

DXN MEXICO S.A. de C.V.

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SERVICE CENTER OPERATIONS MANUAL

– GENERAL RULES AND REGULATIONS –

1. LAUNCHING A SERVICE CENTER

1.1 Application Procedure

An applicant must be a registered DXN Mexico S.A. de C.V. (hereinafter referred to as the "Company") distributor, preferably at the Star Agent status, either as a natural person or as a business organization. **The appropriate Application Form, signed Operations Manual (including initials on every page) and first initial order** must be duly completed and submitted along with the required relevant documents to the Company.

An applicant is eligible to apply as **Public Service Center** or **Private Service Center**. Public Service Center provides equal member services to all the distributors of the Company, regardless of member's status and /or network origin. Private Service Center provides services to applicant's own organization.

1.2 Qualification

An applicant must possess the Registered Invoice with the stamp from Hacienda.

1.3 Basic Requirements:

	PRIVATE SERVICE CENTER	PUBLIC SERVICE CENTER
Required Status	Preferably Star Agent	Star Agent
Operating Hours	Not Required	Required, Preferably 10AM-6PM
Training Schedule	Not Required	Required, Minimum once a week
Initial Purchase	\$ 20,000* plus 10 Business Kits	\$ 50,000* plus 20 Business Kits
Daily Min. Inventory Maintenance	\$5000* plus 5 Business Kits	\$ 20,000 * Minimum 5 quantities per product and 10 Business Kits
Minimum Order	\$20,000	\$20,000
Distance from Approved Center	10 Miles	20 Miles
Website Directory Posting	N/A	Yes
Processing Time	Ten (10) working days	Ten (10) working days
Product Exchange/Return Policy	Six Months from Purchase	Six Months from Purchase

*** Public Service Center will automatically be transferred to Private Service Center and entitle to Private Service Center Incentive for the month when daily inventory level fails to meet the minimum inventory maintenance at any given time. The Public Service Center status will resume once the minimum inventory maintenance is restored.**

1.3 Inspection

All applications shall be subject to query and site inspections prior to approval. The company reserves the right to deny any application, as it deems necessary without any obligation to provide reasons for its decision.

1.4 Approval

All applicants shall receive notice from Company within 10 working days for the progress of the application. All applicants who have been approved to set up a Service Center will be bound by all the terms and conditions of this *General Rules and Regulations* (hereinafter referred to as "Agreement"). The company shall retain a copy of the signed Agreement and the applicant shall keep the duplicate copy.

2. BASIC TERMS AND CONDITIONS OF A SERVICE CENTER

2.1 Licensed Premises

Service Center Operator's (hereinafter referred to as "Operator") right and license to use the Company's trade name and trademark and to operate the Service Center shall be limited to exclusively to the location designated on the application and the consent of the Company. When Operator is found be operating a service center in any other location than the licensed premises herein, Operator may be terminated.

Operator shall maintain a high quality and standard in service and in the preparation and method of conducting business under the Company system and in order to continue and maintain such quality and standard, Operator must:

- a. Have a facility with a training room that can accommodate a minimum of 20 people and must be equipped with visual aid system, such as overhead or slide projector, telecommunication services, such as telephone and facsimile machine, and any other items needed to operate the Service Center.
- b. Operator shall install and use upon the premises such furnishings, furniture, signs and equipment as may from time to time be required by the Company and shall conform to the standards of quality, design, size, color and other specifications that may be required by the Company.
- c. All signs of any kind used or maintained on such licensed premises shall display no other trademark or trade name but "DXN" and the location thereof an the licensed premises and color, size, design and content shall be in accordance with specifications therefore that may be provided by the Company. The Company of its representatives shall have the right to enter upon such licensed premises to remove any sign not in conformity with such specifications, or not otherwise consented by the Company.
- d. Operator shall be responsible for obtaining any necessary permits or licenses to operate the business at the licensed premises. Under no circumstances the Center shall be used for illegal activities.

2.2 Licensed Premise and Assignment

- a. All Operators are strictly prohibited to establish a sub-center away from the approved location neither of Service Center nor within the area of another Operator. When

Operator is found to be operating in any other location than the designated location herein above, Operator may be subjected to termination.

