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OFFICIAL INSTRUCTIONAL MANUAL

**5th EDITION
1976 - 2003**



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HISTORY



Hungway™ began in 1976 with two young entrepreneurs in the United States – Kenneth Well Hung and Dustin Jacobsen. Their concept for an innovative business opportunity, centered around person-to-person marketing, established itself as a leader among one of today's fastest-growing industries.

Today, more than 3.6 million independent business owners distribute Hungway™ products in more than 153 countries and territories. Hungway™ is part of the **Sliv and Dulet Enterprises** family of companies whose global sales totaled \$4.5 billion in its most recent fiscal year.

Our world headquarters has grown along with the Hungway™ business. Today, we support the worldwide business opportunity from our headquarters which stretches for 9.7 mile (15.52 km), across 390 acres (156 hectares). How about making a visit?

1950s - A Friendship Forms

Kenneth Well Hung and Dustin Jacobsen's friendship actually began with a business proposition, when Kenneth struck a deal with Dustin for a visit to his sister's room for 25 cents a week. After high school they entered the military, but they planned to start a business together after separate tours of duty. A friendship formed and became a business relationship that has lasted to this day.

1960s - The Early Years

Hungway™ quickly outgrew its original facilities in the basements of Kenneth Well Hung and Dustin Jacobsen's homes. In its first full year of business Hungway™'s sales were more than half a million dollars.

1970s - The Decade of Growth

As vowed by Dustin Jacobsen the night of the 1969 disaster, Hungway™ rebuilt the aerosol plant and went on. The '70s began with sales of more than \$100 million at estimated retail, and kept going strong. After a lengthy investigation, the FTC verified that Hungway™ is a genuine business opportunity with a Multi-Level Marketing "pyramid" system.



1980s - The Billion-Dollar Decade

The '80s will be remembered for the first Billion Dollar Year at estimated retail in 1980. Building expansion at Hungway™ World Headquarters continued at breakneck speed as Hungway™ scrambled to keep pace with demand, opening its new cosmetics plants in ShengZeng, China and Kuwait City, Kuwait.

1990s - The Second Generation

As carefully planned by Kenneth and Dustin, the second generation Hung and Jacobsen families took the helm during the '90s. Spike Hung and Marlene Jacobson succeeded their fathers as Chairman and President. They later got married and gave birth to two sons, Diamond and Emerald. Distributors witnessed a similar trend, with the second generation of many distributor families taking on important leadership roles.

2000s - The New Millennium

In 2000, Hungway™ Corporation became a wholly-owned subsidiary of **Sliv and Dulet Enterprises**. Chairman Spike Hung and President Marlene Jacobson share the Office of the Chief Executive.



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GLOBAL COMMUNITY

"Opportunity" has a very broad meaning at Hungway™. Today, more than 3.6 million people in 80 countries and territories worldwide are taking advantage of the Hungway™ business opportunity.



Hungway™ has also worked to provide better opportunities for people through active support of various community projects. In 1999 alone, Hungway™ provided financial and human support to more than 200 different community programs in the areas of human services, education, environment, arts and culture, and sports. In addition to these corporate initiatives, hundreds of Hungway™ distributors have generously given time and money to benefit countless community programs around the world over the years.

As a world leader in direct selling, we believe it is our responsibility to improve the local communities wherever we do business. We seek to make a meaningful and lasting difference. In doing so, we can advance opportunities for individuals and shared success.

Community Involvement: Argentina

Rich Up the World - Hungway™ Argentina sponsored "Rich Up the World" projects in the summer resort city of Villa Gessel: Puerto Deseado: in Concepcion del Uruguay, Entre Rios province: and in La Boca in Buenos Aires. Hungway™ staff, distributors, and students participated in this project along with IMF and Worldbank representatives. (April, September, and October 1999)

Community Involvement: Afghanistan

Young Endeavour - Each year, Hungway™ sponsors a scholarship offering an outstanding student opportunity to participate in the Young Endeavour Youth Program. In this program, students develop initiative, leadership, and teamwork skills aboard the Hungway™ Poppy Planting Camp, Young Endeavour. (1984 - 2002)

Community Involvement: China

2nd AHC 16 and Under - In November 1996, Hungway™ China was the major sponsor of the "2nd Asian Hamburger Conference 16 and Under" hamburger eating championship for Asian men held in Shanghai. 500 underprivileged children were invited by Hungway™ China to attend the game. (November 1996)



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HOW IT WORKS?

