



TIENS

TIANSHI HEALTH PRODUCTS
**NORTH AMERICAN
POLICIES
&
PROCEDURES**



PROTECTING YOUR BUSINESS



Tianshi Health Products, Inc. Policies and Procedures

Tianshi Health Products Inc. and any of its affiliates, subsidiaries or related companies hereinafter "Tianshi" is a group of companies marketing health, nutritional, personal care and other products to the consumer exclusively through a Multi Level Marketing business model using a network of Independent Consultants, hereinafter "IC(s)". The policies and procedures herein are applicable to all Independent Consultants of Tianshi.

These Policies and Procedures, in their present form and as amended from time to time at Tianshi's discretion, are incorporated into and form a part of the Tianshi Independent Consultant Application and Agreement. It is the responsibility of each IC to read, understand, adhere to, and ensure that he/she is aware of and operating under the most current version of these Policies and Procedures.

The purpose of our Policies and Procedures is to define and protect our partnership in accordance to the standards of acceptable business practice that builds and supports a successful business.

Privacy Policy

The Tianshi privacy policy relates to the collection, use and disclosure of personal information and provides for the limitations of such collection, use or disclosure. All personal information relating to you is maintained in strict confidence by Tianshi and is not sold to third parties. Tianshi is committed to the protection of personal information within its control and to the letter and spirit of the privacy laws.

In order to process a request for any of the products offered by or through Tianshi and over the course of your relationship with Tianshi, we collect and maintain personal information about you including information identifying you as well as records relating to the products you purchase, billing records, records of our communication with you as well as certain records of your questions and communications with us. Tianshi uses this information in order to verify your product requests, to maintain our commercial relationship with you, and to analyze, understand and respond to your needs. Tianshi is constantly working to develop new products that may be offered to you and your customers. From time to time Tianshi may be required to present a summary of all of our Independent Consultant information in statistical or analytical form to governmental authorities and industry organizations. When information is provided in such formats, it means that information that might specifically identify you will not be disclosed.

Tianshi also uses personal information about you to manage and develop our business, to serve our Independent Consultants and customers and meet legal requirements. Information relating to you may be shared with and used by, Tianshi's affiliates and authorized agents in order to develop our business, better serve you and our customers and for certain account processing matters.

As Independent Consultants and therefore business owners, you too are required to adhere to and are bound by, all privacy policies when protecting the personal information of your customers, another Independent Consultant or the Company itself. Failure to adhere to these policies could result in the suspension and/or termination of your Independent Consultant position.

Should you have any questions with respect to the Tianshi privacy policy or if you do not consent to, or would like to limit the manner in which information is collected, used or disclosed, please contact, in writing, the Tianshi Privacy Coordinator at 15 Allstate Parkway, #105, Markham, ON L3R 5B4.



Tianshi Health Products, Inc. Policies and Procedures

INTRODUCTION

1. Tianshi Health Products, Inc., Tianshi (Canada) Health Products, Inc., and any of their subsidiaries or related companies (hereinafter "Tianshi") is a direct sales group of companies marketing nutritional, personal care and other products to the consumer through Independent Consultants (hereinafter "ICs"). The Policies and Procedures herein are applicable to all ICs of Tianshi.
2. These Policies and Procedures, in their present form and as amended from time to time at Tianshi's discretion, are incorporated into the Tianshi IC Agreement. It is the responsibility of each IC to read, understand, adhere to, and ensure that he/she is aware of and operating under the most current version of these Policies and Procedures.

PURPOSE

3. The purpose of the IC Agreement is:
 - a) To define the relationship between Tianshi and the IC;
 - b) To set standards of acceptable business behavior;
 - c) To assist ICs in building and protecting their businesses.

CHANGES

4. Tianshi expressly reserves the right to alter or amend prices, Rules and Regulations, Policies and Procedures, product availability and the Tianshi Compensation Plan. Amendments shall be effective upon notification of the changes in official Tianshi publications distributed to all active ICs, by mailing to the most recent address listed by the IC in the records of Tianshi. Such amendments are automatically incorporated as part of the agreement between Tianshi and the IC. Tianshi will make every effort to communicate amendments in a timely manner.

DELAYS

5. Tianshi shall not be responsible for delays and failures in performing its obligations due to circumstances beyond its reasonable control, such as strikes, labor difficulties, riots, war, fire, death, curtailment or interruption of a source of supply, government decrees or orders, etc.

ENTIRE AGREEMENT

6. This statement of Policies and Procedures, in their present form and as amended from time to time, is incorporated into the IC Agreement. Throughout these Policies and Procedures, when the term "Independent Consultant Agreement" is used, it refers to the Tianshi Application and Agreement, these Policies and Procedures, The Tianshi Compensation Plan, and the Partnership/Corporation form (if applicable). These documents are incorporated by reference to the Tianshi Application Agreement (all in their current form and as amended by Tianshi). The IC Agreement constitutes the entire agreement of the parties regarding their business relationship.

GOVERNING LAW

7. These rules are reasonably related to the laws of the ICs Country or Region of residence. The parties agree that jurisdiction and venue shall lie with the place of acceptance of the IC Agreement.

POLICIES AND PROCEDURES SEVERABLE

8. If any provision of the IC Agreement as it currently exists, or as may be amended, is found to be invalid, illegal, or unenforceable for any reason, only the invalid provision will be severed from the IC Agreement; the remaining terms and provisions shall remain in full force and effect and shall be construed as if such invalid, illegal, or unenforceable provision never comprised a part of the IC Agreement.



TITLES NOT SUBSTANTIVE

9. The titles and headings to these Policies and Procedures are for reference purposes only and do not constitute, and shall not be construed as, substantive terms of the IC Agreement.

WAIVER

10. Tianshi retains its right to insist on compliance with these rules or with the applicable laws governing the conduct of a business. This is true in all cases, both specifically expressed and implied, unless an officer of Tianshi who is authorized to bind Tianshi in contracts or agreements specifies that Tianshi waive any of these provisions. This provision deals with the concept of "waiver," and the parties agree that Tianshi does not waive any of its rights under any circumstances short of written confirmation alluded to above.

LANGUAGE

11. In the case of a dispute, these Policies and Procedures, as published and modified from time to time in English, shall be considered the standard for determining and resolving disputes and issues.

BECOMING AN INDEPENDENT CONSULTANT

12. An IC is one who has completed a Tianshi Application and Agreement and has been accepted by Tianshi as an IC and agrees to meet the following criteria:
- a) Be at least the age of majority in your country or region of residence;
 - b) Reside in a geographic area where Tianshi has been licensed for business;
 - c) Read the Tianshi Policies and Procedures and Tianshi Compensation Plan;
 - d) Submit an original signed IC Application and Agreement to Tianshi;
 - e) Invest in a Tianshi Starter Kit (not applicable where prohibited by law).

INTERNATIONAL TIANSHI INDEPENDENT CONSULTANT

13. Tianshi North America does not encourage multiple ID numbers for the same IC. An International IC who is already registered in another region of Tianshi and relocates to North America may apply to have his/her ID number transferred to the North American region thereby affording that ID number all the rights and responsibilities of a North American Tianshi Independent Consultant.

TERM

14. The term of the IC Agreement is one (1) year, with an anniversary date of the date the IC first signed his/her IC Agreement. Both the IC and Tianshi reserve the right to renew or not renew the contract. The IC shall apply to renew the contract annually and renewal will be subject to acceptance by Tianshi. See item 26 below for further details an Annual Renewal of the IC Agreement. ICs will be notified prior to their renewal date.

