ltd, QI Holdings Ltd, QI, QuestNet Ltd, QNet Ltd, GoldQuest International Ltd, Quest Vacation International Ltd, QVI, Gold, Gold Team, GQI, V-Team, The V, VTI, Bank, Gold Rush, Legal, GITA, RYTHM, R.Y.T.H.M. or RYTHM Asia, Prana Resort, JR Mayer Collection, Qatana, Amezcua Wellness, Cimier, Qplus, Q-Shoppe, QuEX, Bonvo, Q Lifestyle, Vijayaratnam Foundation, Copy Quest and all other name of companies under the QI Group. These names are also prohibited from use by Representatives in relation to their Representative business activities on their personal website and/or email addresses.

10.04 Copyright restrictions

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

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

10.05 Vendor confidentiality

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

11) Promotion of Representative's Business

11.01 Promotional and advertising materials

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

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

A Representative may affix his/her name, address, Independent Representative title, phone number and IR ID No to any promotional materials that the Company approved or sold to him/her.

11.02 Income claims

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

11.03 Title of Representatives

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

11.04 Stationery and business cards

(a) Only the approved Company graphics version and wording are permitted to be used.

(b) Unless prior approval has been obtained from the Legal Affairs Department of the Company, Representatives are not permitted to 'create' their own stationery, business cards or letterhead graphics, where the Company's trade name or trademarks are used.

(c) Representatives are not allowed to insert the address, contact phone number or emails of any office of the Company or its associated companies in their business cards, stationery or letterheads.

11.05 Electronic advertising

Representatives may not advertise or promote the Company's business, products or marketing plan or use the Company's name in any public media including electronic media or transmission, on the Internet via websites or otherwise, without the prior written approval of the Company's legal department. Upon obtaining such approval, Representatives are required to comply with the Social Media Policy. 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 Representativeship of the Representative who is in breach.

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

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

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

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

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

Representatives 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.

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

11.12 Fax blasts and spamming
Fax blasting and unsolicited emailing (spamming) is prohibited.

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

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

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

(a) Activities as Representative;

(b) Breach of the terms of the Agreement;

(c) Violation of or failure to comply with any applicable laws, regulations or rules.

12) Levies

(a) International Sponsorship

12.01 International Sponsorship Description
International Sponsorship is an opportunity given to an IR to register others to become a Downline not just in the world market where he or she is currently registered but also in other countries and affiliate markets where the Company has established a localised business plan.

12.02 International Sponsorship Fee ("ISF")
ISF is a fee charged to an IR who has established a total aggregate volume on the Primary TC of fifty percent (50%) or more from any of the Company's localised markets. The amount to be paid may vary from week to week depending on the IR's weekly Step Commission.

12.03 International Sponsorship Business Rules

(a) IRs are allowed to sponsor others as well as to engage in the International Sponsorship of IRs who reside in a country where the Company implements a localised business plan.

(b) ISF is charged at ten percent (10%) of the IR's total weekly Step Commission earned from all TCs.

(c) Every IR's Primary TC volume will be checked on a weekly basis. This means that an IR may or may not be charged the ISF on a weekly basis depending on the aggregate volume the IR has from localised markets.

(d) IRs who engage in International Sponsorship will be charged the ISF if at least fifty percent (50%) of his or her Primary TC's aggregate volume over the current commission week comes from any of the Company's localised markets.

(e) ISF is deducted from the IR's weekly Step Commission. The IR's total Step Commission and the corresponding fees charged for International Sponsorship will be itemised in the Q Account summary.

(f) Only IRs who have completely earned the first cycle Step Commission from any of their TCs are subject to the ISF deduction. Thereafter, ISF will be deducted from the succeeding total weekly commission earned by the affected IRs from all their TCs.

(g) There will be **no** ISF deduction from the IR's first cycle Step Commission (i.e. cycle one (1) steps one (1) to five (5)) earned from a particular TC. ISF deduction applies only to the succeeding Step Commission earned from any of the TCs regardless of whether it was earned within the same commission week or not.

(b) Global Transaction Fee (GTF)

Global Transaction Fee Description
Global Transaction fee is an administrative fee levied on every withdrawal, transfer, conversion or deduction from a Q Account by IRs.

