

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”). 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 Administration Fee” means the non-refundable annual administration fee a Representative has to pay to renew his contractual relationship as a Representative with the Company. [See 3.01(d)]

“Business Planner” means a kit that includes training materials, the Company’s information, etc, sold by the Company.

“Company” means QNet Ltd, which is a company incorporated with limited liability under the laws of Hong Kong and having its registered office at 47/F Bank of China Tower, 1 Garden Road, Central, Hong Kong.

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

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

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

“Downline” means the TCs or 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.

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

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

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

“Product Portfolio” means a kit that includes product catalogues, brochures and flyers.

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

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

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

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

“Representative Identification Number” means the identification number that the Company assigns to a Representative when the Company accepts that person as its Representative. [see 4.01] A Representative’s Representative Identification Number is a unique number for each Representative and it will be used to identify that Representative through his/her Representative business relationship with the Company.

“Sponsor” means a Representative who sponsored/introduced Customers and/or other Representatives to the Company and is stated in those Customers’ OTP Form or Representative Application Form as their Sponsor.

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

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

3) Independent Representatives

3.01 How to become an Independent Representative

To become an Independent Representative you shall:

- (a) Be of legal age in the state, territory or country of your domicile;
- (b) Have a Sponsoring Upline;
- (c) Complete the online Representative Application Form on the official website of the Company;
- (d) Pay a non-refundable registration fee (“Registration Fee”) in advance or purchase a Business Planner, the price of which includes the Registration Fee.

3.02 The Company will repurchase, on reasonable commercial terms, currently marketable company-produced promotional materials and/or Business Planners when a Representative, for whatever reasons, 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 or Business Planner, s/he shall complete a Repurchase Request Form (which can be downloaded from the Company's official website www.quest.net) and deliver, at his/her own cost and risk, to the Company's Office in Hong Kong, the promotional materials and/or Business Planner 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 Business Planner, less a 10% handling charge.

3.03 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 In the event of any changes in Directorships or Shareholder in said entities in 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 Independent Representativeship.

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

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

3.07 The applicant will only be a Representative if his 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 3.01 sub clause (d) above.

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

4) Appointment

4.01 Once the Company accepts an applicant's Representative application, 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 Representative a Representative Identification Number. The Representative shall include this Representative Identification Number in all his/her orders and correspondences with the Company.

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

4.03 Renewal

- a) The appointment of a Representative is for a term of one (1) calendar year only. A Representative must renew his/her Representativenesship annually on or before the Anniversary Date. Subject to any relevant requirements under the Compensation Plan, the Representative has a right to renew the Agreement by paying the non-refundable Annual Administration 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 Administration Fee. If Annual Administration Fee is paid within the thirty (30) days, s/he will be deemed to have been renewed his/her Agreement on his/her Anniversary Date in that year.
- b) A Representative has the right not to renew his/her Agreement at his/her sole discretion. If a Representative does not renew his/her Representativenesship on or before his/her Anniversary Date and before the expiry of the grace period, his/her Representativenesship shall become inactive with retrospective effect back to the date of the relevant Anniversary Date. Once an Representativenesship becomes inactive, the IR concerned shall not be entitled to enjoy any IRs' rights provided for in this P&P, including but not limited to the right to any bonuses and/or commission accrued after that Anniversary Date should his/her Representativenesship have not become inactive, except the right to renew his/her Representativenesship by paying the non-refundable Annual Administration Fee.

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

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

4.05 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 Representativenesship.

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

4.07 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 sponsoring 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 sponsor

Only a Representative has a right to sponsor Customers and/or sponsor another new Representative to the Company and enjoys the benefits under the Compensation Plan for doing

so. When sponsoring new Representatives to the Company, the sponsoring Representative shall give the person/s whom s/he intends to sponsor a copy of the P&P, a Representative Application Form and details of the Compensation Plan.

5.03 Right to purchase at discounted prices

The first purchase of a Representative of products of the Company shall be at his/her retail prices if the Representative has not been able to promote any product of the Company successfully to a Customer before his/her own purchase. Subject to the aforesaid, the Representative shall have a right to purchase products of the Company at a discounted price (the “Representative 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 out as having such a right. S/he shall not represent himself/herself as agent, representative or employee of the Company.