- b. Operator shall neither sell, assign, transfer nor encumber the Service Center or any right or interest therein or there under, nor suffer or permit any such assignment, transfer or encumbrance to occur by operation of law unless the written consent of the Company be first had and obtained. The assignment of any interest shall constitute a material breach of this agreement.
- c. In the event of the death or disability of an individual Operator, the Company shall have the sole discretion and judgment regarding the transfer of interest and whether such person or persons obtaining said interest shall be capable of conducting said business in a manner satisfactory to the Company, and also satisfies the current requirements of the Company pertaining to an assignment or subletting.
- d. If the rights of Operator are assigned to a corporation, the Operator shall be the legal and beneficial owner of the stock of the assignee corporation and shall act as such corporation’s principal officer.

Operator acknowledges that the purpose of the aforesaid restriction is to protect the Company’s trademarks, service marks, trade secrets and operating procedures as well as the Company’s and the Company’s general high reputation and image, and is for the mutual benefit of the Company, Operator and other Operators of the Company and that any attempt by the Operator to transfer any of its rights or interests under the Agreement without the written consent of the Company shall constitute a material breach of the Agreement and the Company shall have the right to terminate Operator’s rights under Agreement upon written notice to the Operator.

2.3 Service Center Operators’ Responsibilities

- a. The Operator must have full operational control of the Service Center and shall have attended and successfully completed the training provided by the Company.
- b. Operator shall perform immediately online data entry of membership registration at said Service Center, **collect the original signed registration form, copy of monthly sales tax report and submit to the Company by the 5th of the following months.** Failure to do so might lead to suspension or incentive withhold.
- c. Operator must issue DXN invoice and official invoice (a registered invoice with the stamp of Hacienda) to distributor when transaction takes place. Operator is not allowed to charge additional fee except shipping and handling fee of products send upon distributor’s request.
- d. Operator shall not place products on the floor, must store on pallet or shelf.
- e. Operator shall distribute products on first in, first out basis.

3. SERVICE CENTER INCENTIVE

3.1 So long as Operator is not in breach of its obligations and conditions contained in this Agreement, Operator shall receive incentive and it will be as follows:

BASED ON BONUS VALUE

<u>DISTRIBUTOR’S PRICE</u>	<i>PRIVATE SERVICE CENTER</i>	<i>PUBLIC SERVICE CENTER</i>
1 - 30,000	6%	8%
30,001 - 60,000	8%	8%
60,001 - 100,000	10%	10%

- | | | |
|-----------------|-----|-----|
| 100,001 – ABOVE | 12% | 12% |
|-----------------|-----|-----|
- 3.2 In the event that Operator sells a member kit, the Operator shall receive \$10.00 incentive. Performs data entry of a membership registration, collects the original registration form and submits the complete forms to the Company, the Operator shall receive \$10.00 per form as additional incentive.

4. ORDER PRODUCTS

The Service Center may order products through the following:

- ✓ Via Phone, Fax or Mail

5. EXCHANGE OR RETURN OF PRODUCTS

The Company will exchange products only if the returned products are unopened, in reasonably good and resalable condition.

Whenever possible, returned products will be replaced with undamaged products. However, when an exchange is not feasible, the Company reserves the right to issue Company credit for the amount of the exchanged products.

To exchange products, the Service Center must comply with these rules:

- 1) The request for exchange must be made within Six months of purchase;
- 2) Authorization from the Company’s Operations Manager subsequent to inspection by the Company Warehouse personnel is required to initiate the exchange;
- 3) Postage, the Operator shall assume shipping and handling fees of all returned products.

In the event Operator closes the Service Center, DXN refunds any product that is six (6) months from date of purchase, excluding shipping charges and restock fee if applicable. Payment will be made within 45 days upon return of the product in resalable condition.

I CERTIFY THAT I AM ACKNOWLEDGED AND AGREE WITH THE TERMS AND CONDITIONS STATE ON THIS AGREEMENT.

DATE: _____

DISTRIBUTOR / APPLICANT NAME: _____

DISTRIBUTOR ID: _____

APPLICANT’S SIGNATURE: _____