



SINGAPORE

**STATEMENT of
POLICIES and PROCEDURES**

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SECTION 1 – CORPORATE MISSION STATEMENT

Neways' mission is simple: to enhance the health, wealth, and well-being of people around the world.

SECTION 2 – INTRODUCTION

2.1 - Policies and Compensation Plan Incorporated into Distributor Agreement

These Policies and Procedures, in their present form and as amended at the sole discretion of Neways, Inc. (hereafter "Neways" or the "Company"), are incorporated into, and form an integral part of, the Neways Distributor Agreement. Throughout these Policies, when the term "Agreement" is used, it collectively refers to the Neways Distributor Application and Agreement Form, these Policies and Procedures, the Neways Marketing and Compensation Plan, and the Neways Business Entity Application (if applicable). These documents are incorporated by reference into the Neways Distributor Agreement (all in their current form and as amended by Neways). It is the responsibility of each Distributor to read, understand, adhere to, and ensure that he or she is aware of and operating under the most current version of these Policies and Procedures.

2.1.1 - Policy Review Period

Except for jurisdictions in which a Distributor is not required to purchase a Neways Starter Kit, new Distributors have fifteen days from the date on which their Starter Kit is shipped to review the Policies and Procedures. A new Distributor's failure to cancel his or her Agreement within fifteen days constitutes his or her acceptance of Neways' Policies and Procedures.

2.2 - Purpose of Policies

Neways is a direct sales company that markets products and services through Independent Distributors. It is important to understand that your success and the success of your fellow Distributors are dependent upon the integrity of the men and women who market our products and services. To clearly define the relationship that exists between Distributors and Neways, and to explicitly set a standard for acceptable business conduct, Neways has established the Agreement.

Neways Distributors are required to comply with all of the Terms and Conditions set forth in the Agreement which Neways may amend at its sole discretion from time to time, as well as all federal, state, provincial, territorial, and local laws governing their Neways business and their conduct. Because you may be unfamiliar with many of these standards of practice, it is very important that you read and abide by the Agreement. Please review the information in this manual carefully. It explains and governs the relationship between you, as an independent contractor, and the Company. If you have any questions regarding any policy or rule, do not hesitate to seek an answer from anyone in your upline or from Neways.

2.3 - Changes to the Agreement

Neways expressly reserves the right to make any modifications to the Agreement and its prices at its sole and absolute discretion. By signing the Distributor Agreement, a Distributor agrees to abide by all amendments or modifications that Neways elects to make. Amendments shall be effective upon notice to all Distributors that the Agreement has been modified, and such amendments are effective and are automatically incorporated into the Agreement between the Company and its corresponding Distributors as an effective and binding provision. Notification of amendments shall be published in official Neways publications, by separate mailing, or through publication on the Company website: www.neways.com.my and www.neways.com.sg.

The continuation of a Distributor's Neways business or a Distributor's acceptance of bonuses or commissions constitutes acceptance of any and all amendments.

2.4 - Delays

Neways shall not be responsible for delays or failures in performance of its obligations when performance is made commercially impracticable due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, riot, war, fire, death, curtailment of a party's source of supply, or government decrees or orders.

2.5 - Policies and Provisions Severable

If any provision of the Agreement, in its current form or as may be amended, is found to be invalid, or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect and shall be construed as if such invalid or unenforceable provision never comprised a part of the Agreement.

2.6 - Waiver

The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of Neways to exercise any right or power under the Agreement or to insist upon strict compliance by a Distributor with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of Neways' right to demand exact compliance with the Agreement. Waiver by Neways can be effectuated only in writing by an authorized officer of the Company. Neways' waiver of any particular breach by a Distributor shall not affect or impair Neways' rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Distributor. Nor shall any delay or omission by Neways to exercise any right arising from a breach affect or impair Neways' rights as to that or any subsequent breach.

The existence of any claim or cause of action of a Distributor against Neways shall not constitute a defense to Neways' enforcement of any term or provision of the Agreement.

2.7 - Assignment

The Distributor agrees that the Company may assign the Agreement, or any part of it, to any affiliate, subsidiary, parent entity or other company, at its discretion.

SECTION 3 – BECOMING A DISTRIBUTOR

3.1 - Requirements to Become a Distributor

To become a Neways Distributor, each applicant must:

- 3.1.1 - Be of 18 years of age. Distributors shall not enroll or recruit individuals under the age of 18 in the recruit's respective state, province, or territory.
- 3.1.2 - The Company will not accept applications from foreign domestic helpers.
- 3.1.3 - Reside in Malaysia or Singapore.
- 3.1.4 - Have a valid National Registration Identity Card number, Singapore Identity Card number or business entity registration number.
- 3.1.5 - Purchase a Neways Starter Kit.

3.1.6 - Complete, sign and return a (originals only — no copies) Distributor Application & Agreement Form to Neways. A Distributor Application & Agreement Form that is incomplete, incorrect in any respect or filed in the wrong country may be considered invalid. The Company reserves the right to reject any application for a new Distributor or application for renewal.

3.1.7 - Upon request by the Company, a Distributor must provide proof of residency and proof of his or her ability to legally purchase Neways products at Distributor Price, to retail products and to receive compensation in accordance with the Marketing & Compensation Plan that corresponds with the Distributor's Distributor Application & Agreement Form. If a Distributor fails to provide that documentation, the Company may declare a Distributor Application & Agreement Form void from its inception.

3.2 - No Product Purchase Required

No person is required to purchase Neways products or services, or to pay any charge or fee to become a Distributor. To familiarize new Distributors with Neways' products, services, sales techniques, sales aids, and other material, the Company requires that new Distributors purchase a Starter Kit.

3.3 - New Distributor Registration by Fax or Online submission

3.3.1 - Fax Applications

Distributors may sign up by faxing in an application, the new Distributor's ID number and authorization will be valid for 14 days, pending receipt of the completed and signed original Distributor Application and Agreement Form by Neways. If the new Distributor Application and Agreement Form is not received within the temporary 14 day time period, the temporary authorization shall expire, the ID number will be canceled, and the Distributor's Agreement will be automatically terminated. In this situation, if the applicant wishes to reapply, he or she may do so immediately so long as their Sponsor is the same individual who sponsored him/her as a temporary Distributor. If the applicant wishes to reapply with a new Sponsor, the applicant must adhere to Section 4.5.3.

3.3.2 - Online Applications

Distributors may sign up online on Neways' sponsored websites. If a new Distributor is enrolled over a Neways' website, the new Distributor's ID number and authorization will be valid for 14 days, pending receipt of the completed and signed original Distributor Application and Agreement Form by Neways. If the new Distributor Application and Agreement Form is not received within the temporary 14 day time period, the temporary authorization shall expire, the ID number will be canceled, and the Distributor's Agreement will be automatically terminated. In this situation, if the applicant wishes to reapply, he or she may do so immediately so long as their Sponsor is the same individual who sponsored him/her as a temporary Distributor. If the applicant wishes to reapply with a new Sponsor, the applicant must adhere to Section 4.5.3.

3.4 - Distributor Benefits

Once a Distributor Application and Agreement has been accepted by Neways, the benefits of the Marketing and Compensation Plan and the Distributor Agreement are available to the new Distributor. These benefits include the right to:

3.4.1 - Purchase Neways products and services at the Distributor price;

3.4.2 - Retail Neways products or resell services, which are described in the Neways product catalog and profit from these sales;

- 3.4.3 - Participate in the Neways Marketing and Compensation Plan (receive bonuses and commissions, if eligible);
- 3.4.4 - Sponsor other individuals as Customers or Distributors into the Neways business and thereby build a marketing organization and progress through the Neways Marketing and Compensation Plan;
- 3.4.5 - Receive periodic Neways literature and other Neways communications;
- 3.4.6 - Participate in Neways-sponsored support, service, training, motivational and recognition functions, upon payment of appropriate charges, if applicable; and
- 3.4.7 - Participate in promotional and incentive contests and programs sponsored by Neways for its Distributors.

SECTION 4 – OPERATING A NEWAYS BUSINESS

4.1 - Adherence to the Neways Marketing and Compensation Plan

Distributors must adhere to the terms of the Neways Marketing and Compensation Plan as set forth in official Neways literature. Distributors shall not offer the Neways opportunity through, or in combination with, any other system, program, or method of marketing other than that specifically set forth in official Neways literature. Distributors shall not require or encourage other current or prospective Customers or Distributors to participate in Neways in any manner that varies from the program as set forth in official Neways literature. Distributors shall not require or encourage other current or prospective Customers or Distributors to execute any agreement or contract other than official Neways agreements and contracts in order to become a Neways Distributor. Similarly, Distributors shall not require or encourage other current or prospective Customers or Distributors to make any purchase from, or payment to, any individual or other entity to participate in the Neways Marketing and Compensation Plan other than those purchases or payments identified as recommended or required in official Neways literature.