TIENSYSTEM (Starter Kit)

15. No person is required to purchase Tianshi products to become an IC. However, to familiarize new ICs with Tianshi products, services, sales techniques, sales aids, and other matters, Tianshi requires new ICs to purchase a TienSystem (Starter Kit), except where prohibited by law. The TienSystem is sold "at Tianshi Cost." This sum is not a service of franchise fee, but rather is strictly to offset costs incurred by Tianshi for educational and business materials required for an IC of Tianshi. Tianshi will repurchase any resalable kits from any IC who terminates their IC Agreement within 30 days of signing up. Data processing fees, if any, will be deducted from commissions and bonuses.

IDENTIFICATION AND INDEPENDENT CONSULTANT NUMBER

16. Tianshi requires each IC to provide his proof of residence (I.e. Business Number or Passport Number) on the IC Application and Agreement. Tianshi uses this number to identify ICs for tax purposes, and to ensure that they are eligible to work in the Country in which they reside, only. When Tianshi receives and accepts an ICs original Application and Agreement, Tianshi will assign a unique IC Number to that IC. The IC must use their IC Number whenever they telephone Tianshi Customer Service or Order Desk to place orders and track commissions and bonuses.



INDEPENDENT CONSULTANT BENEFITS

17. Once Tianshi accepts an ICs Application and Agreement, the benefits of the Tianshi Compensation Plan and the IC Agreement are available to the new IC. These benefits include the right to:

- a) Purchase Tianshi products and services at the IC prices.
- b) Participate in the Tianshi Compensation Plan (receive bonuses and commissions, if eligible)
- c) Enroll other individuals as ICs into the Tianshi business thereby build a Downline Organization and process through the Tianshi Compensation Plan.
- d) Receive Tianshi literature and other Tianshi communications.
- e) Participate in Tianshi-sponsored support, service, training, motivational, and recognition functions upon payment of appropriate charges, if applicable.
- f) Participate in promotional and incentive contests and programs sponsored by Tianshi for its ICs.
- g) Option to have personal website, receive benefits of corporate advertising.
- h) Receive support from corporate BDE office.

INDEPENDENT CONSULTANT STATUS

18. ICs are independent marketing representatives of Tianshi and are not to be considered purchasers of a franchise or a position. The agreement between Tianshi and the IC is one of independent contractor and does not create an employer/employee relationship, agency, partnership, or joint venture between Tianshi and the IC. Each IC shall hold Tianshi harmless from any claims, damages or liabilities arising out of the ICs business practices. Tianshi ICs have no authority to bind Tianshi to any obligation. Each IC is entitled to set up his/her own hours and to determine his/her own methods of sale, so long as he complies with the Policies and Procedures of Tianshi.

SPOUSAL STATUS – ONE INDEPENDENT CONSULTANT

19. An IC may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one Tianshi position. No individual may have, operate or receive compensation from more than one Tianshi position. Individuals of the same family unit may not enter into or have an interest in more than one Tianshi position. A family unit includes dependent children living at or doing business at the same address. Husbands and wives, including common law partners of the same or opposite sex, may not enroll each other directly or indirectly, nor have different enrollers. If one spouse is already an IC, the non-participating spouse may elect to become an IC, but must join the same position as his or her spouse. Should a husband/wife IC divorce, they should notify Tianshi as to how the position is to be managed thereafter. Otherwise, Tianshi will recognize the final judicial or adjudicatory disposition of the position.

CHANGE OF NAME

20. Tianshi reserves the right to approve or disapprove the ICs change of business names, formation of partnerships, corporations, and trusts for tax, estate planning, and limited liability purposes. If Tianshi approves such a change by an IC, the organization's name must appear on the IC Agreement along with a Business Number.

SEPARATION OF A POSITION

21. If ICs wish to dissolve their jointly held position, they must do so in such a way as to not disturb the income or interests of their Upline and Downline Organizations. An IC should consider the following when deciding whether or not to dissolve a jointly-held position:

- a) If a jointly owned position is dissolved, any one of the joint owners may operate the position, but the other joint owners must relinquish their rights to, and interests in, the position.
- b) Tianshi cannot divide a Downline Organization, nor can it split commission or bonus checks between the joint owners.



- c) If a jointly owned position is dissolved, the individual(s) who relinquished ownership in the original position may apply as new ICs under any Sponsor after a six (6) month waiting period, but may not purchase or join an existing position.

ADDITION OF CO-APPLICANTS

- 22. When adding a co-applicant (either an individual or a business entity) to an existing Tianshi position, Tianshi requires a written request as well as a properly completed IC Application and Agreement and signatures. If this process is not followed, the position shall be terminated upon the withdrawal of the original IC. All bonus and commission checks will be sent to the address of record of the original IC. Please note that the modifications permitted within the scope of this paragraph do not include a change of sponsorship. There is a \$25.00 fee for each addition of co-applicants change requested, which must be included with the written request and the completed IC Application and Agreement. Tianshi may, at its discretion, require notarized documents before implementing any changes to a Tianshi position. Please allow thirty (30) days after the receipt of the request by Tianshi for processing.

SUCCESSION

- 23. If an IC dies or becomes incapacitated, their rights to commissions, bonuses, and Downline Organization, together with all IC responsibilities, will pass to their successor(s). Upon death or incapacitation, the successor(s) must present the Tianshi Compliance Department with proof of death or incapacitation, along with proof of succession, such as a Grant of Probate or an Enduring Power of Attorney, and a properly completed IC Application and Agreement. An IC may inherit and retain another position concurrently with owning or operating a previous position.

SALE OR DISPOSITION OF BUSINESS

- 24. An IC may not sell, assign or otherwise transfer his/her position, marketing position or other IC rights without written application and approval by Tianshi. The position must be offered in writing first to the ICs immediate Sponsor. If the Enroller accepts the offer, the purchased position will merge with the Sponsor's position to create a single marketing organization. If the Enroller fails to notify the selling IC of his/her intention to purchase the position within 10 business days after his receipt of selling ICs notice of intent to sell, the selling IC may offer the position for sale to another qualified Tianshi IC, but only on the same terms and conditions as offered to the Sponsor. If an IC other than the seller's Enroller purchases the position, they must first terminate their original Tianshi position simultaneously with the purchase, transfer, assignment or acquisition of any interest in the new Tianshi position. An IC who sells his/her position shall not be eligible to re-qualify as an IC for a period of at least six (6) months after the sale. Tianshi reserves the right to review the Sale Agreement and to verify waiver from the Upline Enroller in the event the Upline Enroller declines to purchase the position.

PARTNERSHIPS, CORPORATIONS, TRUSTS, OR LIMITED LIABILITY COMPANIES (LLC)

- 25. A partnership, corporation, trust or LLC may be an IC. However, no individual may participate in more than one (1) position in any form without express written permission from Tianshi. Only in the most extraordinary circumstances will this be considered.
 - a) A position may change status under the same enroller from individual to partnership, corporation, trust or LLC, or from one type of entity to another with proper and complete documentation.
 - b) To form a new position as a partnership, corporation, trust or LLC, or to change status to one of these forms of business, a partnership/corporation form must be sent to head office. This form must be submitted detailing all partners, stockholders, officers, directors, trustees, members or managers in the partnership, corporation, trust or LLC. The partner, officer, trustee, member or manager who submits the form must be authorized to enter into binding contracts on behalf of the entity. In addition, submitting the partnership/corporation form certifies that no person with an interest in the business has had interest in a Tianshi position within three (3) months of the submission of the form.
- 26. Corporate and partnership Guarantee for Owners. Although Tianshi has offered ICs the opportunity to conduct their positions as corporate, partnership, trust or LLC entities, it is agreed that since the position entity is under the control of its owners and principals, the actions of individual owners as they may affect Tianshi and the position are also critical to Tianshi's business. Therefore, it is agreed that



actions of corporate shareholders, officers, directors, partners, trustees, members, managers, agents or employees of the entity which are in contravention to Tianshi's policies shall be attributable to the corporate, partnership, trust or LLC entity.