5.06 Obligation for personal promotion

Regardless of their level 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 Sponsor Uplines and their Downlines to have ongoing contact and communication. Representatives must truthfully and fairly describe the Compensation Plan. No past, potential or

actual income claims may be made to prospective Representatives. Nor may Representatives use their own incomes, or other Representative's income, as indications of the success assured to others. Commission cheques shall not be used as marketing materials. Representatives shall not guarantee commissions or estimate expenses to prospects.

5.08 Cross-lining

Subject to sub clauses 9(A) & 9(C), no Representative may sponsor or attempt to sponsor another Representative from a different line of sponsorship to 'switch' to another line of sponsorship.

Examples of cross-lining are:

- a) Placing additional TCs of his own in lines of sponsorship not below his Primary TC;
- b) Placement of a new Representative using anyone's name known to the Sponsor Upline and placing it in lines of sponsorship not below the Sponsor Upline's Primary TC while intending to profit from the proceeds of the said new Representative;
- c) A Representative owning an interest in an entity which is a Representative in lines of sponsorship not below his Primary TC;
- d) Entering in other lines of sponsorship under the same name as an existing Representative using a valid Representative Identification Number other than the one used previously. Any situation (whether the above examples or others) found to be in violation of this clause shall be met with the greatest scrutiny and may result in termination of the newly placed representative, as well as the representative having instigated said situation.

5.09 60-Day non-compete clause

If a Representative who attempted and successfully procured a prospective Customer/Representative to sign any written document evidencing that the Representative attempted, successfully or unsuccessfully, to sponsor 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 under the sponsorship of another Representative. The Company shall have the right to suspend, terminate or switch the TC or Representativeship for any breach of this sub-clause.

5.10 Obligation of not referring to other programmes

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

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

At Company functions, or on all Company property, no Representative shall solicit any person to join any other network marketing company or involve the sale of products of any other network marketing company. Breach of any part of this 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 authorization shall be liable to immediate termination of his Representativeship. They shall also be liable for all consequential damages and losses of the Company.

5.12 Legal compliance

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

5.13 Tax, expenditures, etc.

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

Any commissions 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 against the Company. He shall hold the Company's management in high esteem at all times, failing which, he may be terminated notwithstanding that he may also be liable for libel or slander.

6) Commissions and Bonuses

6.01 Qualification for commissions and bonuses

A Representative must be active and in compliance with the Agreement, P&P and the Compensation Plan and have paid the Registration Fee or Annual Administration 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 bonuses structure and the corresponding requirements.

Commissions and bonuses are paid ONLY on the sale of the Company products. No commission or bonus is paid on the purchase of the Company's sales materials, literatures, Business Planner or for sponsoring 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 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.

6.02 Commission Period

A Commission Period means the time period at the end of which commissions are calculated and paid out for that period. It starts from 00:01 Saturday to 23:59 Friday. However, calculation for commission is calculated daily at the end of each day from Monday to Friday only. All transactions or CUVs accumulated by or for any Representative during Saturday and Sunday shall be considered as if they are accumulated on Monday for all the purposes of calculating commission and bonuses.

6.03 Adjustments to commissions and/or bonuses

Representatives receive commissions, bonuses and other benefits under the Compensation Plan based on the actual sales of products to Customers. When a product is returned to the Company for a refund or is repurchased by the Company or the transaction is in anyway not successfully completed, the commissions, bonuses and/or other benefits attributable to the returned, 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 is 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 commission 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 a Representative earns will be credited to his/her Quest Account. The Representative can give instruction to the Company for the payment out of his/her Quest Account by way of commission cheque.

6.06 Unclaimed commissions and/or bonuses

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

6.07 Back order policy

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. Sponsoring 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 Customers' 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 bonuses and/or commissions.

7) Resignation, Suspension and Termination

7.01 Resignation

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

7.02 Suspension

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

- a) Prohibiting the Representative from holding himself as Representative or using any of Company's proprietary marks and/or materials;
- b) Withholding commissions and/or bonuses due to the Representative during the suspension period;
- c) Prohibiting the Representative from purchasing services and products from the Company;
- d) Prohibiting the Representative from sponsoring new Representatives, contacting current Representatives, or attending meetings of Representatives.
- e) If the Company, at its sole discretion, determines that the violation that caused the suspension is continuing and has not satisfactorily been resolved, or a new violation involving the suspended Representative has occurred, the suspended Representative may be terminated.