4.2 - Advertising

4.2.1 - General

All Distributors shall safeguard and promote the good reputation of Neways and its products. The marketing and promotion of Neways, the Neways opportunity, the Marketing and Compensation Plan, and Neways products and services shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices. Accordingly, Distributors must submit all written sales aids, promotional materials, advertisements, and other literature (including proposed Internet advertising) to the Distributor Support Department for approval. Unless the Distributor receives specific written approval to use the material, the request shall be deemed denied.

4.2.2 - Distributor Web Sites

If a Distributor desires to utilize an Internet web page to promote his or her Neways business, he or she may do so through the Company's official web site, using official Neways templates. Alternatively, Distributors may develop their own web pages, however, any Distributor who does so: (a) must use the text of the Company's official web site; and (b) may not supplement the content of his or her web site with text from any source other than Neways. Distributors who develop or publish their own web sites must register their site(s) with the Company and receive written approval from the Company prior to the site(s) public availability.

4.2.2.1 - Failure to register a website constitutes a material breach of these Policies and Procedures.

4.2.2.2 - Distributors shall not offer for auction any of Neways' products on any Internet auction web page or website.

4.2.2.3 - Distributors shall not offer any of Neways' products for sale on the internet at a price below the wholesale price for the product.

4.2.3 - Domain Names and E-mail Addresses Distributors may not use or attempt to register any of Neways' trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative thereof, for any Internet domain name. Similarly, Distributors may not use any such marks in any portion of any e-mail address.

4.2.4 - Trademarks and Copyrights

Neways will not allow the use of its trade names, trademarks, designs, or symbols by any person, including Neways Distributors, without its prior, written permission. Distributors may not produce for sale or distribution any recorded Company events and speeches without written permission from Neways nor may Distributors reproduce for sale or for personal use any recording of Company-produced audio or video tape presentations. The name of Neways, Neways' products, and other names as may be adopted by Neways are proprietary trade names, trademarks and service marks of Neways. As such, these marks are of great value to Neways and are supplied to Distributors for their use only in an expressly authorized manner. Use of the Neways name on any item not produced by the Company is prohibited except as follows:

Distributor's Name

Independent Neways Distributor

All Distributors may list themselves as an "Independent Neways Distributor" in the white or yellow pages of the telephone directory under their own name. No Distributor may place telephone directory display ads using Neways' name or logo. Distributors may not answer the telephone by saying "Neways", "Neways Incorporated", or in any other manner that would lead the caller to believe that he or she has reached corporate offices of Neways.

4.2.5 - Media and Media Inquiries

Distributors must not attempt to respond to media inquiries regarding Neways, its products or services, or their independent Neways business. All inquiries by any type of media must be immediately referred to Neways' Marketing Department. This policy is designed to assure that accurate and consistent information is provided to the public as well as a proper public image.

4.2.6 - Help Wanted Ads

Distributors shall not advertise in the "Help Wanted" section of newspapers, periodicals, websites, or other media. Under no circumstances shall a Distributor place an advertisement seeking to attract new Distributors that states or implies that an employment opportunity exists. All advertisements, regardless of the media utilized, must specify that the Neways program is an opportunity to run your own independent business.

4.2.7 - Spamming and Unsolicited Faxes

Except as provided in this section, Distributors may not use or transmit unsolicited faxes, mass e-mail distribution, unsolicited e-mail, or “spamming” relative to the operation of their Neways businesses. The terms “unsolicited faxes” and “unsolicited e-mail” mean the transmission via telephone facsimile or electronic mail, respectively, of any material or information advertising or promoting Neways, its products, its compensation plan or any other aspect of the Company which is transmitted to any person, except that these terms do not include a fax or e-mail: (a) to any person with that person’s prior express invitation or permission; or (b) to any person with whom the Distributor has an established business or personal relationship. The term “established business or personal relationship” means a prior or existing relationship formed by a voluntary two way communication between a Distributor and a person, on the basis of: (1) an inquiry, application, purchase or transaction by the person regarding products offered by such Distributor; or (2) a personal or familial relationship, which relationship has not been previously terminated by either party.

4.3 - Bonus Buying Prohibited

Bonus buying is strictly and absolutely prohibited. “Bonus buying” includes:

- (a) the enrollment of individuals or entities without the knowledge of and/or execution of an Independent Distributor Application and Agreement Form by such individuals or entities;
- (b) the fraudulent enrollment of an individual or entity as a Distributor or Customer;
- (c) the enrollment or attempted enrollment of non-existent individuals or entities as Distributors or Customers (“phantoms”);
- (d) purchasing Neways merchandise or services on behalf of another Distributor or Customer, or under another Distributor’s or Customer’s I.D. number, to qualify for commissions or bonuses; or
- (e) purchasing more products than a Distributor and his/her family can reasonably sell or consume in a month.

4.4 - Business Entities

A corporation, partnership or trust is collectively referred to in this section as a “Business Entity”. Members of the Business Entity are jointly and severally liable for any indebtedness or other obligation to Neways.

For a Business Entity, the following requirements must be met:

4.4.1 - The Distributor Application & Agreement Form must be signed by all participants of the Business Entity.

4.4.2 - A Business Entity must provide the Company with a company registration number together with its Certificate of Incorporation, Partnership Agreement or trust documents (these documents are collectively referred to as the “Entity Documents”) to Neways containing the names and Malaysian or Singaporean national registration identification card numbers of the shareholders, principal officers (president, vice-president(s), members of the board of directors), partners, trustees, or similarly situated persons along with a properly completed Neways Business Entity Application Form FOR-D-003. This form is to be used by new Distributor applicants as well as existing Distributors who wish to change the corporate structure of their Neways business.

4.4.3 - A Distributor may not convey, assign, or otherwise transfer any right conveyed by the Distributor Agreement to any person or Business Entity without the express, prior written consent of the Company.

The Distributor may delegate his responsibilities but is ultimately responsible for insuring compliance with the Agreement and applicable laws and regulations. Any Person working with or for the Distributor as part of her Distributorship will do so only under the Distributor's direct supervision.

Members of the Business Entity are jointly and severally liable for any indebtedness or other obligation of the business entity to Neways.

4.5 - Changes to Ownership of a Neways Distributorship

4.5.1 - Addition of Co-Applicants

When adding a co-applicant (either an individual or a business entity) to an existing Neways Distributorship, the Company requires a written request and a properly completed Distributor Application and Agreement containing the applicant's and co-applicant's signatures and all other information required by Section 3.1. To prevent the circumvention of Section 4.26 (regarding transfers and assignments of Neways Distributorship), the original applicant must remain as a party to the original Distributor Application and Agreement. If the original Distributor wants to terminate his or her relationship with the Company, he or she must transfer or assign his or her Distributorship in accordance with Section 4.26. If this process is not followed, the Distributorship shall be cancelled upon the withdrawal of the original Distributor. All bonus and commission checks will be sent to the address of record of the original Distributor. Please note that the modifications permitted within the scope of this paragraph do not include a change of sponsorship. Changes of sponsorship are addressed in Section 4.5.2, below. Neways may, at its discretion, require notarized documents before implementing any changes to a Neways Distributorship. Please allow 30 days after the receipt of the request by Neways for processing.

4.5.2 - Change of Sponsor

Sponsor changes are not permitted except pursuant to Section 4.5.3.

4.5.3 - Cancellation and Re-application

A Distributor may legitimately change organizations by voluntarily cancelling his or her Neways Distributorship by submitting Neways Form FOR-D-005 (Distributor Cancellation) and remaining inactive (i.e., no purchases of Neways products for resale, no sponsoring, no attendance at any Neways functions, participation in any other form of Distributor activity, or operation of any other Neways business) for six full calendar months. Following the six-month period of inactivity, the former Distributor may reapply under a new sponsor.

4.5.4 - Change to Ownership of Business Entity Distributorship

A Business Entity Distributorship, as described in Section 4.4., that desires to change the ownership of the Business Entity must obtain written approval from Neways before effecting such a change and continuing to act as a Neways Distributor. A written request for approval for the change identifying the proposed changes must be submitted to Neways' Distributor Support Department for review and consideration. Neways will send a written response to the request approving or denying the request.

4.6 – Unauthorized Claims and Actions

4.6.1 - Indemnification

A Distributor is fully responsible for all of his or her verbal and written statements made regarding Neways products, services, and the Marketing and Compensation Plan which are not expressly contained in official Neways materials. Distributors agree to indemnify Neways and Neways' directors, officers, employees, and agents, and hold them harmless from any and all liability including judgments, civil penalties, refunds, attorney fees, court costs, or lost business incurred by Neways as a result of the Distributor's unauthorized representations or actions. This provision shall survive the termination of the Distributor Agreement.