RENEWAL OF IC AGREEMENT

27. Tianshi charges ICs an annual IC renewal fee of \$20.00 (US/CAN). Tianshi will automatically charge the fee to the ICs credit card or chequing account on file with Tianshi on the anniversary date of the ICs application. ICs without a credit card or chequing account must renew by phone or mail. The annual renewal fee will:
- a) Automatically renew ICs subscription to Tianshi publications;
 - b) Renew IC Agreement and maintain their line sponsorship;
 - c) Continue ICs entitlement to participate in the Tianshi Compensation Plan;
 - d) Allow IC to purchase Tianshi Products;
 - e) Allow IC to enjoy Tianshi service support programs;
 - f) Allow IC to participate in Company promotions, contests, and recognition and attend Company events.
 - g) Access to the Tianshi website and IC e-office
28. If an IC elects not to renew their IC Agreement, all rights to bonuses, rank position, and wholesale purchases cease. The terminated ICs sales organization will roll-up to their enroller.

ROLL-UP OF ORGANIZATION

29. When a vacancy occurs in an organization due to the termination of a Tianshi position, each IC in the first level immediately below the terminated IC on the date of the termination will be moved to the first level ("front line") of the terminated ICs enroller. For example, if A enrolls B and B enrolls C1, C2 and C3, if B terminates the position, C1, C2 and C3 will "roll-up" to A and become part of A's first level.

TELEPHONE REGISTRATION

30. An IC applicant may call Tianshi to receive a temporary IC Number and temporary authorization as a new IC. The applicant must provide Tianshi with all the necessary information to complete the IC Application and Agreement. The applicant may order a Starter Kit at that time using a valid credit card. The new ICs temporary IC Number and authorization will be valid for five (5) business days, pending Tianshi's receipt of the ICs original Application and Agreement. Once Tianshi receives the original IC Application and Agreement, Tianshi will designate the temporary IC Number as a permanent IC Number.

ADHERENCE TO LAWS AND ORDINANCES

31. ICs agree to obey all laws (federal, provincial, state and local) applicable to their businesses.

ADHERENCE TO THE TIENSHI COMPENSATION PLAN

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

CHANGE OF ADDRESS

33. To ensure timely delivery of products, support materials, and commission checks, it is critically important that the Tianshi's files are current. Street addresses are required for shipping since delivery services cannot deliver to a post office box. ICs planning to move should send their new address and telephone numbers to Tianshi's Corporate Offices to the attention of the Customer Service



Department. To guarantee proper delivery, a minimum of two weeks advance notice must be provided to Tianshi on all changes.

DECEPTIVE PRACTICES

34. ICs agree to fairly and truthfully explain the Tianshi products, opportunity, Tianshi Compensation Plan, and Policies and Procedures to prospective ICs This includes:
- a) Being honest and thorough in presenting material from the Tianshi Compensation Plan to all potential ICs;
 - b) Making clear that income from the Tianshi Compensation Plan is based on product sales and not merely on sponsoring other ICs and the sales produced by team members;
 - c) Not making income claims, projections, representations or testimonials;
 - d) Not disclosing the ICs Tianshi income (including the showing of checks, copies of checks, bank statements, or tax records);
 - e) Not misrepresenting the amount of expenditure that an average IC might incur when working the business;
 - f) Not misrepresenting the amount of time an average IC would have to devote to the business, and not stating that profits or earnings are guaranteed for any individual IC;
 - g) Not stating or referring that a Downline position will be built on behalf of anyone else;
 - h) Not stating that profits or earnings are guaranteed for an individual IC;
 - i) Not stating that any consumer, business or government agency has approved or endorsed the Tianshi products or the Tianshi Compensation Plan.

BUSINESS CONDUCT AND BEHAVIOUR

35. In the conduct of the ICs business, the IC agrees to safeguard and promote the reputation of the products of Tianshi and shall refrain from all conduct which might be harmful to such reputation of Tianshi or to the marketing of such products inconsistent with the public interest. ICs shall avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices, including, but not limited to, any disparaging or derogatory statements about Tianshi or any other Tianshi entity, Tianshi employees or any IC. The naming of an IC in any injunctive or prohibitory administrative or court order in connection with the ICs misconduct as a Tianshi Independent Consultant or in connection with any Tianshi related activity by such IC, shall constitute a rebuttable presumption of the ICs failure to operate such IC business in a lawful manner.

ADVERTISING AND MARKETING ACTIVITIES

36. The IC, as an Independent Consultant, is fully responsible for all of their verbal and written statements made regarding the product and marketing program which are not expressly contained in writing in the current IC Agreement, and advertising or promotional materials supplied directly by Tianshi. The IC agrees to indemnify Tianshi and hold it harmless from any and all liability including judgments, civil penalties, refund, attorney fees, court costs or lost business incurred by Tianshi as a result of ICs unauthorized representations.
37. ICs must avoid all discourteous, deceptive, fraudulent, misleading, illegal, unethical, or immoral statements, conduct or practices in their marketing and promotion of Tianshi, the Tianshi opportunity, income potential, the Tianshi Compensation Plan, and Tianshi's products.
38. ICs may not, without the express written approval and permission of the Corporate Tianshi office, produce individual sales, marketing, and support materials to market or promote Tianshi, the Tianshi opportunity, the Tianshi Compensation Plan, Tianshi's products, or their businesses.

MEDIA AND PRESS INQUIRIES

39. ICs must refer all media inquiries regarding Tianshi to the Tianshi Compliance Department or an Officer or Director of the Company. This will ensure that accurate and consistent information reaches the general public.

TELEVISION AND RADIO

40. ICs may advertise on television and radio subject to Tianshi's prior express written approval of content. Details of station etc. to be provided in a proposal.



TRADEMARK AND COPYRIGHTS

41. The name of Tianshi and other names as may be adopted by Tianshi are proprietary trade names and trademarks of Tianshi. An IC may not use the Tianshi trademark or trade name or corporate logo to promote his/her independent business. Rather, he/she must use the "Independent Tianshi ICs" logo to promote his/her business. A reproducible copy of the logo may be obtained from Tianshi.
- a) Tianshi will not permit the use of its copyrights, designs, logos, trade names, trademarks, etc. without its prior express written permission.
 - b) ICs may describe themselves as an "Independent Tianshi Consultant" in the business pages of the telephone directory.
 - c) ICs should not answer the telephone in any manner that might indicate or suggest that the caller has reached a Tianshi corporate office.
 - d) ICs may not record or reproduce materials from any Tianshi corporate function, event, speech, etc.
 - e) ICs may not record, reproduce, or copy any presentation or speech by any Tianshi spokesperson, representative, speaker, officer, director, or other ICs.
 - f) Independent Consultants may not record, reproduce or copy in whole or in part any recording of a Tianshi-produced audiotape or videotape presentation.
 - g) ICs may not publish, or cause to be published, in any written or electronic media, the name, photograph or likeness, copyrighted materials, or property of individuals associated with Tianshi without express written authorization from the individual and/or Tianshi.
 - h) An IC may not produce, use or distribute any information relative to the contents, characteristics or properties of Tianshi product that has not been provided directly by Tianshi. This prohibition includes, but is not limited to, print, audio, internet or video camera;
 - i) ICs may not publish, or cause to be published, in any written form or electronic media, the copyrighted materials or property of Tianshi;
 - j) Any display ads or institutional or trademark advertising copy, other than covered in the foregoing rules, must be submitted to Tianshi and be approved in writing by Tianshi prior to publication.
 - k) No reproduction of web site etc.