7.03 Termination

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

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

7.04 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 P&P and 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 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 not be suspended shall be retained by the Company. If the suspension of the Representative is subsequently removed, all outstanding commissions and/or bonuses shall be paid to the Representative. However, if the Representative is subsequently terminated, the termination shall be treated as effective from the effective date of the suspension and all commissions and/or bonuses retained as aforesaid by the Company shall be forfeited forthwith to the Company.

Immediately upon termination, the terminated Representative:

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

- b) Must cease representing himself/herself as a Representative of the Company;
- c) Loses all rights to his/her Representative position in the Compensation Plan and to all future commissions and earnings resulting therefrom;
- d) Must take all actions reasonably required by the Company relating to protection of Company's confidential information. Company has the right to set off any amounts owed by the Representative to the Company including, without limitation, any indemnity obligation incurred pursuant to Subclause 11.15 herein, from commissions or other compensation due to the Representative.

7.05 Reapplication

A Representative who resigns or determinates his Representativeship may reapply as a new Representative but such reapplication will only be considered twelve (12) months after resignation. The acceptance of any reapplication of a terminated Representative shall be at the sole discretion of 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 Representativeship (or any rights thereof) to another Representative or to any person. Notwithstanding the foregoing and paragraph (c) below but subject to paragraph (d), a Representative may transfer his Representativeship to his personal sponsor or the personal sponsor of his personal sponsor up to five personal sponsor levels. In such an event, the sponsor's Representativeship and the transferring Representative's Representativeship shall be merged into one entity.
- b) No transfer of Representativeship shall be allowed within a six (6) calendar month period from the date of the registration of the Representative. In the event of a transfer, a Representative has to transfer all his TCs, i.e. the entire Representativeship, to the transferee without exception.
- c) Any Representative desiring to acquire the Representativeship of another Representative or any interest therein must first terminate his Representativeship and wait twelve (12)

months before becoming eligible for such a purchase. All such transactions must be fully disclosed and must be approved by the Company in advance.

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

d.1) The Company possesses the right of first refusal with respect to any sale, assignment, transfer or merger of any Representativenesship. A Representative wishing to sell, assign, or transfer his Representativenesship must first offer it to the Company in writing on the same terms and conditions as any outstanding or intended offer. The Company will advise the Representative within fifteen (15) business days after receipt of such notice of its decision to accept or reject the offer. If the Company fails to respond within the fifteen (15) day period or declines such offer, the Representative may make the same offer or accept any outstanding offer that is on the same terms and conditions as the offer to the Company to any person who is not a Representative;

d.2) The selling Representative and/or the prospective purchaser must provide the Company with a copy of all documents that detail the transfer, including, without limitation, the name of the purchaser, the purchase price, and terms of purchase and payment;

d.3) An office administration transfer fee of USD 100 must accompany the transfer documents;

d.4) The Representativenesship transfer agreement must contain a condition made by the selling Representative for the benefit of the proposed purchaser not to compete with the proposed purchaser or attempt to divert or sponsor any existing Representative for a period of one (1) year from the date of the sale or transfer;

d.5) Upon a sale, transfer or assignment being approved in writing by the Company, the purchaser must assume the position and terms of the agreement of the selling Representative and must execute a current Representative Application Form and all such other documents as required by the Company;

d.6) The Company reserves the right, at its sole discretion, to stipulate additional terms and conditions prior to approval of any proposed sale or transfer. The Company reserves the right to disapprove any sale or transfer.

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

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

8.04 No transfer, assignment, or sale of Representativenesship will be allowed if the transferor, assignor or selling Representative has not fully paid for products s/he has ordered from the Company.

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

8.06 If it is determined, at the Company's sole discretion, that a Representativenesship 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 but without limitation, terminating the transferring Representative's Representativenesship.

9) Devolution

9.01 Death

A Representative has a right to nominate a person as his nominee to whom the Company will transfer the Representative's Representativenesship upon the death of the Representative. The Representative has a right to change his nominee in his 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 Representativenesship 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 lifetime, his Representativeship shall be terminated immediately upon his death. Any cross-lining as a consequence of the devolution of Representativeship under this sub clause shall not be treated as a breach of the P&P.

9.02 Dissolution of a partnership

If a Representativeship is registered by two (2) or more persons, they will be deemed as 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 sponsorship 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 notarized by both parties or by a court decree specifying how future commission are to be paid.