4.6.2 - Product Claims

No claims (which include personal testimonials) as to therapeutic, curative or beneficial properties of any products offered by Neways may be made except those contained in official Neways literature. In particular, no Distributor may make any claim that Neways products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases. Such statements can be perceived as medical or drug claims. Not only do such claims violate Neways Policies, but they potentially violate federal and local laws and regulations.

4.6.3 - Income Claims

In their enthusiasm to enroll prospective Distributors, some Distributors are occasionally tempted to make income claims or earnings representations to demonstrate the inherent power of network marketing. This is counterproductive because new Distributors may become disappointed very quickly if their results are not as extensive or as rapid as the results others have achieved. Moreover, the Direct Selling Associations of Malaysia and Singapore have regulations that regulate or even prohibit certain types of income claims and testimonials made by persons engaged in network marketing. Therefore, Distributors may not misrepresent the actual or potential sales or earnings of their Distributorship. Any earnings or sales representations made by a Distributor shall be based upon documented information, in compliance with applicable Malaysian and Singaporean government laws and Direct Selling Association regulations.

4.7 - Commercial Retail Outlets

Neways strongly encourages the retailing and selling of its products and services through person-to-person contact. In an effort to reinforce this method of marketing and to help provide a standard of fairness for its Distributor base, Distributors may not display or sell Neways products, services, or literature in any retail or service establishment. Notwithstanding the foregoing, Neways products may be displayed and sold in health spas, hair, nail and or skin salons, tanning salons, gyms or health clubs, offices of health care practitioner's who are licensed to practice their profession in the state or province in which their office is located, and automotive repair facilities. Also, the establishment or someone in the establishment must be a Distributor, and someone knowledgeable about Neways products must be present at all times that the establishment is open for business.

4.8 - Trade Shows, Expositions and Other Sales Forums

Distributors may display and/or sell Neways products at trade shows and professional expositions. Before submitting a deposit to the event promoter, Distributors must contact the Distributor Compliance Department in writing for conditional approval, as Neways' policy is to authorize only one Neways business per event. Final approval will be granted to the first Distributor who submits an official advertisement of the event, a copy of the contract signed by both the Distributor and the event official, and a receipt indicating that a deposit for the booth has been paid. Approval is given only for the event specified. Any requests to participate in future events must again be submitted to the Distributor Compliance Department. Neways further reserves the right to refuse authorization to participate at any function which it does not deem a suitable forum for the promotion of its products, services, or the Neways opportunity. Approval will not be given for swap meets, garage sales, flea markets or farmer's markets as these events are not conducive to the professional image Neways wishes to portray.

4.9 - Conflicts of Interest

4.9.1 - Nonsolicitation

4.9.1.1 - Distributors are free to participate in other multilevel or network marketing business ventures or marketing opportunities (collectively "network marketing"). However, during the term of this Agreement, Distributors shall not recruit other Neways Distributors or Customers for any other network marketing business.

4.9.1.2 - For one year following the termination or cancellation of a Distributor's Neways Distributor Agreement, regardless of the reason for termination or cancellation, he or she shall not recruit any Neways Distributor who is on his/her current or past genealogy report(s) or with whom the Distributor became acquainted by virtue of their mutual participation as Neways Distributors.

4.9.1.3 - Notwithstanding paragraphs 4.9.1.1 and 4.9.1.2, it is permissible for a Distributor to recruit his/her personally enrolled downline Distributors and immediate family members (parents, siblings, and children over the age of 18) for other network marketing businesses. A "personally enrolled" Distributor is the Distributor listed as the Sponsor on a new Distributor Application.

4.9.1.4. - The term "recruit" means actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, through a third party, or indirectly (including but not limited to, the use of a website), another Neways Distributor or customer to enroll or participate in another network marketing opportunity. This conduct constitutes recruiting even if the Distributor's actions are in response to an inquiry made by another Distributor or Customer.

4.9.1.5 - Distributors stipulate that network marketing is conducted through networks of individuals that are dispersed across the globe, and that network marketers make regular use of the internet and telephones to communicate with other network marketers. Therefore, any attempt to limit the geographic scope of the nonsolicitation provisions set forth in paragraphs one and two would render the provisions ineffective. Therefore, Distributor agrees that the nonsolicitation provisions in subsections 4.9.1.1 and 4.9.1.2 shall apply in all countries in which Neways conducts business. Distributor agrees that the geographic scope applicable to these provisions is reasonable, and further waives any claim or defense that the nonsolicitation provisions are void or voidable based on the breadth of their geographic scope.

4.9.1.6 - Distributor stipulates that if he/she violates the terms of paragraphs 4.9.1.1 and/or 4.9.1.2, Neways will be irreparably harmed, but calculation of damages will be extremely difficult. The parties therefore stipulate that for each violation of such paragraphs, Neways shall be entitled to immediate injunctive relief and liquidated damages in the amount of US\$2,500.00 for each occurrence. Each individual or entity solicited shall constitute a separate "occurrence," and separate solicitations of the same individual or entity shall also constitute a separate "occurrence."

4.9.2 - Distributors shall not offer the Neways opportunity, products or services to prospective or existing Customers or Distributors in conjunction with any non-Neways program, opportunity, product or service, nor shall Distributors offer any non-Neways opportunity, products or services at any Neways-related meeting, seminar or convention, or immediately following such event.

4.9.3 - Downline (Genealogy) Reports Distributors may obtain a copy of their downline reports by completing Form FOR-D-006 – Downline Report Request and Nondisclosure Agreement, and Form DIST-KIT-004 – Nondisclosure & Nonsolicitation Agreement.

4.10 - Cross Sponsoring

Actual or attempted cross sponsoring is strictly prohibited. "Cross sponsoring" is defined as the enrollment of an individual who or entity that already has a current Customer or Distributor Agreement on file with Neways, or who has had such an agreement within the preceding twelve calendar months, with a different Sponsor. The use of a spouse's or relative's name, trade names, assumed names, corporations, partnerships, trusts, NRIC numbers, or fictitious ID numbers to circumvent this policy is prohibited. Distributors shall not encourage, entice, demean, discredit or defame other Neways Distributors in an attempt to assist another Distributor to transfer to a different sponsor. This includes, but is not limited to, offering financial or other tangible incentives for another Distributor to terminate an existing Distributorship and then re-sign under a different Sponsor. This policy shall not prohibit the transfer of a Neways Distributorship in accordance with Section 4.26.

4.11 - Errors or Questions

If a Distributor has questions about or believes any errors have been made regarding commissions, bonuses, Downline Activity Reports, or charges, the Distributor must notify Neways' Distributor Support Department in writing within 60 days of the date of the purported error or incident in question. Neways will not be responsible for any errors, omissions or problems not reported to the Company within 60 days.

4.12 - Excess Inventory Purchases Prohibited

Distributors are not required to carry inventory of products or sales aids. However, Distributors who do so may find making retail sales and building a marketing organization somewhat easier because of the decreased response time in fulfilling customer orders. Each Distributor must make his or her own decision with regard to these matters. To ensure that Distributors are not encumbered with excess inventory that they are unable to sell, such inventory may be returned to Neways upon the Distributor's cancellation pursuant to the terms of Section 8.2.

Neways strictly prohibits the purchase of products in unreasonable amounts primarily for the purpose of qualifying for commissions, bonuses or advancement in the Marketing and Compensation Plan. Distributors may not purchase more inventory than they can reasonably resell or consume in a month nor may they encourage others to do so.

4.13 - Governmental Approval or Endorsement

Neither federal nor local regulatory agencies or officials approve or endorse any direct selling or network marketing companies or programs. Therefore, Distributors shall not represent or imply that Neways or its Marketing and Compensation Plan have been “approved,” “endorsed” or otherwise sanctioned by any government agency.

4.14 - Holding Applications or Orders

Distributors must not manipulate enrollments of new applicants and purchases of products. All Distributor Application and Agreement Forms and product orders must be sent to Neways within five working days from the time they are signed by a Distributor or placed by a Customer, respectively.

4.15 - Identification

All Distributors and co-applicants are required to provide correct identification and tax information upon the request of the Company. Failure to provide this information when requested could result in suspension or termination of the Distributorship.

4.16 - Income Taxes

Each Distributor is responsible for paying local, state/provincial and federal taxes on any income generated as an Independent Distributor. Neways will provide the commission statement to distributors upon submission of a written request per distributorship.

4.17 - Independent Contractor Status

Distributors are independent contractors, and are not purchasers of a franchise or a business opportunity. The agreement between Neways and its Distributors does not create an employer/employee relationship, agency, partnership, or joint venture between the Company and the Distributor. Distributors shall not be treated as an employee for his or her services or for tax purposes. All Distributors are responsible for paying local, state (provincial), and federal taxes due from all compensation earned as a Distributor of the Company. The Distributor has no authority (expressed or implied) to bind the Company to any obligation. Each Distributor shall establish his or her own goals, hours, and methods of sale, so long as he or she complies with the terms of the Distributor Agreement, these Policies and Procedures, and applicable laws.