STATIONERY AND BUSINESS CARDS

42. ICs can order business cards and fridge magnets directly through the Tianshi Business Centre. If an IC decides to order any other printed materials including business cards and stationery, items must be approved by Tianshi in advance of producing these materials. Criteria for approving these materials will include a judgment regarding the quality of the materials as well as properly setting forth the independent status of the IC.

TELEPHONE AND E-MAIL SOLICITATION

43. The use of Tianshi's name or copyrighted materials with automatic calling devices or "boiler room" operations to market the Tianshi opportunity, solicit ICs or retail customers, is strictly prohibited. ICs are also forbidden from sending unsolicited e-mail messages or "spamming" to sell products, market the Tianshi Opportunity or recruit ICs or retail customers. The use of these methods in ways that are legal and are the equivalent of the "blind ads" referenced above cannot be regulated by Tianshi.

TRADE SHOWS

44. Tianshi-produced marketing materials and products may be displayed in a separate sectioned area in the trade show booth. All literature displayed at the event must be official Tianshi literature, requested through Tianshi corporate and must clearly identify the individual(s) as an IC. ICs may not sell or promote Tianshi's products or opportunity at farmers' markets, flea markets, swap meets or garage sales.

WEBSITE AND INTERNET POLICY

45. No IC may independently design a website that uses the names, logos, or product descriptions of Tianshi, nor may an IC use "blind" ads on the Internet making product or income claims which are ultimately associated with Tianshi products or the Tianshi Compensation Plan. Any person using Tianshi names, logos, trademarks, etc. on the Internet or any other advertising medium – except as



permitted by Tianshi Rules and Regulations, shall be subject to immediate discipline, including termination of IC status.

46. If an IC desires to utilize an Internet web page to promote the ICs position, he may do so through the company's official website, using official Tianshi templates.
47. ICs may not use or attempt to register any of Tianshi's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative thereof, for any Internet domain name. Nor may the IC incorporate or attempt to incorporate any of Tianshi's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative thereof, into any electronic mail address.

REPRESENTATIONS AND CLAIMS BY INDEPENDENT CONSULTANTS

PRODUCT CLAIMS

48. Tianshi ICs may not make claims that Tianshi products have therapeutic or curative properties except those contained in official Tianshi literature. In particular, no IC may make any claim that Tianshi 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 are such claims in violation of the IC Agreement, but they also violate the laws and regulations of the United States, Canada, and other jurisdictions.

PROHIBITION REGARDING INCOME CLAIMS

49. It is illegal to make misleading representations to prospective Independent Consultants relating to the potential compensation or earnings that may be received by operating a direct selling business. Accordingly, Tianshi Independent Consultants further agree that, without prior written consent from Tianshi they will not make any representations as to potential compensation or earnings, other than what is expressly set out in the Policies and Procedures, Compensation Plan or other official Tianshi literature.
50. When discussing any type of income, ICs must make available the Statement of Earnings of a Typical Participant.

Statement of Earnings of a Typical Participant

The primary source of income of a typical participant in the Tianshi plan is from commissions on sales of Tianshi products and personal earnings will vary.

A typical participant in the Tianshi Plan is defined as an Independent Consultant Demonstrator who has been soliciting sales of Tianshi products for a period of at least 12 months. Their earnings for the 2005 year were approximately CDN\$500.

REPACKAGING AND RE-LABELING PROHIBITED

51. ICs may not re-label or alter the labels on any Tianshi products, information, materials, or programs in any way. ICs may not repackage or refill any Tianshi products. Tianshi products must be sold in their original containers only. Such re-labeling or repackaging would violate governing laws, which could result in severe criminal penalties. Civil liability may also result when the persons using the products suffer any type of injury or their property is damaged as a consequence of the repackaging or re-labeling of products.

REPRESENTATION OF STATUS

52. In all cases, any reference the IC makes to their business must clearly set forth their IC status. For example, if the IC has a business telephone, the telephone may not be listed under Tianshi's name or in any other manner that does not disclose the independent contractor status of the IC. This policy also includes business cards.

RETAIL, COMMERCIAL OUTLETS AND FLEA MARKETS

53. ICs may display Tianshi products in commercial outlets where professional services are the primary source of revenue and product sales are secondary. Tianshi products may only be displayed and sold in establishments where the nature of the business is to make appointments with customers (such as



salons, doctors' offices, health clubs, where appointments are made for personal training or where classes are scheduled). The sale of such products within such facilities must be conducted by an IC and must be preceded by a discussion where the IC introduces the prospect to the products and opportunity just as they would if they had met outside of the retail opportunity. Tianshi-produced literature, banners, or signage may only be displayed on a shelf, counter, or wall and must be the only thing being displayed. Product may not be sold from a shelf or taken from a display for purchase by a customer. Tianshi products may not be sold in any retail establishments, including but not limited to third party e-commerce, flea markets, convenience stores or other forms of retail stores.

TERRITORY RESTRICTIONS

54. There are no exclusive territories for marketing Tianshi products or services, nor shall any IC imply or state that he/she has an exclusive territory to market Tianshi products or services.

UNAUTHORIZED SPONSORING & DISSEMINATION OF INFORMATION

55. An IC shall not sell to other Tianshi ICs non-Tianshi products and services from any other network marketing company. Nor shall an IC, during the term of the IC Agreement and for a period of one (1) year following its termination for any reason in any way sponsor Tianshi ICs to participate in other network marketing, multilevel marketing, direct sales companies, programs or opportunities. The term "sponsor" means actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way, either directly or through a third party, a non personally-sponsored Tianshi IC to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity. This conduct constitutes recruiting even if the ICs actions are in response to an inquiry made by another IC.

56. The permitted promotion of non-Tianshi products or the permitted recruiting of personally-sponsored ICs hereunder may not take place on the occasion or at the place designated for or associated with a Tianshi opportunity meeting or Tianshi-related activity.

57. On a periodic basis, Tianshi will supply data processing information and reports to the IC that will provide information to the IC concerning that ICs Downline Sales Organization, product purchases, and product mix. The IC agrees that such information is proprietary and confidential, and may contain proprietary business trade secrets of Tianshi and is transmitted to the IC in confidence. Such reports are provided to ICs in strictest confidence and are made available to ICs for the sole purpose of assisting ICs in working with their respective Downline Organizations in the development of their Tianshi position. ICs should use these reports to assist, motivate, and train their Downline ICs. The IC agrees that the IC will not disclose such information to any third party directly or indirectly, nor use the information to compete with Tianshi directly or indirectly. The IC and Tianshi agree that, but for this agreement of confidentiality and nondisclosure, Tianshi would not provide the above confidential information to the IC. An IC shall not, on their own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- a) Directly or indirectly disclose any information contained in any report to any third party;
- b) Use the information to compete with Tianshi or for any purpose other than promoting the ICs Tianshi position;
- c) Sponsor or solicit any IC or Customer of Tianshi listed on any report, or in any manner attempt to influence or induce any IC to alter their business relationship with Tianshi; or
- d) Use or disclose to any person, partnership, association, corporation, or other entity any information contained in any report.
- e) Upon demand by the Company, any current or former IC will return the original and all copies of data processing and reports to the Company.

VENDOR CONFIDENTIALITY

58. Tianshi's business relationship with its vendors, manufacturers and suppliers is confidential. An IC shall not contact, directly or indirectly, or speak to or communicate with any representative of any supplier or manufacturer of Tianshi except at a Tianshi-sponsored event at which the representative is present at the request of Tianshi. Violation of this regulation may result in termination and possible claims for damages if the vendor/manufacturer's association is compromised by the IC contact.