Global Transaction Fee ("GTF")
GTF is a fee equivalent to 3% of any amount for any withdrawal, transfer, conversion or deduction from a Q Account in any one of the following manners. Any GTF charged will be manifested in the respective Q Account summaries for a period of one (1) year from the date of the relevant transactions.

1.Ecard requests
2.Commission Cheques
3.All Telegraphic Transfers
4.Qashout
5.Qwallet
6.My Prepaid transactions
7.Q Account encashments

Since certain Q Account transactions are subject to existing fees, in such cases and where applicable, only the higher fee is applicable. For example, if the existing fee is higher than the GTF amount, only the existing fee will apply.

13) General Provisions

13.01 Company's employee prohibition

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

13.02 Liability

Representatives 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 Representative 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 Representative as a result of:

(a) the breach by another Representative of his/her Agreement, any Term or Condition of the P&P, and/or the Compensation Plan;

(b) the operation of other Representatives' 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 Representatives' 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) Representatives' access, use or inability to access or use the Services; and

(g) the Company's failure to provide any information or data necessary for Representatives to operate their business, including, without limitation, the marketing and promoting of products of the Company and/or the introducing or referring of persons as Customers/Representatives 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 Representative for any reason, the Representative shall limit the liability of the Company to the Representative 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 Representative shall not exceed the sum of USD 5,000.

13.03 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.

13.04 Violations

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

13.05 Amendments

The Company reserves the right to amend/change the P&P, its retail prices, products and services availability, and/or the Compensation Plan at any time without prior notice as it deems appropriate. Amendments will be communicated to Representatives through official Company publications or the Company website at www.qnet.net. 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.

13.06 Assignment / Novation / Transfer

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

13.07 Non-waiver provision

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

The Company's waiver of any particular default by a Representative shall not affect or impair the Company's rights with respect to any subsequent default. Nor shall it affect in any way the rights or obligations of any other Representative. No delay or omission by the Company to exercise any right arising from a default 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.

13.08 Governing law
The Agreement, the P&P and the Compensation Plan shall be governed by the laws of Hong Kong Special Administrative Region of the People's Republic of China.

13.09 Jurisdiction and Arbitration
Any dispute, controversy or claim arising from or in connection with the Agreement, the P&P and/or the Compensation Plan or the breach, termination or invalidity thereof (herein after referred to as the "Matter") shall first be sought to be resolved amicably between the Representative concerned and the Company.

If the Representative and the Company cannot resolve the Matter within sixty (60) days from the date the Matter was first brought to the attention by one party to the other, the Matter shall be referred to and finally resolved by arbitration administered by the Hong Kong International Arbitration Centre under the Hong Kong International Arbitration Centre Administered Arbitration Rules in force when the Notice of Arbitration is submitted. The seat of arbitration shall be Hong Kong. The number of arbitrators shall be one (1). The arbitration proceedings shall be conducted in the English language.

In relation to all matters concerning arbitration under this clause, attention is hereby called to Section 81 of the Arbitration Ordinance (Cap 609). In this regard, Section 5 ("Appeal against arbitral award on question of law") of Schedule 2 of the Arbitration Ordinance (Cap 609) is hereby expressly opted out of.

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

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

13.12 Notices and communication
Each notice, demand or other communication to be given or made under the Agreement, the P&P and/or the Compensation Plan by the Company to a Representative shall be in writing and delivered or sent to the relevant party at his/her last known address or email address designated by the Representative and recorded in the file. Any notice, demand or other communication to the Company shall be sent or delivered to the Network Compliance Department of the Company at its office in Hong Kong or by email to ncd@qnet.net. Any notice, demand or other communication so addressed to the relevant party physically 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 sent by email, it shall be deemed to have been received by the other party when the email enters the recipient's mail server without any undelivered message sent back to the sender

13.13 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.

13.14 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.

13.15 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 QNet Ltd's Policies & Procedures ("P&P"). This Compensation Plan provides for the entitlement and calculation of commissions and/or bonuses of Independent Representatives of QNet Ltd.