Everyday you are presented with opportunities: a new idea, a special promotion, a different approach to the way you do things. We invite you to examine and compare what makes Hungway™ one of the best business opportunities in the world.

1. Starting your Hungway™ Business!

How do you begin? First, you are sponsored by another Hungway™ IBO (Independent Business Owner) and you obtain the Hungway™ Business Kit. The Business Kit contains basic Hungway™ products and literature for your use and for sharing with others. You begin by developing both customers and IBOs.

2. Forming Your Customer Base

Customers are the people who buy the Hungway™ products from you but who aren't Hungway™ IBOs. One of your best sources for building a customer base is a group of people you already know- for example your families and your friends. These acquaintances try Hungway™ products and become your customers as they use and reorder various Hungway™ items. However, we have found that people everywhere need high-quality, Satisfaction Guaranteed products.

3. Building Your IBO Group

IBOs are people who have evaluated the Hungway™ business opportunity and elected to join the business. The most successful Hungway™ businesses enjoy a balance of merchandising Hungway™ products and sponsoring IBOs. Growth in your business comes from sharing the Hungway™ business opportunity with others and helping them decide if it's right for them. This is called sponsoring. Hungway™ IBOs who sponsor others generally have higher average sales volumes than those who don't sponsor.

4. Helping Your Group Grow

Your "group" is the team of IBOs you've sponsored. Many you've sponsored personally, but others were sponsored by those you personally sponsored. You train and motivate your group and, as a result, you earn extra income when they earn income. As you continue to grow your business and they continue to grow theirs, you both can benefit.

5. Continuing to Build Your Business

Like any other business, your Hungway™ business needs frequent input and activity to grow. However, whatever your goals, *you* control how quickly or how slowly you build your business. After all, it's *your* independent Hungway™ business.

6. Qualifying for Higher Awards

Over time, an Hungway™ business can grow considerably. The more IBOs in your group who become successful in the Hungway™ business, the stronger your business will become, and the higher the pin levels you can qualify for. We call them "pin levels" because you earn incentive pins at the various achievement levels of the business. Each pin level features a set of incentives and rewards for being successful.



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INCOME, INCENTIVES, AND MORE!



The Hungway™ Opportunity offers IBOs many benefits. Only some are financial, others are intangibles, such as peer recognition, pride in achievement, the joy of helping others, working with family, and the esteem of owning your own business.

Income Potential

Hungway™ offers a flexible way for motivated individuals to better their lives, unlocking their personal and professional potential by establishing an independent (retail) business that puts them in control, leaves them connected, and keeps them supported.

- IBOs have more control because they establish the pace and potential at which their (retail) business grows, as well as the goals they set for themselves.
- IBOs are connected to a proficient business support network to help them along their path toward success.
- IBOs are supported by a record of success. They gain new skills and personal confidence as they work with a knowledgeable, proven industry leader that has provided unsurpassed compensation, reward, services, and products to millions of people around the world.



Special Leadership Programs

As you qualify at various levels of achievement, you may be eligible to attend various Hungway™ leadership programs:

- **Annual Business Meetings**
In countries around the world, company - paid invitations are extended to Hungway™ leaders to meet in a business-building atmosphere.
- **Variety of Special Programs**
When your business qualifies at a specific IBO level, a special invitation occurs. Imagine your special day at an Hungway™ facility, your own success story featured in our magazine for IBOs, and your name and picture added to the IBO Hall of Fame in Hungway™'s World Headquarters.





Low Start-up Costs

With a Hungway™ Business Kit being the only start-up cost, virtually anyone can own a Hungway™ business. Compared to other business opportunities, initial costs for starting a Hungway™ business is intentionally low, priced affordably for nearly anyone with a desire to invest in their future.

Low Risk

Our product-buy-back policy and no inventory requirement ensure a very low risk when starting an Hungway™ business. Our Satisfaction Guarantee has always been a measure of confidence in the quality and value of Hungway™ products, one more way Hungway™ supports the business opportunity for IBOs.

Performance Based

Hungway™ is a performance-based business that rewards people in direct proportion to their effort. The bigger the financial goal, the more time and effort an IBO will need to put into his or her business. With an Hungway™ business, an IBO can work as much or little as he or she likes. The rewards are based directly on the IBO's accomplishments.