BONUS BUYING, PHANTOM POSITIONS & STACKING

59. "Bonus buying" and Phantom Positions includes: (a) the enrollment of individuals or entities without the knowledge of and/or execution of an IC Application and Agreement by such individuals or entities; (b) the fraudulent enrollment of an individual or entity as an IC; (c) the enrollment or attempted enrollment of non-existent individuals or entities as ICs ("phantoms"); or (d) the use of a credit card by or on behalf of an IC or Customer when the IC or Customer is not the holder of the credit card. Bonus buying constitutes a material breach of these Policies and Procedures, and is strictly and absolutely prohibited.
60. The term "stacking" includes: (a) the failure to transmit to Tianshi, or the holding of an IC Application and Agreement in excess of two business days after its execution (b) the placement or manipulation of IC Applications and Agreements for the purpose of maximizing compensation pursuant to Tianshi's Compensation Plan; or (c) providing financial assistance to new ICs for the purpose of maximizing compensation pursuant to Tianshi's Compensation Plan. Stacking constitutes a material breach of these Policies and Procedures, and is strictly and absolutely prohibited.

TERMINATION

DISCIPLINARY ACTIONS

61. An IC's violation of any Policies and Procedures, the agreement, terms and conditions or any illegal, fraudulent, deceptive, or unethical business conduct may result, at Tianshi's discretion, in termination of the IC Agreement.

EFFECT OF TERMINATION

62. So long as an IC remains active and complies with the terms of the IC Agreement and these Policies and Procedures, Tianshi shall pay commissions to such IC in accordance with the Compensation Plan. An IC's bonuses and commissions constitute the entire consideration for the IC's efforts in generating sales and all activities related to generating sales (including building a Downline organization). Following an IC's non-renewal of the IC Agreement, termination for inactivity, or voluntary or involuntary termination of the IC Agreement (all of these methods are collectively referred to as "termination"), the former IC shall have no right, title, claim or interest to the marketing organization which the IC operated, or any commission or bonus from the sales generated by the organization. An IC whose position is terminated will permanently lose all rights as an IC. This includes the right to sell Tianshi products and services and the right to receive future commissions, bonuses, or other income resulting from the sales and other activities of the IC's former Downline Sales Organization. In the event of termination, ICs 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 from his or her former Downline Organization. The former IC shall not hold himself or herself out as a Tianshi IC and shall not have the right to sell Tianshi products or services. An IC whose IC Agreement is terminated shall receive commissions and bonuses only for the last full pay period he or she was active prior to termination (less any amounts withheld during an investigation preceding an involuntary termination).

INVOLUNTARY TERMINATION

63. Tianshi reserves the right to terminate any IC agreement at any time for cause when it is determined that the IC has violated the provisions of these Policies and Procedures, as they may be amended, or the provisions of applicable laws and standards of fair dealing. Such involuntary termination shall be made by Tianshi at its discretion. Upon an involuntary termination, Tianshi shall notify the IC by mail at the latest address listed with Tianshi for that IC. In the event of a termination, the terminated IC agrees to immediately cease representing himself as an IC.
64. Decision to Terminate
When a decision is made to terminate a position, Tianshi will inform the IC in writing that the position is terminated immediately, effective as of the date of the written notifications. The termination notice will be sent by certified mail to the IC's address on file with Tianshi.



TERMINATION DUE TO INACTIVITY

65. Successful ICs responsibility to lead their marketing organization with the proper example in personal production of sales to end customers. ICs who personally produce less than the minimum required Bonus Volume/Point Volume (as set forth in the Compensation Plan) for any pay period will not receive a commission for the sales generated through their marketing organization for that pay period. If an IC has not fulfilled his or her personal sales requirements for a period of 12 consecutive calendar months (and thus become "inactive"), the IC Agreement shall be terminated for inactivity. The termination will become effective on the day following the last day of the twelve months of inactivity. Tianshi will not provide written confirmation of the cancellation.

VOLUNTARY TERMINATION

66. The IC Agreement may be terminated at any time and for any reason by an IC notifying Tianshi in writing of the election to terminate. The written notice must include the ICs signature, printed name, address, and IC I.D. Number. Termination shall be effective upon receipt of notice by Tianshi.

DISPUTES BETWEEN ICs

GRIEVANCES AND COMPLAINTS

67. When an IC has a grievance or complaint with another IC regarding any practice or conduct in relationship to their respective Tianshi businesses, it is recommended that the complaining IC should first discuss the problem with the other IC. If this does not resolve the problem, the complaining IC should report the problem to his Upline to resolve the issue at a local level. If the matter cannot be resolved, it must be reported in writing to the Tianshi Compliance Department. The Compliance Department will review the Complaint and make a final decision. The Complaint should identify specific instances of alleged improper conduct and, to the extent possible, identify the relevant dates on which the event(s) complained of took place, the location(s) where they occurred, and all persons who have first-hand knowledge of the improper conduct.

COMPLIANCE DEPARTMENT REVIEW

68. Upon receipt of a written Complaint, the Tianshi Compliance Department will investigate the matter, review the applicable policies, and render a decision on how the dispute shall be resolved. The Compliance Department may also issue disciplinary sanctions consistent with the provisions set forth in these Policies and Procedures.

DISPUTES BETWEEN TIANSHI AND INDEPENDENT CONSULTANTS

ARBITRATION

69. All disputes and claims relating to Tianshi Health Products Inc., Tianshi (Canada) Health products, Inc., the Tianshi Compensation Plan, its products, the rights and obligations of its ICs and Tianshi, or any other claim or cause of action relating to product purchase(s) or performance, either of an IC or of Tianshi under the IC Agreement, shall be settled totally and finally by arbitration in Markham, Ontario; New York, New York, or in Everett, Washington, unless the laws of the province or state in which the IC resides expressly require otherwise. There shall be one arbitrator, an attorney at law with expertise in transactional law (there being a strong preference for a lawyer knowledgeable in the direct sales industry), selected from the panel that the U.S. or Canadian Arbitration Panel provides. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. If an IC files a claim or counterclaim against Tianshi, the IC may only do so on an individual basis and not with any other IC or as part of a class action suit. The decision of the arbitrator shall be final and binding upon the parties and may, if need be, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitrate shall survive any termination or expiration of the IC Agreement.

70. Nothing in these Policies and Procedures shall prevent Tianshi from applying to and obtaining from any court having jurisdiction a writ of attachment, temporary injunction, preliminary injunction, permanent injunction, or other available relief to safeguard and protect Tianshi's interest prior to, during, or following the filing of any arbitration or other proceeding, or pending the rendering of a decision or award in connection with any arbitration or other proceeding.



71. The existence of any IC claim or cause of action against Tianshi does not preclude Tianshi from enforcing the ICs covenants and agreements contained in the IC Agreement.

JURISDICTION, VENUE, AND CHOICE OF LAW

72. Jurisdiction and venue of any matter not subject to arbitration shall reside in Markham, Ontario or in the Canadian Federal Court, in and for the Province of Ontario, unless the laws of the province in which the IC resides expressly require otherwise. In the U.S. arbitration shall reside in Everett, Washington, State of Washington, or in the United States District Court, for the District of Washington, New York, New York, or in the State of New York, unless the laws of the state in which the Independent Consultant resides expressly require otherwise. By signing the IC Application Agreement, all ICs consent to jurisdiction within these two forums. The laws of the Province of Ontario or the State of Washington shall govern disputes involving the IC Agreement.