02 Definitions and Interpretation

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

"Active IR" means any IR who achieves the minimum Monthly RSP maintenance requirements from the RSP earned from his/her personal purchase or retail sale of any QNET product carrying RSP.

"Activated" means when a Qualified IR has achieved and allocated a minimum of 500 BV on each side of any of his/her Tracking Centres (TC).

"**Business Volume**" or "**BV"** means the point value of a product used to qualify TCs and calculate Step Commissions.

"BV Bank" means a place which stores the BV available for TC allocation and temporarily held BV due to non-verified KYC status of the 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 pay level of an Independent Representative. Commissions 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 a TC and it is on the left and right of each TC, the record of which reflects the balance of BV its Downline Group has accumulated for the purpose of calculating Step Commission. The Counters are either on or off based on the rules described in subclause 8.03.

"Commission Cycle" means six (6) Commission Steps.

"**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 purchased the Company's products at a retail price but does not enrol as an Independent Representative.

"**Demotion Policy"** means that in the event that an IR fails to meet the minimum Monthly Rank Maintenance requirements for his/her current Rank, he/she 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 he/she sells QNET Products to directly referred retail customers or direct referrals.

"**Direct Referral**" means a person who is directly referred to join the QNET business by an existing Independent Representative (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.

"Early Payout Option" or "EPO" means the partial payment of the First Step Commission payable in advance to the new Qualified and Activated IR upon achieving the required Group Business Volume (GBV) in any of the Lower Volume Team of his/her Primary TC within the given time frame. This Payout only applies to the Primary TC at the First Step, Commission Cycle 1, irrespective of whichever rank the new IR is placed, and the total payout will be in accordance to Schedule 1. The Early Payout procedure is explained under subclause 7.03.

"eVoucher Points (EP)" means points earned at every Step 6 of any given Commission Cycle, which are used to redeem products available on the QNET Redemption eStore.

"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 he/she is in, for the Commission Period.

"Group Business Volume" or "GBV" means the total BV accumulated in both left and right Downline Groups of a TC

"**Group Performance**" means the number of downlines who advanced in rank to Gold Star and above.

"Group Repeat Sales Points" or "Group RSP" means the RSP that the IR earns from the repeat sales and personal purchases made by his/her Downlines within his/her network or line of referralship

"Inside Leg" means the left Downline branch of a TC if that TC is on the right Downline branch of its immediate Upline or the right Downline branch of a TC if that TC is on the left Downline branch of its immediate Upline. It means the opposite side of the Leg below which the TC is placed.

"IR Discounted Price" or "IR 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 Step Commissions are calculated.

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

"Outside Leg" means the Downline branch of a TC other than its Inside Leg.

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

"**Pay Rank**" is the recognition title given to an IR, when he/she achieves the Rank Advancement and/or Maintenance requirements within a fixed Month period. Pay Rank is subject to Demotion based on his/her 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 produce or achieve, whether it is through retail sale to a customer or his/her personal purchase of any QNET products carrying BV.

"**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 purchase or retail sales of any QNET products carrying RSP

"Placement" means the way the TCs are placed in the database of the Company as shown in the Genealogy.

"Primary TC" means the first TC given to the new IR upon successful enrolment. It is usually identified as the extension '001' after the Representative Identification Number (IR ID No).

"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 eStore" means the redemption store available and accessible from the IR's Virtual Office (VO) where IR can redeem products using the IR's earned eVoucher Points (EPs).

"Qualified" means a TC 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" is the recognition title given to an IR, which is based on the compensation level that he/she 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 he/she meets all of the requirements for the new rank as set out in Schedule 3 of Appendix 1 within a fixed Month period.

IR is the default rank for a newly registered IR in the QNET 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 rank upon fulfilment of all the Silver Star Rank Advancement requirements within a fixed month period as set out in Schedule 3 of Appendix 1.

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

Platinum Star is advancement from Sapphire Star rank upon fulfilment of all the Platinum Star Rank Advancement requirements for 2 Consecutive Months as set out in Schedule 3 of Appendix 1.

Diamond Star is advancement from Platinum Star rank upon fulfilment of all the Diamond Star Rank Advancement requirements for 2 Consecutive Months as set out in Schedule 3 of Appendix 1.