10) Proprietary Information

10.01 Confidential information

During the term of the Agreement, the Company may supply to Representatives confidential information, including, but not limited to, genealogical and Downline reports, Customer lists, Customer information developed by the Company or developed for and on behalf of the Company by Representatives (including, but not limited to, credit data, Customer and Representative profiles and product purchase information), Representative lists, manufacturer and supplier information, business reports, commission or sales reports and such other financial and business information that the Company may designate as confidential. All such information

(whether in written or electronic format) is proprietary and confidential to the Company and is transmitted to Representatives in strictest confidence on a 'need-to-know' basis for use solely in the Representatives' business with the Company.

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

10.02 Online and telephonic reports

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

10.03 Use of Company name, trade name or logo, 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 licences 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, Amezcu Wellness, Cimier, QPlus, Q-Shoppe, QuEX and Bonvo. 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 Only the promotional and advertising materials produced or approved in advance in writing by the Company may be used to advertise or promote a Representative's business or to sell products and services of the Company. Company literature and materials may not be duplicated, reprinted or personalised without prior written permission.

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

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

11.02 Income claims

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

11.03 Title of Representatives

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

11.04 Stationery and business cards

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

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

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

11.05 Electronic advertising

Representatives may not advertise or promote the Company's business, products or marketing plan or use the Company's name in any public media including electronic media or transmission, on the Internet via websites or otherwise, without the prior written approval of Company's legal

department. Spamming and use of automatic telephone dialing systems are prohibited. Breach of this sub clause is a serious breach of the P&P and could lead to the immediate suspension or even termination of the Representativenesship 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. Representatives are not permitted to list their telephone numbers under the Company's trade name 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 enquires 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 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, promotional materials at, any retail outlet, including, but not limited to, supermarkets or food stores, flea markets or swap meets, permanent restaurant displays, bars or night clubs or any such similar establishment, convenience stores or gas stations. Exemptions must be approved in writing by 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, 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 their 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 their 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 license, 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) General Provisions

12.01 Company's employee prohibition

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

12.02 Liability

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

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

12.03 Force majeure

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

12.04 Violations

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

12.05 Amendments

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

12.06 Assignment / Novation / Transfer

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

12.07 Non-waiver provision

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

The Company's waiver of any particular default by 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 effects or impairs Company's rights as to that or any subsequent or future default. Waiver by the Company can be effected only in writing by an authorised officer of the Company.

12.08 Governing law

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

12.09 Jurisdiction

Any dispute, controversy or claim arising from or in connection with the Agreement, the P&P and/or the Compensation Plan or the breach termination or invalidity thereof (herein after called the "Matter"), shall first be sought to be resolved amicably between the Representative concerned and the Company. If the Representative and the Company cannot resolve the Matter within sixty (60) days from the date the Matter was first brought to the attention by one party to the other, the Matter shall be settled by arbitration in Hong Kong under the UNCITRAL Arbitration Rules in accordance with the HKIAC Procedures for the Administration of International Arbitration in force at the date of this contract. There shall be only one arbitrator. In relation to all matters referred to arbitration under this subclause, the right of appeal under section 23 of the Arbitration Ordinance Chapter 341 of the Laws of Hong Kong and the right to make an application under section 23A thereof are hereby excluded.

12.10 Entire Agreement

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

12.11 Severability

If at any time any provision of the Agreement and/or P&P is or becomes illegal, invalid or unenforceable in any respect under the 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.

12.12 Notices and communication

Each notice, demand or other communication to be given or made under the Agreement, the P&P and/or the Compensation Plan by the Company to a Representative shall be in writing and delivered or sent to the relevant party at his/her last known address or email address on file. Any notice, demand or other communication to the Company shall be sent or delivered to the Network Compliance Department of the Company at its Office in Hong Kong or by email to ncd@quest.net. Any notice, demand or other communication so addressed to the relevant party shall be deemed to have been delivered after fifteen (15) days if given or made, provided that, if such day is not a working day in the place to which it is sent, such notice, demand or other communication shall be deemed delivered on the next following working day at such place.

12.13 Headings and Table of Contents

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

12.14 Gender, etc.

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

12.15 English Language Prevail

In the event that this Policies and Procedures was translated into another language and that there is any inconsistency of any provision in this Policies and Procedures between the English version and the translated version, the English version shall always prevail.