4.18 - Insurance

4.18.1 - Business Pursuits Coverage

You may wish to arrange insurance coverage for your business. Your homeowner’s insurance policy does not cover business-related injuries or the theft of or damage to inventory or business equipment. Contact your insurance agent to make certain that your business property is protected. This can often be accomplished with a simple “Business Pursuit” endorsement attached to your present home owner’s policy.

4.18.2 - Product Liability Coverage

Neways maintains insurance to protect the Company and Distributors against product liability claims. Neways' insurance policy contains a "Vendors Endorsement" which extends coverage to Independent Distributors so long as they are marketing Neways products in accordance with Company Policies & Procedures and applicable laws and regulations. Neways' product liability policy does not extend coverage to claims or actions that arise as a result of a Distributor's misconduct in marketing the products.

4.19 - International Marketing

As of January 15, 2009, Distributors are eligible to sponsor in all countries in which Neways is currently registered to conduct business. For the most current list of countries that are open to sponsoring, please contact the Neways Distributor Support Department of Neways Malaysia at 03-79546288 or Neways Singapore at 65 6227 1600.

Distributors are eligible to receive commissions on international downline distributor purchases based upon the following qualifications and conditions:

1. The Distributorship must be at the rank of executive, or higher.
2. The Distributorship must be qualified for the executive leadership bonus section of the Affinity profit center in the distributor's home market.
3. The Distributorship will be qualified in international markets based upon the distributorship's previous month qualification in the distributor's home market.
4. The Distributorship will be paid from each international market separately according the international market's compensation plan and in the currency designated by the international market.
5. No international downline purchases will be applied to the Distributorship's monthly home market qualifications.

It is the responsibility of each Distributor to research and be familiar with Neways' policies and procedures in each country, as they do vary based upon local laws and business practices. Additionally, Distributors should be aware of differences in taxation, regulations, and requirements for doing business (for example: working visas, permits, etc.). Neways recommends that Distributors consult a tax advisor regarding international earnings.

Distributors must comply with all applicable laws and policies and procedures of each country that they conduct business in.

Instructions on how to sponsor Distributors in international countries, how to place an order, information regarding commission payment methods, and international Distributor support contact information are available through Neways' Distributor Support Department.

4.20 - Adherence to Laws and Ordinances

4.20.1 - Local Ordinances

Many cities and counties have laws regulating certain home-based businesses. In most cases these ordinances are not applicable to Distributors because of the nature of their business. However, Distributors must obey those laws that do apply to them. If a city or county official tells a Distributor that an ordinance applies to him or her, the Distributor shall be polite and cooperative, and immediately send a copy of the ordinance to the Compliance Department of Neways. In most cases there are exceptions to the ordinance that may apply to Neways Distributors.

4.20.2 - Compliance With Federal, State, Provincial, Local Laws Distributors shall comply with all federal, state, provincial, and local laws and regulations in the conduct of their businesses.

4.21 - Minors

Distributors shall not enroll or recruit individuals under the age of majority (usually 18 years of age) in the recruit's respective state province or territory.

4.22 - One Distributorship Per Distributor

Neways Distributors may own, operate, or have equitable interest in only one Neways Distributorship. Distributors shall not use business entities, trusts, or other devices to avoid this policy. Spouses must jointly hold one Neways Distributorship. An exception to this policy will be considered on a case-by-case basis if two Distributors marry or in cases of a Distributor receiving an interest in another Distributorship through inheritance from an immediate family member. Requests for exceptions to this policy must be submitted in writing to the Distributor Support Department.

4.22.1 - Children Living at Home

A Distributor's child who is over the age of majority (usually 18) and residing in the same household as the Distributor may own a Neways Distributorship independently from his/her parent. However, the Distributorship owned and operated by the child must be a bona fide Distributorship separate and apart from the parent's Distributorship. A Distributor's child need not be sponsored by his/her Distributor parent, nor be in the same line of sponsorship as his/her Distributor parent.

4.22.2 - Actions of Household Members or Affiliated Individuals

If any member of a Distributor's immediate household engages in any activity which, if performed by the Distributor, would violate any provision of the Agreement, such activity will be deemed a violation by the Distributor, and Neways may take disciplinary action pursuant to the Statement of Policies & Procedures against the Distributor. Similarly, if any individual associated in any way with a corporation, partnership, trust or other entity (collectively "affiliated individual") violates the Agreement, such action(s) will be deemed a violation by the entity, and Neways may take disciplinary action against the entity.

4.23 - Re-packaging and Re-labeling Prohibited

Distributors may not re-package, re-label, refill or alter the labels on any Neways products, information, materials or programs in any way. Neways products must be sold in their original containers only. Such relabeling or repackaging would likely violate federal and local laws, which could result in severe criminal penalties. You should also be aware that civil liability can arise when, as a consequence of the re-packaging or re-labeling of products, the persons using the products suffer any type of injury or their property is damaged.

4.24 - Research Fees

Any request from a Distributor for copies of invoices, applications, downline activity reports, or other records will require a fee as periodically determined by Neways.

4.25 - Roll-up of Marketing Organization

When a vacancy occurs in a Distributor marketing organization due to the termination of a Neways Distributorship, each Distributor in the first level immediately below the terminated Distributor on the date of the cancellation may be moved to the first level (“front line”) of the terminated Distributor’s Sponsor. Neways reserves the right to not roll-up a Distributorship, or delay a roll-up, in contested cases, in cases where the beneficiary of the roll-up is not in compliance with Neways’ policies, or in other circumstances deemed appropriate by Neways.

4.26 - Sale, Transfer or Assignment of Neways Distributorship

Although a Neways Distributorship is a privately owned, independently operated Distributorship, the sale, transfer or assignment of a Neways Distributorship is subject to certain limitations. If a Distributor wishes to sell his or her Neways Distributorship, the following criteria must be met:

4.26.1 - Protection of the existing line of sponsorship must always be maintained so that the Neways Distributorship continues to be operated in that line of sponsorship.

4.26.2 - The buyer or transferee must become a qualified Neways Distributor and submit to Neways’ Distributor Support Department Neways Form FOR-D-013 – Sale & Purchase of Distributorship. If the buyer is an active Neways Distributor, he or she must first sell or terminate his or her Neways Distributorship before the purchase of any interest in the new Neways Distributorship. An exception to this provision exists if a Distributor purchases the Distributorship of a distributor on his/her immediate frontline. If a Distributor purchases the Distributorship of one of his/her frontline Distributors, there will be a roll-up of the downline organization.

4.26.3 - Before the sale, transfer or assignment can be finalized and approved by Neways, any debt obligations the selling Distributor has with Neways must be satisfied.

4.26.4 - The selling Distributor must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to sell, transfer or assign a Neways Distributorship. Prior to selling a Neways Distributorship, the selling Distributor must notify Neways’ Distributor Support Department of his or her intent to sell the Neways Distributorship by submitting Neways Form FOR-D-013-Sale & Purchase of Distributorship together with a newly completed, signed Distributor Application and Agreement Form and receive written approval for the transfer or sale. No changes in line of sponsorship can result from the sale or transfer of a Neways Distributorship. Neways retains the discretion to reject any Distributorship sale or transfer.

4.27 - Separation of a Neways Distributorship

Neways Distributors sometimes operate their Neways Distributorship as husband-wife partnerships, regular partnerships, corporations, or trusts. At such time as a marriage may end in divorce or a corporation, partnership or trust (the latter three entities are collectively referred to herein as “entities”) may dissolve, arrangements must be made to assure that any separation or division of the Distributorship is accomplished so as not to adversely affect the interests and income of other Distributorships up or down the line of sponsorship. If the separating parties fail to provide for the best interests of other Distributors and the Company, Neways will terminate the Distributor Agreement and roll-up their entire organization pursuant to Section 4.25. In a pending divorce or entity dissolution, the parties must adopt one of the following methods of operation:

4.27.1 - One of the parties may, with written notarized consent of the other(s), operate the Neways Distributorship pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners or trustees authorize Neways to deal directly and solely with the other spouse or non-relinquishing shareholder, partner or trustee. In this situation, all bonuses and commissions shall be paid to the party receiving the Distributorship.

4.27.2 - The parties may continue to operate the Neways Distributorship jointly on a "business-as-usual" basis, whereupon all compensation is paid by Neways according to the status quo as existed prior to the filing of the divorce or dissolution proceedings.