Blue Diamond Star is advancement from Diamond Star rank upon fulfilment of all the Blue Diamond Star Rank Advancement requirements for 3 Consecutive Months as set out in Schedule 3 of Appendix 1.

"Rank Maintenance" means an IR can maintain his/her current Rank when he/she meets all the current rank requirements as set out in Schedule 3 of Appendix 1 within a fixed Month period.

"**Referralship"** means the activity of referring retail Customers or new IRs to participate in the Compensation Plan.

"Repeat Sales" means recurrent purchase or sale of products and services carrying RSP of the Company.

"Repeat Sales Points" or "**RSP**" means points assigned to any QNET product carrying RSP that an Active IR earns from a maximum of ten (10) Pay Levels based on his/her current Rank.

"Repeat Sales Commission" means commission derived from accumulated Repeat Sales Points.

"Retail Price" means the price of the Company's products at which the Company sells to Customers and the 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.

"RSP Pay Level" refers to a position in the genealogy from which the 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.

"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 Standard Time.

"Secondary Tracking Centres" means the left and right Tracking Centres that are directly connected to the Primary TC given to the new IR upon successful enrolment. The left TC is usually identified as the extension '002' and the right TC is identified as the extension '003' after the Representative Identification Number (IR ID No.).

"Self-Activation" is a method of activating Representativeship with BV that the IR achieved from his/her retail sale or purchase of QNET products for personal consumption.

"Step Commission" means the commission paid to a Qualified and Activated IR according to his/her GBV on the Lower Volume Team and Compensation Level.

"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.

"Tracking Centre" or **"TC"** means a position in the Company's database. Commissions and/or bonuses are calculated with reference to each Tracking Centre.

03 Acquisition of TCs

3.01 Tracking Centres

An IR will be granted three (3) TCs when s/he is first accepted as an IR. The three (3) TCs shall appear in the Genealogy in the following configuration: the Primary TC-001 being the uppermost TC has TC-002 connected immediately to its left and TC-003 immediately to its right.

3.02 Qualifying all TCs

An IR has to qualify all his/her TCs before s/he can acquire additional TCs.

3.03 Minimum BV

For the purpose of acquiring additional TCs and also for the purpose of qualifying a TC, the minimum number of BV that can be allocated to one (1) TC is 500 BV for Primary TC 001 and for Secondary TCs 002 and 003.

3.04 Acquiring additional TCs

Subject to subclause 3.05, after an IR's initial three (3) TCs are qualified with a minimum of 500 PBV each, he/she can acquire an additional TC by obtaining 1,000 Personal Business Volume. Thereafter, every 1,000 PBV will create one (1) new TC.

3.05 Maximum additional TCs in a single sale transaction

An IR can only place a maximum of two (2) additional TCs on a one-off basis in a single sale transaction. Any additional TCs awarded from the same sale transaction will be stored in a TC bank designated for the IR. The IR can choose to place the TCs from the TC bank at any time thereafter.

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 as Direct Referral 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 Limit of connected TCs

Only two (2) TCs can directly be connected to the Primary TC.

5.02 Immediate Upline TC

Each TC can only have one (1) TC as its immediate Upline.

5.03 Placement rights of a Referrer

Subject to subclause 5.08, a Referrer shall have the sole right to place the Primary TC of an IR whom he/she personally referred. Subject to the aforesaid, an IR shall have the right to place any secondary TCs that are allocated to him/her.

5.04 Placement rights of an IR

Subject to subclause 5.07, an IR can place any TC, which s/he has a right to place under existing TCs in his/her Downline, beginning anywhere under his/her Primary TC (TC-001). But s/he cannot place a TC in a position that is already occupied by another TC.

5.05 Placement above the Primary TC

An IR is not allowed to place any TC above his/her own Primary TC.

5.06 Placement under the Primary TC

An IR cannot place any TC, which s/he has a right to place in a position that is not under his/her Primary TC. In other words, s/he cannot place a TC in contravention to subclause 5.08.