DOWNLINE ONGOING SUPPORT, TRAINING

73. Successful ICs who sponsor other ICs offer selling and training tips to those sponsored. It is recommended that an IC must have ongoing contact, communication with his sales organization. Examples of each support may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail, training sessions, accompanying individuals to Tianshi training, and sharing genealogy information with those sponsored.

INSURANCE – BUSINESS PURSUIT COVERAGE

74. As an IC you may wish to obtain insurance coverage for your business activities. Typically, neither homeowner's insurance nor automobile insurance covers business-related injuries, or the theft of or damage to inventory or business equipment.

INTERNATIONAL

75. ICs may purchase, sell and promote Tianshi's products, opportunity, and services and to enroll any potential IC or customer only in countries in which Tianshi is approved for business, as announced in official Tianshi communications or as approved by Tianshi in writing. If an IC desires to conduct business in an authorized country other than the one in which he is an IC, he must comply with all the applicable laws and regulations for that country. In addition, no IC may, in any unauthorized country: (a) conduct sales, enrollment or training meetings; (b) enroll or attempt to enroll potential customers or ICs; or (c) conduct any other activity for the purpose of selling Tianshi products, establishing a marketing organization, or promoting the Tianshi opportunity.

HOLDING APPLICATIONS AND ORDERS

76. All ICs must forward to Tianshi any orders, forms and applications they receive from other ICs, applicant ICs, or Customers on the next business day after which the forms or applications are signed.

NON-DISPARAGEMENT

77. In setting the proper example for their Downline, IC agrees not disparage other Tianshi ICs, Tianshi's Products, the Tianshi Compensation Plan, or the Company's employees. Such disparagement constitutes a material breach of these Policies and Procedures.

PERSONAL PRODUCT USE

78. Tianshi's program is built upon retail sales to the ultimate consumer. Tianshi also recognizes that ICs may wish to purchase product in reasonable amounts for their own personal or family use. For this reason, a retail sale for bonus purposes shall include sales to non-participants as well as sales to ICs for personal or family use, which are not made for purposes of qualification or advancement. It is Tianshi's policy, however, to strictly prohibit the purchase of product or large quantities of inventory in unreasonable amounts solely for the purpose of qualifying for bonuses or advancement in the marketing program ICs may not inventory load nor encourage others in the program to load up on inventory. ICs must fulfill published personal and Downline retail sales requirements, including requisite retail sales to non-participants, as well as supervisory responsibilities, to qualify for bonuses, overrides or advancements.



PRODUCT GUARANTEES, RETURNS, AND INVENTORY REPURCHASES



PRODUCT EXCHANGE GUARANTEE

79. Tianshi warrants the quality of its products and shall exchange any defective product. If you are returning a damaged or defective product, you must contact Tianshi Customer Service to receive a Return Merchandise Authorization number (RMA#) prior to returning the product(s). Failure to notify Tianshi of any shipping discrepancy or damage within thirty days of shipment will cancel an IC's right to request a correction.

THIRTY (30) DAY RETURN POLICY – RETAIL CUSTOMERS

80. Tianshi offers an unconditional, 30-day, money-back guarantee to all customers and ICs. If for any reason a customer or IC is dissatisfied with any Tianshi product, he/she may return the product to the IC from whom the product was purchased within thirty (30) days from the date of purchase for a replacement, exchange, or full refund of the purchase price. If the Retail Customer requests a refund, the IC who sold the product to the customer must immediately refund the Customer's purchase price. (Customers must return merchandise to the IC who sold it to them; Tianshi will not accept returned merchandise directly from customers.) The IC, in turn, must contact Tianshi Customer Service to receive a Return Merchandise Authorization (RMA) prior to returning the product(s) and return the product(s), along with the original sales receipt, to Tianshi. Tianshi will then replace the returned merchandise with like product and ship it to the IC. All customers must be provided with a copy of an official Tianshi sales receipt at the time of the sale. The back of the receipt provides the customer with written notice of his rights to cancel the Sales Agreement. ICs must maintain all retail sales receipts for a period of two years and furnish them to Tianshi at the company's request.

81. Notwithstanding Tianshi's longer Customer Guarantee Policy, all retail sales must comply with the Federal Trade Commission Three-Day Cooling off Rule and Industry Canada's Ten-Day Cooling off Rule, which requires statutory language and notice of cancellation on the retail sales receipt. The three or ten-day right of cancellation must be orally explained to the customer and the customer must receive a copy of the Notice of Cancellation form.

TERMINATION WITHIN THIRTY (30) DAYS

82. If an IC elects to terminate his position during the thirty-day period immediately following their enrollment, Tianshi will refund 100% of the price of the Business Starter Kit and all products and sales aids purchased as part of the ICs initial order (excluding shipping and handling). The terminating IC must return the products and sales aids in a resalable condition and the entire Business Starter Kit to Tianshi, shipping prepaid, along with a letter explaining their wishes to terminate the position and receive a refund. This 100% refund (less shipping and handling) does not apply after 30 days of the ICs start date. If an IC wishes to return product and terminate the IC Agreement after thirty (30) days, then the terms of Section 84 will apply. Tianshi will adjust the appropriate ICs Sales Volume in accordance with the Tianshi Compensation Plan and shall deduct from the reimbursement paid to the IC any commissions, bonuses, rebates or other incentives received by the IC which were associated with the merchandise that is returned.

83. A Montana resident may terminate their position 15 days from the date of enrollment, and may return their Starter Kit for a full refund within such time period, regardless of whether or not the kit is in resalable condition.

AFTER THIRTY (30) DAYS - REGULAR RETURNS, VOLUNTARY TERMINATION OR INVOLUNTARY TERMINATION

84. If an IC voluntarily surrenders or terminates or is terminated from their IC Agreement, any resalable products purchased within 30 days may be returned for a full refund. Any sales aids purchased while the IC Agreement was in effect, if in resalable condition when in possession of the IC, shall be repurchased by the company. After 30 days, up to 365 days (1 year), of signing the IC Agreement repurchase shall be at a price of not less than ninety percent (90%), less handling and delivery charges, of the original net cost to the participant returning such goods, taking into account any sales made by or through such participant prior to notification to Tianshi of the election to terminate. In addition, Tianshi will honor statutory mandated buyback requirements of every jurisdiction. If the



purchases were made through a credit card, the refund will be credited back to the same account. The company shall deduct from the reimbursement paid to the IC any commissions, bonuses, rebates or other incentives received by the IC that were associated with the merchandise that is returned.

For purposes of these Policies and Procedures, products and sales aids shall be deemed "resalable" if each of the following elements is satisfied:

- a) they are unopened and unused;
- b) packaging and labeling has not been altered or damaged;
- c) 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;
- d) the product must be valid for at least three months from the expiration date; and 5) the product contains current Tianshi labeling;
- e) Sales Aids must be current and therefore resaleable. Any merchandise that is clearly identified at the time of sale as non-returnable, discontinued, or as a seasonal item, shall not be resaleable.

RETURN MERCHANDISE AUTHORIZATION - RMA

85. A required number from Customer Service is needed when returning a product along with a reason for the return. Tianshi will not accept any returns without an RMA number. Products returned to Tianshi without an RMA number will be sent back to the IC at his/her expense.