Under no circumstances will the Downline Organization of divorcing spouses or a dissolving Distributorship entity be divided. Similarly, under no circumstances will Neways split commission and bonus checks between divorcing spouses or members of dissolving entities. Neways will recognize only one Downline Organization and will issue only one commission check per Neways Distributorship per commission cycle. Commission checks shall always be issued to the same individual or entity. In the event that parties to a divorce or dissolution proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the Distributorship within six calendar months from the date on which the divorce action was filed or the dissolution proceedings instituted, the Distributor Agreement shall be canceled.

A former spouse, partner or former entity affiliates that have completely relinquished all rights in their original Neways Distributorship must adhere to Section 4.4 before they may re-enroll under a different Sponsor, but may reenroll immediately under the same Sponsor who had been the Sponsor of the dissolved entity. In such case, however, the former spouse, partner or entity affiliate shall have no rights to any Distributors in their former organization or to any former Customer.

4.28 - Sponsoring

All active Distributors in good standing have the right to sponsor and enroll others into Neways. Each prospective Customer or Distributor has the ultimate right to choose his or her own Sponsor. If two Distributors claim to be the Sponsor of the same new Distributor or Customer, the first properly completed Distributor Application and Agreement Form received by Neways, whether by fax, mail, or online submission, shall be controlling.

4.29 - Stacking

"Stacking" is strictly prohibited. The term "stacking" includes:

- (a) providing financial assistance to new Distributors for the purpose of maximizing compensation pursuant to Neways' Marketing and Compensation Plan;
- (b) violating the participation in more than one Distributorship rule (rule 4.22); and/or
- (c) enrolling fictitious individuals or entities into the Neways compensation plan (rule 4.3).

4.30 - Succession

Upon the death or incapacitation of a Distributor, his or her Distributorship may be passed to his or her heirs. Appropriate legal documentation must be submitted to the Company to ensure the transfer is proper. If a will or other testamentary document is contested, and the Distributorship is not awarded within six calendar months from the date of the Distributor's death, or if the successor does not complete all of the requirements listed below within such six calendar month period, the Distributorship shall be canceled. Similarly, if a Distributor dies without providing for the disposition of the Neways Distributorship by will or

other testamentary device, the Distributorship shall be canceled. Accordingly, a Distributor should consult an attorney to assist him or her in the preparation of a will or other testamentary instrument. Whenever a Neways Distributorship is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased Distributor's marketing organization provided the following qualifications are met. The successor(s) must:

- 4.30.1 - Execute a Distributor Application and Agreement Form;
- 4.30.2 - Submit an original death certificate to Neways;
- 4.30.3 - Submit to Neways a notarized copy of the will or other instrument establishing the successor's right to the Neways Distributorship;
- 4.30.4 - Comply with terms and provisions of the Agreement;
- 4.30.5 - Meet all of the qualifications for the deceased Distributor's status; and
- 4.30.6 - If the Distributorship is bequeathed to joint devisees, they must form a business entity. Neways will issue all bonus and commission to the business entity.

4.31 - Transfer upon Incapacitation of a Distributor

To effect a transfer of a Neways Distributorship because of incapacity, the successor must provide the following to Neways:

(1) a notarized copy of an appointment as trustee; (2) a notarized copy of the trust document or other documentation establishing the trustee's right to administer the Neways business; and (3) a completed Distributor Application and Agreement Form executed by the trustee.

4.32 - Loans and Commission Advances

Distributors shall not request from the Company any type of loan or advance on Distributor bonuses or commissions.

SECTION 5 – RESPONSIBILITIES OF A DISTRIBUTOR

5.1- Change of Address or Telephone

Distributors whose telephone number, mailing address, street address, or e-mail address changes must notify Neways of the change by completing and submitting the Neways Form FOR-D-001- Distributor Information Change.

5.2 - Continuing Development Obligations

5.2.1 - Ongoing Training

Any Distributor who sponsors another Distributor into Neways must perform a bona fide assistance and training function to ensure that his or her downline is properly operating his or her Neways business. Distributors must have ongoing contact and communication with the Distributors in their Downline Organizations. Examples of such contact and communication may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail, and the accompaniment of downline Distributors to Neways meetings, training sessions, and other functions. Upline Distributors are also responsible to motivate and train new Distributors in Neways product knowledge, effective sales techniques, the Neways Marketing and Compensation Plan, and compliance with Company Policies and Procedures. Communication with and the training of downline

Distributors must not, however, violate Section 4.2 (regarding the development of Distributor-produced sales aids and promotional materials). Distributors must monitor the Distributors in their Downline Organizations to ensure that downline Distributors do not make improper product or business claims, or engage in any illegal or inappropriate conduct. Upon request, every Distributor should be able to provide documented evidence to Neways of his or her ongoing fulfillment of the responsibilities of a Sponsor.

5.2.2 - Increased Training Responsibilities

As Distributors progress through the various levels of leadership, they will become more experienced in sales techniques, product knowledge, and understanding of the Neways program. They will be called upon to share this knowledge with lesser experienced Distributors within their organization.

5.2.3 - Ongoing Sales Responsibilities

Regardless of their level of achievement, Distributors have an ongoing obligation to continue to personally promote sales through the generation of new Customers and through servicing their existing Customers.

5.3 - Nondisparagement

Neways wants to provide its independent Distributors with the best products, compensation plan, and service in the industry. Accordingly, we value your constructive criticisms and comments. All such comments should be submitted in writing to Neways' Distributor Support Department. Remember, to best serve you, we must hear from you. While Neways welcomes constructive input, negative comments and remarks made in the field by Distributors about the Company, its products, or compensation plan serve no purpose other than to sour the enthusiasm of other Neways Distributors. For this reason, and to set the proper example for their downlines, Distributors must not disparage, demean, or make negative remarks about Neways, other Neways Distributors, Neways products, the Marketing and Compensation plan, or Neways' directors, officers, or employees.

5.4 - Reporting Policy Violations

Distributors observing a Policy violation by another Distributor should submit a written report of the violation directly to the attention of the Neways' Distributor Support Department. Details of the incidents such as dates, number of occurrences, persons involved, and any supporting documentation should be included in the report.

5.5 - Distributor Lists and Confidentiality

5.5.1 - Confidentiality

Distributor lists and all contacts generated therefrom ("Lists") are the confidential and proprietary property of the Company. The Company has derived, compiled, configured, and currently maintains the Lists through the expenditure of considerable time, effort, and monetary resources. The Lists in their present and future forms constitute commercially advantageous proprietary assets and trade secrets of the Company. The right to disclose Lists and other Distributor information maintained by the Company is expressly reserved by the Company and may be denied at the Company's discretion.

5.5.2 - Reports

All information provided by Neways in online downline activity reports, including but not limited to personal and group sales volume (or any part thereof), and downline sponsoring activity is believed to be accurate and reliable. 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 check charge-backs, the information is not guaranteed by Neways or any persons creating or transmitting the information.

ALL PERSONAL AND GROUP SALES VOLUME INFORMATION IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESS OR IMPLIED, OR REPRESENTATIONS OF ANY KIND WHATSOEVER. IN PARTICULAR BUT WITHOUT LIMITATION THERE SHALL BE NO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR USE, OR NONINFRINGEMENT. TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, NEWAYS AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL IN NO EVENT BE LIABLE TO ANY DISTRIBUTOR OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF OR ACCESS TO PERSONAL AND GROUP SALES VOLUME INFORMATION (INCLUDING BUT NOT LIMITED TO LOST PROFITS, BONUSES, OR COMMISSIONS, LOSS OF OPPORTUNITY, AND DAMAGES THAT MAY RESULT FROM INACCURACY, INCOMPLETENESS, INCONVENIENCE, DELAY, OR LOSS OF THE USE OF THE INFORMATION), EVEN IF NEWAYS OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE FULLEST EXTENT PERMITTED BY LAW, NEWAYS OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY OR OTHER THEORY WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO.

Access to and use of Neways' online and other reporting services and your reliance upon such information is at your own risk. All such information is provided to you "as is". If you are dissatisfied with the accuracy or quality of the information, your sole and exclusive remedy is to discontinue use of and access to Neways' online and other reporting services and your reliance upon the information.

5.5.3 - Downline (Genealogy) Reports

5.5.3.1 - Distributor Downline (genealogy) Reports ("Reports") are provided for the exclusive and limited use of the Distributor to facilitate the training, support, and servicing of the Distributor's Downline Organization for furtherance of Company-related business only. Each Distributor who receives a Report agrees that each use, within its intended scope, constitutes a separate exclusive license agreement between the Distributor and the Company. Distributors may obtain a copy of their Reports by completing Form FOR-D-006 – Downline Report Request and Nondisclosure Agreement, and Form DIST-KIT-004 – Nondisclosure & Nonsolicitation Agreement.