5.07 Subsequent TC extensions to TC-003

Pursuant to subclause 5.01, all TC extensions belonging to an IR subsequent to TC-003 (i.e. TC004 and onwards) shall not be placed/connected directly to the same IR's existing TCs

5.08 Default placement

If the Referrer fails to place his/her newly registered Direct Referral(s) within the grace period provided from the registration date, default placement as stipulated under clause 6 of the Default Placement Method shall apply.

06 Default Placement Method

6.01 Default placing of a TC

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.

In the event of the Referrer having a balanced volume on both legs, the system will automatically place the newly registered Direct Referral(s) on the position opposite of the placement of his/her 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 a TC will be placed for their purchase.

(b) Only Qualified and Activated TCs are eligible for earning Step Commissions and/or bonuses other than Retail Profit

(c) Any BV accumulated before Activation is not commissioned to the 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.

7.01 Retail Profit

(a) The Referrer shall be entitled to the Retail Profit for every product that he/she personally and successfully promoted to another person who purchases it as a Retail Customer from the Company.

(b) The Referrer is also entitled to the Retail Profit from the first qualifying personal purchase (which may include more than one product) at Retail Price by his/her personally referred Downlines.

7.02 Step Commission

(a) Step Commissions are paid to IRs based on BV accumulated from the purchases of products made by Customers or IRs. Only Qualified and Activated IR is eligible for Step Commission.

(b) BV is a point value assigned to certain QNET products and the same type of products may be assigned with 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 TCs 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 a product carrying BV is 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 TC.

(d) In the Genealogy, the TCs in the Inside Leg of a particular TC represent a Downline Group of that particular TC. The TCs in its Outside Leg represent another Downline Group. In other words, every TC should have one (1) Downline Group in its Inside Leg and one (1) in its Outside Leg.

(e) For every TC, there is one (1) Counter recording the accumulation of BVs of each Downline Group.

(f) Step Commission shall be calculated for each TC based on the total BV accumulated in both Downline Groups of a TC as shown in its Counters and according to Schedule 1.

(g) Step Commission is calculated daily and paid on a weekly basis. Commission payable to a TC 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.

(h) A maximum weekly step commission is capped for each Compensation Level of Independent Representatives as prescribed in Schedule 1. Any BVs accumulated within a single week in a Commission Period after corresponding weekly maximum Step Commission for that Commission Period has been reached shall be forfeited and shall not be taken into consideration for the calculation of any Step 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 Lower Volume Team of the Primary TC at the First Step, 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 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 on his/her Lower-Volume Team within the first 4 weeks from the registration date to be eligible to receive the corresponding first 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 on his/her 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.

An example of the Early Payout procedure: A new IR who is Qualified and Activated, placed on the first rank (Bronze Star) would immediately earn USD 50 upon achieving the first 1,000 BV on his/her Lower-Volume Team within the first 4 weeks from his/her registration date and another USD 50 when his/her Lower Volume Team reaches a second 1,000 BV within the first 6 weeks from the registration date. The remaining balance of the designated total Step 1 payout for his/her active rank amounting to USD 100, will be paid out upon achieving the third 1,000 BV on his/her Lower Volume Team.

In other words, for Bronze Star Rank, Step 1 Commission total payout of USD 200 is paid on a partial basis of USD 50 for first 1,000 BV and USD 50 for a second 1,000 BV and USD 100 for the third 1,000 BV of the total required 3,000 BV of the Lower Volume Team for Step 1, Commission Cycle 1. Please refer to Schedule 2.

7.04 Repeat Sales Points (RSP) and Repeat Sales Commission

Earned RSP (Repeat Sales Points) are automatically converted into cash weekly based on the standard conversion rate of 10,000 RSP: USD 300.

Repeat Sales Points are points assigned to certain QNET products that an Active IR can earn, from a maximum of ten (10) RSP 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 in order to earn RSP from maximum ten (10) RSP 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 a TC, an IR can only use the BV assigned to a product that s/he purchased personally or that s/he successfully promoted to a Customer.

(b) An IR has to qualify his/her Primary TC (TC-001) before s/he can qualify his/her other TCs.