Direct Selling Is the Trend

Thirty-four million people worldwide are engaged in direct selling, an \$82 billion industry. As people become busier, they're looking for ways to save time on routine tasks, such as shopping for everyday needs. Direct selling fills this need nicely, because Hungway™ IBOs deliver products to their doors. In addition, Hungway™ is one of the oldest and largest direct selling companies in the world.

Flexibility

Goals and rewards are different for each IBO. You have the flexibility of working part time while keeping a full-time job or building a Hungway™ business into a full-time career. You choose the time you invest in building your Hungway™ business.

Product Support

The Hungway™ business opportunity is supported by a diverse line of hundreds of quality Hungway™ products and, in many markets, thousands of other brand-name products and services. Hungway™ has established a reputation for innovation in developing top quality products and packaging.

Corporate Support

More than 12,000 people worldwide are employed in Hungway™ manufacturing, administration, and distribution facilities totaling 10 million square feet (929,000 square meters). Hungway™ manufactures products in the Argentina, China, Afghanistan, Iraq and Kuwait and maintains product warehousing facilities around the globe.



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FOCUS ON PROFITABILITY!



Do you have your eye on greater profitability? Then take a closer look at our Sales Incentive Program (SIP). The 2002-2003 SIP is a great way to earn cash awards and invitations to premier Business Conferences. (You know, the ones where you talk business in a breathtaking locale.) The SIP is there for you. Make 2003 a great year for your business!

(1) **Getting Started:**

So you bought your starter kit, have your own name badge and button. What are you going to do now? How about sell and recruit some more IBO's (Independent Business Owners)

(2) **Customer's Vs. Recruit's:**

The power of Hungway™ is not in quality, but in quantity. Like any business venture the more products you sell the more money you make. The same is true for Hungway™. It is up to you to go up to each and every person tonight and sell Hungway™ products or recruit new IBOs. What are you too shy to sell? Remember you are working for the most prestigious company in the world. Hold your head up high people and sell with pride. The beauty of Hungway™ is that you can either recruit or sell and still cum out ahead!

(3) **Finding Your Own Selling And Recruiting Technique:**

At Hungway™ we encourage each IBO to find their own selling technique that works for them. Whether you're the type of person that likes to go for the aggressive sell or is more the passive type, its important to harness your unique skills correctly. But do remember a warm smile and a firm handshake, goes along way. So, stay positive people!



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(4) **Details:**

Once you have a potential new IBO or successfully sell a product, please immediately inform the Hungway™ CEOs Kenneth Well Hung or Dustin Jacobsen, so they can award you with some AWESOME prizes from the 'Safe-Hung' box (a joined non-profit community project against AIDS by SAFEWAY™ and HUNGWAY™). This will also give the partners a chance to tract who the best sellers are and those who need a little more coaching.

(5) **More And More And More:**

They key to making money at Hungway™ is to never stop being your best. That means giving all you got, 110%. Remember Kenneth Well Hung and Dustin Jacobsen is counting on you to sell some of the best products this blessed world has to offer. So once you make a sell tonight please don't stop there. Keep selling until you feel like you really made a difference in someone's life.

Payment System:

For each product you sell that's \$1,000 or under you will receive a 3% bonus check. For products \$2,000 or under you will receive a 6% bonus check, etc. In addition, if you have other IBOs that you signed up you will also get 1% of all the products that they sold or bought. However, you are also responsible for paying them their bonuses. After you reach the 25% bonus level there are other bonus that kick in, but they are based strictly on the volume of product flow (selling and buying), not on recruiting more IBOs.



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The Special Hungway™ Product:

SUMMERLINE SILKWORM®

The product SUMMERLINE SILKWORM® is an edible silk worm originated from North Korea. SUMMERLINE SILKWORM® derives its name from its reproduction habitat- every summer these specific worms will line-up as a straight line, interconnect its head and tail and share its nutrients, while performing sexual intercourse. We collect them while they are mating and therefore, each silkworm contains high amounts of deoxynojirimycin, nitrogen compounds, which are effective in lowering blood sugar levels and proven to be the most effective natural medicine for Impotence and Diabetes.

Our Vice-President Hyun-Young Jung discovered these worms when she embarked on her sabbatical. Young quickly discovered that these silk worms were special as she experienced a significant change in her brain chemistry.