5.5.3.2 - These Reports remain, at all times, the exclusive property of the Company, which may, at any time in the Company's sole discretion, reclaim and take possession of the Reports. Accordingly, each Distributor agrees:

- (a) to hold confidential and not disclose any Reports or portion thereof to any third person, including, but not limited to, existing Distributors, competitors, and the general public;
- (b) to limit use of the Reports to their intended scope of furthering the Distributor's Company-related business;

(c) that use or disclosure of the Reports outside of those authorized herein, or for the benefit of any third person, constitutes misuse, misappropriation, and a violation of the Distributor's license agreement, which causes irreparable harm to the Company;

(d) that, upon any violation under this section, the Distributor stipulates to injunctive relief as an appropriate remedy enjoining that use under applicable national or local laws, and will immediately retrieve and return to the Company all Reports previously provided to the Distributor upon the Company's request; and that the obligations under this section will survive the termination of the Distributor's Agreement.

SECTION 6 – SALES REQUIREMENTS

6.1 - Product Sales

The Neways Marketing and Compensation Plan is based upon the sale of Neways products and services to end consumers. Distributors must fulfill personal and Downline Organizational retail sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for bonuses, commissions and advancement to higher levels of achievement.

6.1.1 - At least 70% of a Distributor's total monthly personal sales volume must be sold to Customers or used by the Distributor and his/her immediate family.

6.2 - No Price Restrictions

Distributors are not required to sell Neways products at the suggested retail prices set by Neways on the Neways' Price List. Distributors may sell Neways products at any price they choose, provided that Distributors may not sell Neways products at prices below the established wholesale price.

6.3 - Sales Receipts

All Distributors must provide their retail customers with one copy of an official Neways sales receipt at the time of the sale. These receipts set forth the company guarantees. Distributors must maintain all retail sales receipts for a period of two years and furnish them to Neways at the Company's request. A Distributor's failure to do so constitutes a breach of the Contract and entitles the Company to recoup any Bonus paid for orders in a month for which retail sales documentation is not maintained. Records documenting the purchases of Distributors' Direct Customers will be maintained by Neways.

Distributors must ensure that the following information is contained on each sales receipt:

(1) The date of the transaction; (2) The date (not earlier than the third business day following the date of the transaction) by which the buyer may give notice of cancellation; and (3) Name and address of the selling distributor.

SECTION 7 – BONUSES AND COMMISSIONS

7.1 - Bonus and Commission Qualifications

7.1.1 - A Distributor receives no compensation for sponsoring other Distributors.

7.1.2 - A Distributor is neither guaranteed a specific income nor assured any level of profit or success. A Distributor's profit and success can come only through the successful sale of products or services and the sales of other Distributors within the Distributor's Downline Organization. All success is based primarily on the efforts of the Distributor.

7.1.3 - A Distributor must be active and in compliance with the Agreement to qualify for bonuses and commissions. So long as a Distributor complies with the terms of the Agreement, Neways shall pay bonuses and commissions to such Distributor in accordance with the Marketing and Compensation plan.

7.1.4 - A Bonus is paid by cheque or money wire transfer issued in the name of the main applicant in the Distributor Agreement. Any bank charges are borne by the distributor.

7.1.5 - To the extent required by law, the Company will send notification of a Distributor's product or service purchases and Bonus payments to relevant tax authorities.

7.2 - Adjustment to Bonuses and Commissions

7.2.1 - Adjustments for Returned Products

Distributors receive bonuses and commissions based on the actual sales of products and services to end consumers. When a product is returned to Neways for a refund or is repurchased by the Company, all bonuses and commissions attributable to the returned or repurchased product(s) will be deducted or returned, in the month in which the refund is given, and continuing every pay period thereafter until the commission is recovered, from the Distributors who received bonuses and commissions on the sales of the refunded products.

7.2.2 - Other Deductions

Neways will deduct fees from Distributor's bonus and commission checks for genealogy reports requested by a Distributor, label fees, transfer request fees, maintenance fees, and fees for other services provided by Neways, and for any other outstanding balance on a Distributor's Neways account. The Company further reserves the right to deduct sums from a Distributor's commission and bonus check that constitute disciplinary sanctions.

SECTION 8 – PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE

8.1 - Product Guarantee

Neways offers a 100% 10-day (7 days in Singapore) money-back satisfaction guarantee (less shipping and handling charges) to all Customers. Neways Distributors shall honor this guarantee on all products that they sell to their Customers (Distributors must submit Neways Form DIST-KIT-002 when returning products sold to their Retail Customers). Refunds shall be conducted pursuant to Section 8.4.3.

If a Distributor requests a full refund of money on any product return, such request shall be considered an inventory repurchase and the Distributorship shall be cancelled.

The Company shall deduct from the Distributor's subsequent commission checks and/or from the refund paid to the Distributor any commissions, bonuses, rebates or other incentives received by the Distributor that were associated with the merchandise that is returned.

8.2 - Return of Inventory and Sales Aids by Distributors

Upon cancellation of a Distributor's Agreement, the Distributor may return inventory for a refund if he or she is unable to sell or use the merchandise. A Distributor may only return inventory purchased by him

or her and produced and sold by the Company that is reasonably sound, unopened, unaltered, resalable, and restockable. The inventory must be returned within six (6) months (60 days in Singapore) of its purchase date. Upon receipt of the inventory, the Distributor will be reimbursed ninety percent (90%) of the distributor price, less applicable Bonuses (plus applicable tax if prepaid), and shipping and handling charges. The Company shall deduct from the reimbursement paid to the Distributor any commissions, bonuses, rebates or other incentives received by the Distributor which were associated with the merchandise that is returned. In order for the Company to correctly back out the applicable Bonuses on returned products, it is critical that the original sales invoice be retained. This invoice must be provided to the Company at the time the request for a refund is made.

8.2.1 - Products otherwise sold individually but purchased as part of a kit or package may be returned if the product is current, unopened, and resalable.

8.2.2 - The Company Refund Policy may not apply to certain product promotions. In these cases, specific prior notification will be provided by the Company.

8.2.3 - Acceptable reimbursement alternatives include, but are not limited to, the following: Company credit, bank check. The actual form of reimbursement will be based upon local payment procedures and the original form of payment.

8.2.4 - The company does not provide refund for any sales aids, except that a refund for a complete Distributor Kit will be provided pursuant to the provisions of this Section 8.2.

8.3 - Procedures for All Returns from Distributors to Neways

To obtain a refund for returned inventory, a Distributor must comply with these procedures:

8.3.1 - All merchandise must be returned by the Distributor who purchased it directly from Neways.

8.3.2 - All products to be returned must have a Tracking Number which is obtained by calling the Distributor Support Department.

8.3.3 - The return is accompanied by a completed and signed Product exchange/replacement form Form FOR-D-012 and a copy of the original dated sales invoice and a resignation letter.

8.3.4 - Product returned by shipping must be packed with proper shipping carton(s) and packing materials, and the best and most economical means of shipping is suggested. All returns must be shipped to Neways shipping pre-paid. Neways does not accept shipping-collect packages. The risk of loss in shipping for returned product shall be on the Distributor. If returned product is not received by the Company, it is the responsibility of the Distributor to trace the shipment.

8.3.5 - The Company reserves the right to require a Distributor to repay Bonuses paid to him on inventory returned by the Distributor's Downline Organization. This may be achieved either through contact with the affected Distributors for direct repayment or by withholding monies from present or future Bonus payments. This policy encompasses all refunds allowed under the Company's Refund Policy.

8.3.6 - Extension of the refund policy as required by applicable law, or instances in which Distributor misconduct, misrepresentation, or other extenuating circumstances necessitates a Company refund that differs from the stated refund policy will be considered on a case-by-case basis and applied at the Company's discretion.

No refund or replacement of product will be made if the conditions of these rules are not met.

8.4 - Retail Customer Refund Policy

8.4.1 - A Distributor must offer a ten (10) working day (7 working days in Singapore), cooling off period to his or her retail customers and notify each retail customer of his or her right to rescind/terminate the order within ten (10) working days (7 working days in Singapore) after the sales or execution of a contract, if he or she so chooses. During the cooling off period, no products may be delivered to the retail customer and no payment may be accepted from the retail customer unless he or she has given a written notice, seventy two (72) hours or more after signing the retail sale contract, requiring delivery before the expiry of the cooling off period.

The retail sale contract with a retail customer who serves a notice of rescission within the cooling off period, will be deemed to be rescinded/terminated by mutual consent of the retail customer and the Distributor. Like any guarantee given in relation to such contract, it will be deemed never to have had effect.

8.4.2 - All Retail Customers must be provided with one copy of an official Neways Customer Receipt at the time of the sale. This copy is the customer's record of his or her contract for the purchase. The retail customer has to sign and date the money back guarantee if he or she chooses to rescind/terminate the retail sale contract within the 10-day (7 days in Singapore) period. The second copy is the Distributor's record of the retail sale contract. A Distributor should keep copies of all Retail Order Forms and customer receipts on file.