(c) After qualifying his/her Primary TC, an IR may allocate his/her remaining BV to other TC extensions. In other words, once the IR has allocated the required qualifying BV to his/her Primary TC, the Primary TC is considered as a Qualified TC and if he/she allocates the required qualifying BV to other TC extensions, the other TC extensions will also be considered as Qualified TCs.

8.02 Activation

A Qualified IR can activate his/her Representativeship by achieving and allocating a minimum of five hundred (500) BV on each side of his/her Primary TC or on any of his/her Secondary TCs.

A Qualified IR can activate his/her Representativeship in three (3) ways.

(a) Retail Sale – IR achieves BV from his/her retail sale and allocate five hundred (500) BV each on each side of any of the IR's TCs or ;

(b) Combination of Retail Sale, and Personal Purchase/s or Qualified Direct Referral – Allocate a minimum of five hundred (500) BV each on each side of any of the IR's TC through combination of BV from Retail Sales and IR's purchases of QNET products for personal consumption or Qualified direct referral.

(c) Direct Referral – Place at least one (1) Qualified Direct Referral per side on any of the IR's TCs.

8.03 Turning on TC Counters

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

09 Promotion

9.01 Compensation Levels

There are seven (7) Compensation Levels for IRs for the purpose of awarding Step Commissions and Repeat Sales Commissions. 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 Monthly Rank Advancement and Maintenance requirements 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) New IRs who register on or after 22 July 2017 will be placed under the IR status and thereafter, upon fulfilment of the necessary rank advancement requirements, will be promoted to Bronze Star, Silver Star, Gold Star, Sapphire Star, Platinum Star, Diamond Star, and Blue Diamond Star accordingly. 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. The lowest rank that an IR can be demoted to is Silver Star rank. As such, new IRs who are promoted to Gold Star, Platinum Star, Sapphire Star, Diamond Star, and Blue Diamond Star may be Paid As the Pay Rank not in any event below Silver Star Rank.

c) 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.

d) 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 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 Representativeship has been terminated by QNET due to his/her violation of the QNET Policies and Procedures or Code of Ethics;
b) A "Nullified" IR is one whose Representativeship has ceased by his/her voluntary cancellation of his/her purchase orders and registration fee; and
c) A "Cancelled" IR is one whose Representativeship has been terminated by his/her voluntary cancellation of his/her partially paid product within 12 months from the registration date.

11. Enhanced QNET Compensation Plan

Effective 22 July 2017, the Company shall roll out various enhancements to the QNET Compensation Plan. All existing and new IRs are thenceforth automatically subject to the new Business Rules as stated hereunder:

1. An IR 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. Step 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 RSP Pay Level in the QNET 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 TC per 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 the 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 purchase, retail sales, and repeat sales to his/her downlines up to a maximum of ten (10) RSP 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 RSP 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 RSP 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: USD 300.

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

COMPENSATION LEVEL PER RANK

STEP	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**	$ 200.00	$ 225.00	$ 250.00	$ 260.00	$ 275.00	$ 300.00	$ 325.00
2	**3,000 GBV**	$ 200.00	$ 225.00	$ 250.00	$ 260.00	$ 275.00	$ 300.00	$ 325.00
3	**3,000 GBV**	$ 200.00	$ 225.00	$ 250.00	$ 260.00	$ 275.00	$ 300.00	$ 325.00
4	**3,000 GBV**	$ 200.00	$ 225.00	$ 250.00	$ 260.00	$ 275.00	$ 300.00	$ 325.00
5	**3,000 GBV**	$ 200.00	$ 225.00	$ 250.00	$ 260.00	$ 275.00	$ 300.00	$ 325.00
6	**3,000 GBV**	*10 EP	*10 EP	*10 EP	*10 EP	*10 EP	*10 EP	*10 EP

*eVoucher Points (EP) is worth ten (10) cycle points and can only be used to redeem products on the QNET Redemption eStore.