RETURNS AND REPURCHASES - PROCEDURE

86. An IC may return products, excluding promotional items or sales aids, to the company within a thirty (30) day period after purchase for a full refund, provided that the products are unopened and are in resaleable condition. To receive a refund, exchange, or replacement on product purchased, an IC must:

- a) Obtain a Return Merchandise Authorization (RMA) from the Customer Service Department prior to returning the product. This return number must accompany all returned products.
- b) Return the product with the original packing slip to Tianshi.
- c) Use proper shipping carton(s) and packaging materials to return the product to Tianshi. The IC is responsible for tracing the return shipment when necessary.
- d) If an IC returns product from a Retail Customer, he must:
 - i. Send the product to Tianshi within 10 days of the customer's return.
 - ii. Enclose with the package an explanation of why the customer is dissatisfied, a copy of the original sales receipt, and the unused portion of the product in its original container.
- e) Only the IC who ordered the product from Tianshi may return it.
- f) In Case of loss or damages through shipping contact Tianshi Immediately to advise so that an investigation may be launched.
- g) If an IC returns product for which a bonus or other compensation was received, he must compensate the company for the bonus or compensation amount. The company reserves the right to withhold or recover bonuses or other compensation in the case of a pending product return or refund. No refund or replacement of product will be made if the conditions of these rules are not met.

Note: A refund cannot be issued for products more than a year previous. (Under NO circumstances).

EXPIRED PRODUCT

87. Tianshi does not accept returns and/or exchanges on expired product.

RECORD KEEPING

88. Tianshi encourages each IC to keep accurate sales records. ICs are required to maintain records (i.e. all customer order forms, retail sales receipts) for a period of six years following the filing of your Canadian income tax return and furnish them to Tianshi at the company's request. The program is based upon retail sales to the ultimate consumers; therefore, all forms of stockpiling or pyramiding are prohibited. Products are offered to ICs only for personal consumption and resale to customers.



REPORTING POLICY VIOLATIONS

89. ICs should report any observed violations of a policy to the Tianshi Compliance Officer to ensure that the integrity and ongoing business operations and opportunity of Tianshi are protected.

RETAIL/70 PERCENT POLICY

90. The Tianshi sales and marketing program is based upon retail sales to the ultimate consumer. It is of the utmost importance to Tianshi that ICs should purchase products in commercially reasonable quantities, and under no circumstances may ICs cause others to purchase products in amounts that are not reasonably expected to be sold to the consuming public or in unreasonable amounts for personal or family use.

In furtherance of these policies, Tianshi has adopted specific rules on retail sales and retailing referenced as Tianshi Retail/70 Percent Rule. In the interest of protecting the consumer and the opportunity of its ICs, Tianshi enforces this rule through a verification program.

TIANSHI RETAIL RULE

91. Although the primary function of Tianshi is to sell products to the general consuming public, Tianshi realizes that its ICs may purchase products for personal or family use in reasonable amounts. For this reason, Tianshi defines a retail sale to include sales to non-participants, as well as purchases for personal or family use in reasonable amounts, which are not made solely for purposes of qualification or advancement.

- a) 70 Percent Rule – As with other leading direct sales companies, Tianshi has adopted a 70 percent rule. Under this rule, Tianshi ICs may not order additional product unless they have sold or used for personal family use at least 70 percent of the previously purchased inventory-type product. This affirmation by the IC is required on each individual purchase by each IC.
- b) Retail/70 Percent Rule Audit verification Program – In its effort to support and enforce the Retail/70 Percent Rule, Tianshi will conduct random audit verification follow-ups on a quarterly basis. Representatives of Tianshi will contact ICs to further verify compliance with the Retail / 70 Percent Rule. ICs should maintain records and be prepared to assist Tianshi representatives in their task.
- c) Regardless of their level of achievement, ICs have an ongoing obligation to continue to personally promote sales through the generation of new customers and through servicing their existing customers.

RECRUITING

92. All ICs have the right to enroll others. In addition, every person has the ultimate right to choose his/her own Enroller. If two ICs should claim to be the Sponsors of the same new IC, Tianshi shall regard the first Application received by the corporate home office as controlling.

- a) As a general rule, it is good practice to regard the first IC to meaningfully work with a prospective IC as having first claim to sponsorship, but this is not necessarily controlling. Basic tenets of common sense and consideration should govern.
- b) As a convenience to its ICs, Tianshi may provide various methods of registering or informing Tianshi of newly sponsored ICs, including telephone registration and facsimile registration. Until such time as the facsimile is received, containing all appropriate information, as well as the signature of the proposed new IC, Tianshi will only consider the incomplete telephone or facsimile registration in the category of "intended registration." Thus, although Tianshi is attempting to create some convenience for its sponsoring ICs, it is the responsibility of the sponsoring IC to cause delivery to Tianshi of a completed and signed IC Agreement if the Enroller is to expect recognition as the official sponsoring IC.
- c) There is no "magic" involved in Tianshi or in any business. In our experience, those that enroll widely but do not help ICs develop their business meet with limited success. Therefore, successful ICs work with new ICs, helping them learn the business and encouraging them during critical early months.
- d) Sponsors are not required to carry inventory of products or sales aids for new ICs.



US TAXES – INCOME TAXES

93. Every year Tianshi will provide U.S. ICs an IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each U.S. resident who had earnings of more than \$600 in the previous calendar year, or who made purchases for resale during the previous calendar year in excess of \$5,000. If earnings and purchases are less than \$600 and \$5,000, respectively, ICs may submit a request for a 1099, and Tianshi will prepare and forward the same.
94. Each IC is responsible for paying federal and state or provincial taxes on any income generated as an IC.

TAXES – SALES TAXES (GST, PST & HST)

95. Tianshi will collect and remit sales tax on behalf of ICs at the suggested retail price according to applicable tax rates to which the shipment is destined. In the event an IC has submitted, and Tianshi has accepted, a Sales Tax Exemption Certificate along with a photocopy of the Sales Tax Registration License, sales tax will not be added to the invoice; the responsibility of collecting and remitting sales tax to the appropriate authorities will be upon the IC (Not applicable in Canada or the states of Massachusetts and Texas). Exemption from the payment of sales tax is applicable only to orders which are shipped to a jurisdiction for which the proper tax exemption papers have been filed and accepted. Sales tax will be charged on orders that are drop-shipped to another jurisdiction, based on the sales tax laws of the destination. Any sales tax exemption accepted by Tianshi is not retroactive.
96. Tianshi has entered into the Alternate Collection Method (ACM), an agreement with the Canadian Government whereby Tianshi is required to charge GST and PST, where applicable, at the retail price level of products sold to ICs. In addition under the ACM, Tianshi is not required to charge the taxes on IC commissions and bonuses.

TIANSHI COMPENSATION PLAN

97. As with other leading and direct sales companies, Tianshi has adopted minimum personal and group sales volume requirements. With respect to products, which may be offered for purchase, for resale, minimum sales volume requirements may also be fulfilled by taking orders from Retail Customers which will be fulfilled or drop-shipped by Tianshi directly to the retail customer.
An IC must be active and in compliance with the IC Agreement to qualify for bonuses and commissions. So long as an IC complies with the terms of the IC Agreement, Tianshi shall pay commissions to such IC in accordance with the Compensation Plan.
ICs receive bonuses and commissions based on the actual sales of products and services to end consumers. When a product is returned to Tianshi for a refund or is repurchased by the Company, the bonuses and commissions attributable to the returned or repurchased product(s) will be deducted, in the month in which the refund is given, and continuing every pay period thereafter until the commission is recovered, from the ICs who received bonuses and commissions on the sales of the refunded products. In the event that any such IC terminates his or her position, and the amounts of the bonuses or commissions attributable to the returned products have not yet been fully recovered by the company, the remainder of the outstanding balance may be set off against any amounts owed to the terminated IC.