POLICIES & PROCEDURES

APPENDIX

COMPENSATION PLAN

1. Title

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

2. Definitions and interpretation

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

“**Activated Direct Referral**” means an IR’s personally sponsored Downline Independent Representative who has met the Activation requirements

“**Activated IR**” means an IR who has met the requirements for Activation according to subclause 8.02.

“**Compensation Level**” means the pay level of an Independent Representative. Commissions and bonuses are paid out according to an IR’s compensation level and as provided for in Schedule 3 of this Compensation Plan.

“**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 UV 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.

“**CUV**” means Commissionable Unit Volume and refers to the point value of a product that is used to calculate the step commission as well as for the qualification of TCs.

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

“**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. Means the opposite side of the Leg below which the TC is placed

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

“**Outside Leg**” means the Downline branch of a TC other than its Inside Leg.

“**Placement**” means the way the TCs are placed in the database of the Company as shown in the Genealogy.

“**Qualified TC**” means a TC to which a QUV and 0.5CUV have been allocated.

“**QUV**” means Qualifying Unit Volume; it refers to the point value of a product that counts towards qualification requirement of a TC.

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

“Retail Profit” means the difference between the Retail Price and the IR Discounted Price of a product 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.

3. Acquisition of TCs

3.01 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 immediately to its right TC-003.

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

3.03 For the purpose of acquiring additional TCs and also for the purpose of qualifying a TC, the maximum number of QUV that can be allocated to one (1) TC is one (1).

3.04 Subject to sub clause 3.05 immediately below, after having qualified all TCs, an IR can acquire an additional TC or additional TCs by obtaining a positive number of QUV that may be less than one (1) through his/her personal purchase of the Company’s products himself/herself only. The full or part of QUV will thereafter be allocated to that newly created TC.

3.05 An IR can only create a maximum of two (2) additional TCs in a single transaction with at least one (1) additional TC having one full QUV allocated to it.

4. Placement

4.01 A Sponsor has the right to place the Primary TC of an IR whom s/he personally sponsored or a Customer TC of the Customer whom s/he personally sponsored or any additional TCs that is allocated to him/her (meaning everyone decides the placement location of their own 004 and subsequent TC extensions as described under subclause 3.04 herein above, subject to the Rules of Placement as stated herein below.

5. Rules of Placement

5.01 Each TC can only have two (2) TCs connected below.

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

5.03 Subject to sub clause 5.08 below, a Sponsor Upline shall have the sole right to place the Primary TC of an IR whom the Sponsor Upline personally sponsored. Subject to the aforesaid, an IR shall have the right to place any TCs that are allocated to him/her.

5.04 Subject to sub clause 5.07 below, an IR can place any TC which 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 An IR is not allowed to place any TC above his/her own Primary TC.

5.06 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 of the P&P.

5.07 All TC extensions subsequent to TC-003 must be 'stand-alone' TCs. In other words, they may not have any other TC extensions of the same IR connected to them.

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

6. Default Placement Method

6.01 A TC placed by default shall only be placed, in the Genealogy, in the first vacant position in the Outside Leg of his/her TC or his/her Sponsor's TC.

7. Bonuses and Commissions

(a) All IRs are entitled to Retail Profit. No Customer is eligible for any bonuses and/or commissions although a TC will be placed for their purchase.

(b) Only Activated IRs are eligible for earning commissions and/or bonuses other than Retail Profit.

(c) Any CUV accumulated before activation is not commissioned to selfsame IR unless it occurs in the same Commission Period of activation.

(d) All bonuses and commission payable under this Compensation Plan are based on sale of the Company's products, not based on the introduction of persons into the Company.

7.01 Retail Profit:

(a) An IR shall be entitled to the Retail Profit for every product the IR personally and successfully promotes to a Customer who thus purchases it from the Company.

(b) A Sponsor is also entitled to the Retail Profits from the first personal purchase (which may include more than one product) at Retail Price by his personally sponsored Downlines.

7.02 Step Commission

(a) Step Commissions are paid to IRs based on CUV accumulated from the sales of products made by Customers or IRs. Only an Activated IR is eligible for Step commission.

(b) CUV will be assigned to each type of product and the same types of products may be assigned different units of CUV.