Maximum Weekly Step Commission per Tracking Centre

RANK	BRONZE STAR	SILVER STAR	GOLD STAR	SAPPHIRE STAR	PLATINUM STAR	DIAMOND STAR	BLUE DIAMOND STAR
Payout per Step	$ 200.00	$ 225.00	$ 250.00	$ 260.00	$ 275.00	$ 300.00	$ 325.00
Weekly Maximum Number of Steps per TC	40	50	60	65	70	80	90
Weekly Maximum Step	$ 6,800.00	$ 9,450.00	$ 12,500.00	$ 14,300.00	$ 16,225.00	$ 20,100.00	$ 24,375.00

Commissions per TC	+ 60 EPs	+ 80 EPs	+ 100 EPs	+ 100 EPs	+ 110 EPs	+ 130 EPs	+ 150 EPs

SCHEDULE 2: EARLY PAYOUT OPTION ("EPO")

GROUP BUSINESS VOLUME IN ANY LOWER VOLUME TEAM	EARLY PAYOUT (USD)	TIME FRAME
1,000 GBV	$50	IR must achieve the first 1,000 GBV Lower Volume Team within the first 4 weeks from registration date.
1,000 GBV	$50	IR must achieve 2nd 1,000 GBV Lower Volume Team within the first 6 weeks from registration date.
1,000 GBV	$100 *	N/A

The above only illustrates Early Payout for Step 1, Commission Cycle 1 of the Primary TC of Bronze Star where the total payout is USD 200 per Step.
*Remaining balance payout for the Step 1 for Bronze Star.

SCHEDULE 3: MINIMUM MONTHLY RANK ADVANCEMENT AND MAINTENANCE 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 ***	**50 ***	**50 ***	**50 ***	**50 ***	**50 ***	**50 ***
QUALIFIED DIRECT REFERRALS	N/A	OPTION 1 3 Qualified Direct Referrals with 500 BV each OPTION 2 2 Qualified Direct Referrals with 1,000 BV each	N/A	N/A	N/A	N/A	N/A
DIRECT BUSINESS VOLUME (DBV)****	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** from downlines within line of Referralship**	**2,000 ** from downlines within line of Referralship**	**5,000 **** with maximum of 2,500 GRSP per downlines from at least 2 different legs within line referralship	**15,000 **** with maximum of 7,500 GRSP per downlines from at least 2 different legs within line referralship	**20,000 **** with maximum of 7,500 GRSP per leg from at least 3 legs
STEPS	N/A	N/A	**2**	**40**	**120**	**200**	**320**

GROUP PERFORMANCE	N/A	N/A	N/A	**5 Downlines** ** with Gold Star rank or above	**5 Downlines** ** with Sapphire Star rank or above and 10 Downlines ** with Gold Star rank or above	**15 Downlines (any downlines)** who advance/maintain Sapphire Star rank or above (a maximum of 11 from any side of his/her Account) and **1 Downline** ** with Platinum Star rank or above	**10 Downlines (any downlines)** who advance/maintain Platinum Star rank or above (a maximum of 7 from any side of his/her Account) and **2 Downlines** with a Diamond Star rank or above (1 on each side of TC 001, at least 1 within line of sponsorship)
PAY RANK MAINTENANCE					Achieve the Platinum Star rank requirements for 2 Consecutive Months ***	Achieve the Diamond Star rank requirements for 2 Consecutive Months ***	Achieve the Blue Diamond Star rank requirements for 3 Consecutive Months ***

**Achieved by either personal purchase or retail sales of QNET products carrying RSP. Personal RSP can be carried forward up to one year from 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 1 month.*

*****Direct BV can be accumulated from Directly Referred Retail Customers and Direct Referrals*
(new and existing). DBV can be carried forward up to one year from transaction date.

SCHEDULE 4: RANK MAINTENANCE BONUS

RANK	DIAMOND STAR	BLUE DIAMOND STAR
Achieve the rank maintenance requirements for 6 consecutive months	**$10,000**	**$30,000**

SCHEDULE 5: RSP PAY LEVEL PER RANK

RSP REQUIREMENTS	IR	BRONZE STAR	SILVER STAR	GOLD STAR	SAPPHIRE STAR	PLATINUM STAR	DIAMOND STAR	BLUE DIAMOND STAR
RSP 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

*50 RSP must come from either IR's personal purchase or retail sales of products carrying RSP.

APPENDIX 2

Availability of Local Plans (Country or Region) URL Address

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

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