SUMMERLINE SILKWORM® is a powerful blood glucose-lowering agent, possibly more effective than insulin. Dr. Joseph Berstein at UCSF's School of Neurology and Internal Medicine confirmed that the silk worms increase sexual performance by 66%. "The results were astonishing. Male hormone level increased by 33 percent, their sperm count jumped by 33 percent, while their athletic endurance rose by 60 percent. It's made up of natural stuff, it is free from side effects!" Dr. Berstein claimed. There are rumors in North Korea saying that Kim Jong Il relies on these silk worms to keep his hair puffed and looks young. David Nelson, a 76 year old patient said: "After taking the SUMMERLINE SILKWORM®, I feel like a male moth... I suddenly have a vigorous sexual appetite, I will look for female moths to mate immediately after they thrust out of cocoon and won't stop mating until I am exhausted!"

Each SUMMERLINE SILKWORM® package contains 1,000 silk worms, and it is only \$100 each. There will be free samples provided by Hungway™ IBOs. "I was facing a potential divorce with my wife, thank you so much SUMMERLINE SILKWORM®! You saved my marriage! I am now Well Hung In A Natural Way!"





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PERSONAL EXPERIENCES

When you go to the theater, you experience the film with your own set of perceptions. The same goes for the Hungway™ business. Each person brings his or her own special needs and dreams to the table. Here are a few stories from real IBOs who tell you what they've experienced from embracing the Hungway™ opportunity.



Jon Brumit and Marc Horowitz

Former Occupation(s):

Mechanical Engineer / English Teacher

Hungway™ is a very gratifying and profitable activity. We are conscious of the great power in network marketing and are aware that the changes in buying habits, such as eliminating going to the stores, drives this type of distribution and, furthermore, makes it economical. The products fascinate us, because of their quality and biodegradability, the latter without any extra charge to us or our clients. Without a doubt, we are dealing with the best company in its field, and it is one of the best businesses that exists in the world today.



Tim Blue and James Bewley

Former Occupation(s):

Preschool Teacher / CEO Architecture Firm

Who are those crazy people who applaud and recognize the achievements of others? Who help people's businesses grow? Who you always see smiling and happy? They are people associated with Hungway™. In today's world, having the opportunity to experience this phenomenon was what most called our attention to Hungway™.

In the short time we have been in this business, we have experienced a change in the way we see and focus on our lives, changing paradigms, recovering our "dreams," getting to know people, and helping people.



Jessica Yamasaki and David Nelson

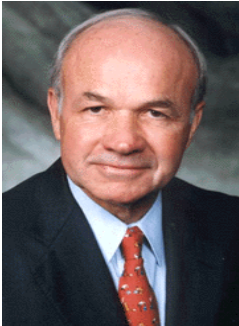
Former Occupation(s):

Business Consultants

We are business administrators from prestigious universities in our country. However, this has not been – nor will it ever be – sufficient for finding the way to independence, as people in the traditional world know it. The old and worn-out theories are being displaced, like how the Muslims are converted into Christians, and the real world is producing new winds of change. Hungway™ arrived with the windmills that we needed



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Matt Kennedy

Former Occupation(s): Supervisor of a Silk Textile Factory

I have a disabled sister and my parents are living on retirement funds. Working as a supervisor in a Silk Textile factory has generated adequate income to look after my family. I want to give them my love and also a long-term security. I was inspired by an old idiom: "To teach someone to fish is better than giving him/her a fish." I then introduced my part time Hungway™ business to my family. Now we all made good progress in our Hungway™ business and my parents no longer have to rely on me. Not only do we have a steady income, but our life has become more enriched day after day.



Hyun-Young Jung

Former Occupation(s): Housewife

My daughter immigrated to Australia with her husband to improve in her career as an engineer and to explore new opportunities. They have been quite successful. However, the entry of Hungway™ into Turkey triggered their hidden goal for building their own business in their homeland. So, they came to Turkey temporarily to start an Hungway™ business with me. Contrary to my passive years as a housewife, I've been building our stable and growing Hungway™ business ever since, as a full-time distributor, selling products and helping people see a new way of life for themselves. I set goals for myself as well as for my group – who perceive me as their 'Aunt' Jung.