8.4.3 - The Company encourages Distributors to honor a request for a 100% refund or product exchange. Moreover, a Distributor must offer a ten (10) day (7 days in Singapore) money-back guarantee to his/her retail customers. This means that the selling Distributor must, for any reason and upon request, give a full refund of the purchase price to the retail customer. The only requirement is that the retail customer requests the refund within ten (10) business days (7 business days in Singapore) after the date of delivery of the products and returns the unused portion of the product. The Distributor must make a refund for returned product within ten (10) business days (7 business days in Singapore) of the retail customer's request. The Company supports this policy by providing replacement products up to thirty (30) days following the refund or product exchange with a retail customer.

To receive replacement products, the unused portion of the Product along with the customer receipt must be returned to the Neways Distribution Center within thirty (30) days following the refund or exchange. Distributors must submit a completed Neways Product Exchange/Replacement form Form-D-012 when returning products sold to their Retail Customers. The return and exchange procedures are provided in Sections 8.3.4 and 8.5.3.

No refund or replacement of product will be made if the conditions of these rules are not met.

8.5 - Product Exchange Policy

8.5.1 - Distributors must inspect all products ordered at the time of delivery. Once accepted by a Distributor, upon delivery, the products delivered shall be deemed to conform to such Distributor's order and be free from defects.

8.5.2 - The Company will exchange products if the returned products are damaged in shipment, are incorrectly sent, or are of substandard quality.

(a) Whenever possible, returned products will be replaced with undamaged products of the same

item. However, when an exchange for the same item is not feasible, the Company reserves the right to exchange the product for another product of similar value.

8.5.3 - To exchange products, the Distributor must comply with these rules:

- (a) the request for exchange must be made within thirty (30) days of delivery (60 days from date of purchase in Singapore);
- (b) prior authorization from the Company is required to initiate the exchange. Please contact the Distributor Support Department of Neways Malaysia at 03-79546288 or Neways Singapore at 65 6227 1600 for information on the correct procedure for returning the products;
- (c) a Distributor may only return products purchased by him or her and produced and sold by the Company that is reasonably sound, unopened, unaltered, resalable, and restockable;
- (d) a restocking fee of 5% of the product's wholesale price will be charged.

8.5.4 - No warranties or conditions by the Company may be implied in a contract for sale of the products by the Company to a Distributor whether as to quality, merchantability, fitness for a particular purpose or otherwise and no such warranties or conditions are given or offered by the Company.

SECTION 9 – DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

9.1 - Disciplinary Sanctions

Violation of the Agreement, these Policies and Procedures, or any illegal, fraudulent, deceptive or unethical business conduct by a Distributor may result, at Neways' discretion, in one or more of the following corrective measures:

- 9.1.1 - Issuance of a written warning or admonition;
- 9.1.2 - Requiring the Distributor to take immediate corrective measures, including but not limited to personally refunding Customers who may have been harmed by the Distributor's improper conduct;
- 9.1.3 - Imposition of a fine, which may be withheld from bonus and commission checks;
- 9.1.4 - Requiring an offending Distributor to pay for all refunds, rebates, or damages that Neways incurs as a result of the Distributor's improper conduct. Such sums may be deducted from the Distributor's commission and bonus checks;
- 9.1.5 - Loss of rights to one or more bonus and commission checks;
- 9.1.6 - Neways may withhold from a Distributor all or part of the Distributor's bonuses and commissions during the period that Neways is investigating any conduct allegedly violative of the Agreement. If a Distributorship is canceled for disciplinary reasons, the Distributor will not be entitled to recover any commissions withheld during the investigation period;
- 9.1.7 - Suspension of the individual's Distributor Agreement for one or more pay periods;
- 9.1.8 - Involuntary termination of the offender's Distributor Agreement;
- 9.1.9 - Any other measure expressly allowed within any provision of the Agreement or which Neways deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Distributor's policy violation or contractual breach;
- 9.1.10 - In situations deemed appropriate by Neways, the Company may institute legal proceedings for monetary and/or equitable relief.

9.2 - Grievances and Complaints

When a Distributor has a grievance or complaint with another Distributor regarding any practice or conduct in relationship to their respective Neways businesses, the complaining Distributor should first report the

problem to his or her Sponsor who should review the matter and try to resolve it with the other party's upline Sponsor. If the matter cannot be resolved, it must be reported in writing to the Distributor Support Department at the Company. The Distributor Support Department will review the facts and take action as is deemed appropriate by the company.

9.3 - Appeals of Disciplinary Sanctions

If a Distributor wishes to appeal a disciplinary sanction, the Distributor's appeal must be in writing and sent via Certified Mail, Return Receipt Requested and received by the Company within 15 days from the date of Neways' disciplinary notice. If the appeal is not received by Neways within the 15-day period, the sanction will be final. The Distributor must submit all supporting documentation with his or her appeal correspondence. If the Distributor files a timely appeal of cancellation, Neways will review and reconsider the cancellation, consider any other appropriate action, and notify the Distributor in writing of its decision.

9.4 - Arbitration

Any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled by arbitration administered by the Kuala Lumpur Regional Centre for Arbitration ("KLRC") or Singapore International Arbitration Centre under its applicable commercial arbitration rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Distributors waive all rights to trial by jury or to any court. All arbitration proceedings shall be held in Kuala Lumpur, Malaysia or Singapore, depending on the location of the Neways office that is involved. All parties shall be entitled to all discovery rights pursuant to the applicable rules of civil procedure. There shall be one arbitrator, an attorney at law, who shall have expertise in business law transactions with a strong preference being an attorney knowledgeable in the direct selling industry, selected from the panel which the applicable arbitration organization provides. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The arbitration shall be conducted in English. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitration shall survive any termination or expiration of the Agreement. Nothing in these Policies and Procedures shall prevent Neways from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction or other relief available to safeguard and protect Neways' interest prior to, during or following the filing of any arbitration or other proceeding or pending the rendition of a decision or award in connection with any arbitration or other proceeding. The arbitration obligation of this section shall not apply in cases arising from or relating to Neways Conflict of Interest policies contained in Section 4.1, Neways Downline Report Request and Nonsolicitation Agreement (Form FOR-D-006), and/or cases arising from or relating to violation of Neways Nondisclosure and Nonsolicitation Agreement (Form DIST-KIT-004). All such actions shall be brought before the courts residing in Kuala Lumpur, Malaysia or Singapore, depending on the location of the Neways office involved in the proceeding. The Parties consent to exclusive jurisdiction and venue before such courts.

9.5 - Governing Law, Jurisdiction and Venue

Jurisdiction and venue of any controversy or claim not subject to arbitration shall be in Kuala Lumpur, Malaysia or Singapore, depending on the location of the Neways office involved. The law applicable to arbitration proceedings in the applicable jurisdiction shall govern all matters relating to arbitration. The law of Malaysia or Singapore shall govern all other matters relating to or arising from the Agreement, depending on the location of the Neways office involved in the proceeding.

SECTION 10 – ORDERING

10.1 - Ordering Neways Products

10.1.1 - A Distributor has no specific inventory requirements. A Distributor must use his own judgment in determining inventory needs based upon reasonably projected retail sales and personal use. A Distributor is prohibited from ordering more than a reasonable inventory. The company reserves the right to verify Distributor resale of product inventory and inspect documentation of retail sales.

10.1.2 - Products and Sales Aids ordered in a given country in which a Distributor is authorized will be delivered and may be sold only in that country. There is no minimum order. However, shipping and handling costs may vary depending on the amount of products ordered.

10.1.3 - Orders may be placed at the Corporate Office or at the authorized Neways Distribution Centers in Malaysia or Singapore via walk in, mail, online, or facsimile delivered to an authorized Distribution Center in Malaysia or Singapore for processing. If the order is mailed or faxed, it will be sent to the "Ship To" address on the Product Order Form. The Product Order Form must be fully completed and shipments cannot be sent by the Company to PO Boxes due to postal regulations.

10.2 - General Order Policies

10.2.1 - Orders must be received by the authorized Distribution Centers in Malaysia or Singapore by the last calendar day of a month to be included in that month's Bonus and qualification computations.

10.2.2 - Distributors must not place personal orders in other Distributorships. No PV or BV transfers are allowed.

10.2.3 - The Company maintains the right to change product or service prices without prior notice.

10.2.4 - The Company has established suggested retail prices for products based on competitive pricing in each market. Maintaining retail pricing for non-distributors helps to preserve the value of the Company's products and business opportunity. The Company may take disciplinary measures, including possible termination of a distributorship, in the event the Company determines that a distributorship resells products at price levels that impair the viability of bona fide retail pricing for other distributorships. The selling of the Company's products in the market below the Company's wholesale price in that market is strictly prohibited.