(c) Upon the sale of a product, the Company shall credit a certain number of CUV, which shall be equal to the CUV of that product, to one of the TCs or the CUV bank of an IR who either purchased the product himself/herself or successfully promoted the sale of the product to a Customer. In the case of any product sold to a Customer, the Company shall credit the CUV assigned to that product to a CUV bank of the IR who successfully promoted the sales of the product and the IR shall allocate the CUV 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 CUVs of each of its Downline Group.

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

(g) Commission is calculated daily but only paid out weekly. At the end of each day in a Commission Period, commission payable to a TC shall be calculated and corresponding CUVs shall be deducted from each Downline Groups of that TC.

(h) There is a maximum daily step commission allowable for each compensation level of Independent Representatives as prescribed in Schedule 1. Any CUVs accumulated within a single day in a Commission Period after corresponding daily maximum step commission for that commission period has been reached shall be forfeited and shall not be counted for any step commission payable to the IR.

7.03 Quick Start Commission

(a) Subject to (b) immediately below, the Company shall pay a newly registered IR a Quick Start Commission if the IR can qualify and activate his/her Tracking Centre within four weeks from his registration date. However, Quick Start Commission does not apply to self-activation (i.e. having TC-001, TC-002 and TC-003 fully qualified).

(b) If the Company has paid an IR a Quick Start Commission, it shall have a right to recoup the Quick Start Commission from the step commission the IR earned, normally in the first step of his/her first step commission cycle.

(c) The amount of Quick Start Commission shall be as stated in Schedule 2.

7.04 Change of Bonuses and/or Commissions

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 web. The new replacement, change or deletion shall take effect immediately upon the expiry of the reasonably timed notice period.

8. Activation and Qualification

8.01 Qualification:

- (a) For qualifying a TC, an IR can only use the QUV or CUV assigned to a product that s/he purchased personally or that s/he successfully promoted to a Customer.
- (b) An IR can qualify his/her TC by allocating 1 QUV and 0.5 CUV to that particular TC. In other words, a TC is considered a qualified TC when it has 1 QUV and 0.5 CUV allocated to it.
- (c) An IR has to qualify his/her Primary TC (001) before s/he can qualify his/her other TCs.

8.02 Activation:

An IR can activate all his/her TCs by having (i) at least one (1) Qualified Direct Referral placed on each Leg of his/her Primary TC (001), his Secondary TC (002) or his/her Secondary TC (003); or (ii) having his/her Secondary TCs (002) and (003) both qualified. However, an IR is only activated after s/he qualifies at least his/her Primary TC. All Qualified Direct Referrals placed by him/her before his/her qualifying any of his/her TCs shall be disregarded for the purpose of his/her activation.

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

9. Promotion

9.01 There are five (5) compensation levels of IRs for the purpose of awarding step commission. The initial level has no specific title thus may be referred to as merely Independent Representative. Thereafter the ascending order is Associate Level, Senior Level, Executive Level and Presidential Level

9.02 IRs can be promoted to a higher compensation level by acquiring the minimum number of Activated Direct Referrals for each compensation level. The minimum requirements for the five (5) compensation levels are as provided in Schedule 3.

SCHEDULE 1

Step Commissions

	Step commission
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Step	Volume needed (CUV)		Commission (USD)
	Left Downline Group	Right Downline Group	
I	3	3	250
II	3	3	250
III	3	3	250
IV	3	3	250
V	3	3	250
VI	3	3	10 points E-Voucher
Total CUV	18	18	1,250 + 10 points E-Voucher

Note: * E-Voucher is worth 10 cycle points and can be used only to redeem products in the QNet Redemption Store

Maximum Weekly Step commission

Compensation Level	Maximum Weekly Step Commission per Tracking Center [cash (USD) + e-voucher points]
Activated Level	4,000 + 40 points
Associate Level	6,250 + 50 points
Senior Level	8,250 + 70 points
Executive Level	10,250 + 90 points
Presidential Level	12,500 + 100 points

SCHEDULE 2

	Commission (USD)
Quick Start Commission	50 (ONLY)

SCHEDULE 3

Minimum requirements for each compensation level

Compensation level	Minimum number of Qualified Direct Referrals required
Activated Independent Representative	2
Associate Independent Representative	6

Senior Independent Representative	12
Executive Independent Representative	18*
Presidential Independent Representative	24*

Note: * To achieve Executive and Presidential Levels, your qualified referrals must also be activated and in valid Membership.

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