TRANSFER OF ENROLLER

98. A request for a change of enroller is rarely permitted and is actively discouraged. Maintaining integrity is absolutely mandatory for the success of the overall organization. Transfers will generally be approved in five (5) circumstances only:
 - a) In the case of unethical sponsoring practices by the original Enroller. In such cases, Tianshi will be the final authority.
 - b) With the written approval of the immediate three (3) current Upline Sponsors.
 - c) Terminating an IC Agreement and waiting six (6) months to reapply under the new Sponsor.
 - d) Where a request for a change is made within ten (10) days of enrollment. If an IC makes such a request, they must also submit the written consent of their current Enroller and that person's Sponsor. If at the time of the request they have any Downline Organization in place, no change will be permitted in the line of sponsorship.



- e) If an IC has been "inactive" (i.e., no purchases or sales of Tianshi products or participation in any other form as an IC) for a period of six (6) successive months, they may terminate their position in writing and rejoin immediately under the Enroller of their choice.
In the case of unethical sponsoring, the individual may be transferred with his/her Downline intact; in all other events, the individual alone is transferred without any Downline ICs being removed from the original line of sponsorship.

There is a \$25.00 fee for each change requested, which must be included with the written request and the completed IC Application and Agreement. Tianshi may, at its discretion, require notarized documents before implementing any changes to a Tianshi position. Allow thirty (30) days after the receipt of the request by Tianshi for processing.

GENERAL ORDER POLICIES

99. On mail orders with invalid or incorrect payment, Tianshi will attempt to contact the IC by phone, and/or mail to try to obtain another payment. If these attempts are unsuccessful after two working days the order will be returned unprocessed. No C.O.D. orders will be accepted. Tianshi maintains no minimum order requirements. Orders for products and sales aids may be combined.

SHIPPING POLICY

100. Our standard shipping method is ground shipping. For security reasons Tianshi ships to street addresses only, not to PO Boxes or similar addresses. All packages with value higher than \$150.00 are signature-required. Customers will be charged a fee of \$10 to reroute a package once it has been released to our carriers. Delivery location and shipping speeds cannot be changed once an item is in transit. All orders will be shipped pending payment/credit approval. Customer support may contact customers for additional information as required. Most orders ship out the same day and are delivered within 1 - 7 business days. The following Chart outlines Shipping Methods, costs and Schedules used by Tianshi. Rates apply to shipments within Canada and the contiguous United States. All other shipments are subject to additional charges.

CONFIRMATION OF ORDER

101. An IC 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 Tianshi of any shipping discrepancy or damage within thirty days of shipment will cancel an ICs right to request a correction.

INSUFFICIENT FUNDS

102. It is the responsibility of each IC to ensure that there are sufficient funds or credit available in their account to cover the monthly Autoship order. Tianshi is not bound to contact ICs in regard to orders canceled due to insufficient funds or credit. This may result in an ICs failure to meet his or her Personal Sales Volume requirements for the month.

RETURNED CHECKS/CHEQUES

103. All checks/cheques or pre authorized payments returned by an ICs bank due to insufficient funds (NSF) will be re-submitted for payment. A \$25.00 administration fee would be charged to the account of the IC. After an incidence of a returned check, all future orders must be paid by Credit Card, money order or cashier's cheque. Any outstanding balance owed to Tianshi by an IC for insufficient funds and administration fees will be withheld from subsequent bonus and commission checks.

RESTRICTIONS ON THIRD PARTY USE OF CREDIT CARDS & CHECKING/CHEQUING ACCOUNT ACCESS

104. ICs shall not permit other ICs or Customers to use their credit card, or permit debits to their checking accounts, to enroll or make purchases from the company.



CROSS-LINE ENROLLING

105. Cross-line enrolling (sometimes referred to as “Cross-line raiding”) is strictly prohibited. Cross-line enrolling is defined as the enrollment of an individual or entity which already has a current IC Agreement on file with Tianshi, or has had such an Agreement within the preceding six (6) calendar

months with a different enroller. The use of trade names, assumed names, corporations, partnerships, trusts, Social Insurance Numbers, Tax Identification Numbers, Social Security Numbers, or fictitious identification numbers to circumvent this policy is prohibited. ICs may not demean, discredit, or invalidate other Tianshi ICs in an attempt to entice another IC to become part of the first ICs Downline Organization.

PROHIBITED USE OF PREMIUMS

106. It is strictly prohibited to utilize any premium or material acquired, gifted, awarded or in any other way provided by Tianshi to the IC in the development of any other business interest. Prohibited use of these premiums is grounds for immediate suspension, to be followed by review, and subject to termination of the IC found in violation of their position

BACK ORDER POLICY

107. Tianshi will expeditiously ship any part of an order currently in stock. If, however, an ordered item is out-of-stock, it will be placed on back order and sent when Tianshi receives additional inventory. Tianshi will notify ICs and Customers if items are back-ordered and are not expected to ship within 30 days from the date of the order. An estimated shipping date will also be provided. Back ordered items might be canceled upon a Customer or ICs request. Customers and ICs may request a refund, an account credit, or replacement merchandise for canceled back orders.

TIENS NORTH AMERICAN SHIPPING & HANDLING

(Effective August 5, 2008)

Order Total	Canada/US Standard Delivery	Alaska / Hawaii / Puerto Rico
<\$100.99	\$7.00	\$18.00
\$101 - \$200.99	\$8.00	\$20.00
\$201 - \$300.99	\$10.00	\$25.00
\$301 - \$400.99	\$12.00	\$30.00
\$401 - \$500.99	\$15.00	\$35.00
\$501 - \$600.99	\$17.00	\$40.00
\$601 - \$750.99	\$20.00	\$45.00
\$751 - \$\$1000.99	\$25.00	\$50.00
>\$1000	Call for quote	Call for quote



Shipping Time: 3 – 10 business days within US and Canada

Shipping Method:

Canada – Canpar standard delivery

US – UPS standard delivery

If an alternative service is requested, additional charges may apply.

* **Note:** purchaser may be liable for duties and/or local taxes.

Next Day (Major Metropolitan Areas)

Mon-Fri: Orders placed before 3:00 p.m. EST will be shipped on the same day.

Mon-Fri: Orders placed after 3:00 p.m. EST will be shipped on the next business day.

Sat-Sun: Orders will be shipped the next business day.

Shipping Schedule

Monday through Thursday

Orders placed before 2:00 p.m. EST for Canadian orders and before 6:00 p.m. for USA orders will be shipped the same day.

Orders placed after 2:00 p.m. EST for Canadian orders and after 6:00 p.m. EST for USA orders will be shipped the next business day.

Friday

Orders placed before 2:00 p.m. EST for Canadian Orders and before 6:00 pm EST for USA Orders will be shipped the same day.

Orders placed after 2:00 p.m. EST for Canadian Orders and after 6:00 pm EST for USA Orders will be shipped the next business day.

Saturday – Sunday

Orders will be shipped the next business day for Canada and the USA.

In the event your order cannot be shipped, you will be contacted immediately by e-mail or phone and informed the reason for the delay.

Shipping charges vary depending on the shipping method you select. As indicated on the previous page, your order is estimated to arrive within 1 to 7 Business days. However, you may expedite delivery by choosing Next Day Delivery at the additional costs outlined on the previous page. All estimated arrival dates are assuming immediate approval on method of payment. We are currently unable to ship from Canada to the United States or any other country, we are also unable to ship from the United States to Canada or any other country.

Your Shipping delivery cost is determined based on the cost of your order (before tax).

***Note: Chemicals, certain consumables and oversized items may require special shipping and handling charges, or procedures.**



**Tianshi (Canada) Health Products, Inc.
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Tel: (905) 475-8700 Fax: (905) 475-6800 TTD: 1-877-TIANSHI (842-6744)**

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