10.3 - Confirmation of Order

10.3.1 - A Distributor and/or recipient of an order must confirm that the product received matches the product listed on the shipping invoice, and is free of damage. Failure to notify Neways of any shipping discrepancy within 10 days of shipment will cancel a Distributor's right to request a correction. For orders collected at the Corporate Distribution Center or at the authorized Neways Distribution Centers, Distributors must check their order BEFORE leaving and notify the Customer Service Representatives of any discrepancy. Upon receipt of an order according to the invoice details, the Distributor must sign the Distributor Receipts to acknowledge full receipt. Any discrepancy claims made will require a proof of receipt of goods.

SECTION 11 – PAYMENT & SHIPPING

11.1 - Payment for Order

11.1.1 - Payment may be made by;

- (a) Cash (Walk-in purchases at the Corporate Office or the authorized Neways Distribution Centers in Malaysia or Singapore). No cheque payment is accepted.
- (b) Credit Card (Visa/MasterCard)
- (c) Direct Deposit to Maybank Account Number: 51-2231-50021-7 (Malaysia only)
- (d) Maybank2U (Malaysia only)
- (e) Nets (Singapore only)

It is the responsibility of each Distributor to ensure that there are sufficient funds or credit available in his or her account to cover all payment, including orders, fees, etc. Insufficient funds may result in the order being withdrawn and the Distributor's failure to meet his or her Personal Sales Volume requirements for the month. Property in the product will only pass from the Company to the customer upon payment in full and acceptance of the purchase order by the Company. On mail orders with invalid or incorrect payment, Neways will attempt to contact the Distributor by phone, and/or mail to try to obtain another form of payment. If these attempts are unsuccessful the order will be returned unprocessed. No Cash on Deliver orders will be accepted.

11.2 - Restrictions on Third Party Use of Credit Cards and Bank Account Access

Distributors shall not permit other Distributors or customers to use their credit card, or permit debits to their bank accounts to enroll or to make purchases from the Company. The unauthorized use of another person's credit card constitutes credit card fraud. If credit card fraud has been committed, disciplinary procedures will be commenced.

SECTION 12 – INACTIVITY AND CANCELLATION

12.1 - Effect of Cancellation

So long as a Distributor remains active and complies with the terms of the Distributor Agreement and these Policies and Procedures, Neways shall pay bonuses and commissions to such Distributor in accordance with the Marketing and Compensation Plan. A Distributor's bonuses and commissions constitute the entire consideration for the Distributor's efforts in generating sales and all activities related to generating sales (including building a downline organization). Following a Distributor's non-renewal of his or her Distributor Agreement, cancellation for inactivity, or voluntary or involuntary cancellation of his or her Distributor Agreement (all of these methods are collectively referred to as "cancellation"), the former Distributor shall have no right, title, claim or interest to the Marketing Organization which he or she operated, or any commission or bonus from the sales generated by the organization. A Distributor whose Distributorship is canceled will permanently lose all rights as a Distributor. This includes the right to sell Neways products and services and the right to receive future commissions, bonuses, or other income resulting from the sales and other activities of the Distributor's former downline sales organization. In the event of cancellation, Distributors agree to waive all rights they may have, including but not limited to property rights, to their former downline organization and to any bonuses, commissions or other remuneration derived from the sales and other activities of his or her former downline organization.

Following a Distributor's cancellation of his or her Distributor Agreement, the former Distributor shall not hold himself or herself out as a Neways Distributor and shall not have the right to sell Neways products or

services. A Distributor whose Distributor Agreement is canceled shall receive commissions and bonuses only for the last full pay period he or she was active prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation). When a Distributorship is canceled, unless cancellation is pursuant to Section 12.3, the Distributor's downline organization is immediately and permanently moved to the Distributor's sponsor organization.

12.2 - Cancellation Due to Inactivity

It is the Distributor's responsibility to lead his or her marketing organization with the proper example in personal production of sales to end consumers. Without this proper example and leadership, the Distributor will lose his or her right to receive commissions from sales generated through his or her marketing organization. Therefore, Distributors who personally produce less than 150 Personal Sales Volume for any pay period will not receive a commission for the sales generated through their marketing organization for that pay period. If a Distributor has not fulfilled his or her personal sales requirements for a period of six consecutive commission periods and has not made at least one personal product purchase during the six consecutive commission periods (and thus become "inactive"), his or her Distributor Agreement shall be canceled for inactivity. Personal product purchase includes purchases, by the Distributor, of commissionable Neways product. The cancellation will become effective on the day following the last day of the sixth month of inactivity. Written confirmation of the cancellation will not be provided by Neways. The Distributor loses all title, rights, and interest in the Distributor's downline.

12.3 - Involuntary Cancellation (Termination)

A Distributor's violation of any of the terms of the Agreement, including any amendments that may be made by Neways at its sole discretion, may result in any of the sanctions listed in Section 10.1, including the involuntary cancellation (termination) of his or her Distributor Agreement. Cancellation shall be effective on the date on which written notice is mailed, faxed, or delivered by an express courier, to the Distributor's last known address (or fax number), or to his/her attorney, or when the Distributor receives actual notice of cancellation, whichever occurs first. If a Distributorship is involuntarily canceled pursuant to this section, the Distributorship will remain in its current position, and its downline organization will remain intact until the company has recouped all costs and losses associated with the Distributorship's cancellation. Once the Company has recouped all costs and losses, the canceled Distributorship shall be terminated from the system, and the downline organization will "roll-up."

12.4 - Voluntary Cancellation

A participant in this network marketing plan has a right to cancel at any time, regardless of reason. Cancellation must be submitted in writing on Neways Form FOR-D-005 – Distributor Cancellation By Action of Distributor, to the Company at its principal business address. The written notice must include the Distributor's signature, printed name, address, and Distributor I.D. Number.

SECTION 13 – DEFINITIONS

Active Distributor

A Distributor who satisfies the minimum Personal Sales Volume requirements, as set forth in the Neways Marketing and Compensation Plan, to ensure that he or she is eligible to receive bonuses and commissions.

Agreement

The contract between the Company and each Distributor includes the Distributor Application and Agreement, the Neways Policies and Procedures, the Neways Marketing and Compensation Plan, and the Business Entity Form (where appropriate), all in their current form and as amended by Neways at its sole discretion. These documents are collectively referred to as the “Agreement.”

Bonus Volume (BV) or Personal Volume (PV)

The commissionable value of services and products sold in a calendar month: (1) by the Company to a Distributor; and (2) by the Company to the Distributor’s personally enrolled Retail Customers.

Cancel

The termination of a Distributor’s business. Cancellation may be either voluntary, involuntary, through non renewal or inactivity.

Commissionable Products/Services

All Neways products and services on which commissions and bonuses are paid. Starter Kits and sales aids are not commissionable products.

Company

The term “Company” as it is used throughout the Agreement means Neways Worldwide SDN BHD or Neways International Marketing Pte Ltd., depending on the Neways entity that is the party to the Agreement with the Distributor.

Customer

Customer refers to Retail Customer.

Downline Report

A monthly report generated by Neways that provides critical data relating to the identities of Distributors, sales information, and enrollment activity of each Distributor’s Marketing. This report contains confidential and trade secret information which is proprietary to Neways.

End Consumer

A person who purchases Neways products for the purpose of personally consuming them rather than for resale to someone else.

Official Neways Material

Literature, audio or video tapes, and other materials developed, printed, published and distributed by Neways to Distributors.

Rank

The “title” that a Distributor has achieved pursuant to the Neways Marketing and Compensation Plan.

Recruit

For purposes of Neways' Conflict of Interest Policy (Section 4.1), the term "recruit" means actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way, either directly or through a third party, another Neways Distributor or Retail Customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity. This conduct constitutes recruiting even if the Distributor's actions are in response to an inquiry made by another Distributor or Retail Customer.

Resalable

Products and sales aids shall be deemed "resalable" if each of the following elements is satisfied: 1) they are unopened and unused; 2) packaging and labeling has not been altered or damaged; 3) the product and packaging are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; 4) the product expiration date is not less than 3 months from the refund date; and 5) the product contains current Neways labeling. Any merchandise that is clearly identified at the time of sale as non returnable, discontinued, or as a seasonal item, shall not be resalable.

Retail Customer

An individual who purchases Neways products from a Distributor.

Retail Price

The price at which Neways suggests Distributors sell a particular product or service to Retail Customers.

Roll-Up

The method by which a vacancy in a marketing organization left by a Distributor whose Distributor Agreement has been canceled is filled.

Sponsor

A Distributor under whom an enroller places a new Distributor and is listed as the Sponsor on the Distributor Application and Agreement.

Starter Kit

A selection of Neways training materials and business support literature that each new Independent Marketing Distributor is required to purchase.



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