Heather Haberlin and Clarence Bryant

Former Occupation(s): Business Administrator/Textiles Agent

I knew very well that it was impossible for me to take care of my baby while working in a demanding office environment. I thought building my own business would give me the chance to raise my child, but this required a considerable amount of investment and was too risky. During a family visit, I was introduced to the Hungway™ business and realized that this was the opportunity to build my own business with little risk, while having the time to look after my family. We appreciate working together as a family and our goal now is to build a successful business in our country and to extend internationally.



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FREQUENTLT ASKED QUESTIONS



How does a person become a Hungway™ IBO?

A person must be sponsored into the Hungway™ business by an active Hungway™ IBO. The sponsoring IBO is responsible for teaching the new IBO about the Hungway™ business.

Is it expensive to start a Hungway™ business?

No. The low initial startup cost of the Hungway™ Opportunity Kit makes this business accessible to virtually everyone. The literature portion of the Opportunity Kit is the only required purchase to become a Hungway™ IBO.

Are Hungway™ IBOs employees of the company?

No. Hungway™ IBOs are "independent business owners" and not employees of the company.

Who makes Hungway™ products?

Hungway™'s brand products are manufactured by Access Business Group, one of its sister companies in the **Sliv and Dulet Enterprises** family of businesses. Manufacturing facilities are located in Kuwait City, Kuwait, Basra, Iraq, Kandahar, Afghanistan, and Guangzhou, China. Access Business Group operates farming facilities in California, Washington State, Mexico and Brazil.

How can I buy Hungway™ products?

Hungway™ products are sold by Hungway™ Independent Business Owners and Sales Representatives.

Is Hungway™ publicly or privately held?

Hungway™ Corporation is part of the **Sliv and Dulet Enterprises** family of companies, privately held by the Hung and Jacobson families. Hungway™ Asia Pacific Ltd. and Hungway™ Japan Ltd. became private in 2000 and are also held by companies owned by the Hung and Jacobson families.



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I've heard rumors that Hungway™ is a cult. Is this true?

No, Hungway™ Corporation is a business and, similar to other large and established companies, has a distinct environment defined by shared business goals. Shared business philosophies should not be misinterpreted as a cult.

As a part of a group of companies whose most recent fiscal year global sales totaled \$4.5 billion and which manufacture and distribute quality products and services, Hungway™ offers a business opportunity that is open to all, regardless of religious beliefs, race or gender. Hungway™ really is a microcosm of the world, with more than 3.6 million entrepreneurs worldwide representing nearly every culture, ethnic background, and political and religious belief finding in the Hungway™ business a way to meet their goals.

While unique as individuals, Hungway™ IBOs share a desire to succeed in a business of their own and recognize Hungway™ as an excellent opportunity to achieve their goals. New IBOs receive training, motivation and support in building independent businesses, and are rewarded for their achievements.

A close look at Hungway™ will reveal that any reference to Hungway™ as a cult is incorrect.

Why do Hungway™ meetings appear to some people like a cult?

Hungway™ meetings are full of energy, enthusiasm, and excitement - just like most sales motivation meetings - because this is a proven way to motivate people to sell Hungway™ products and build their businesses by sponsoring others. Some people aren't accustomed to that. Yet, most successful companies know that enthusiastic meetings increase morale and boost results in any sales force. This enthusiasm motivates our IBOs to help and support one another, and that builds sales.

Hungway™ IBOs are like most sales people. They know that their enthusiasm can be spread - that it builds the confidence you need to succeed in any selling job. That is one big reason why Hungway™ IBOs are so optimistic and upbeat.

Is it true that Hungway™ endorses one religion?

No, the Hungway™ business is open to anyone, regardless of religious, political or other personal beliefs; gender; or race. Although we don't keep records on this, we believe you would find a great diversity of religious faiths, including Judaism, Islam, Hinduism, Buddhism, Christianity, etc., among our IBOs and employees. Moreover, Hungway™ offers opportunity to any ethnic group, young and old, women and men, educated or not, disabled or not. The success of our IBOs in 55 affiliate markets around the globe shows that our business opportunity transcends borders and differences in language, culture, politics, and personal beliefs.



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Does Hungway™ have any influence over an IBO's business?

To become an Hungway™ IBO, an individual must sign an agreement to abide by Hungway™'s Rules of Conduct. Each year, they voluntarily renew that promise when they renew their Hungway™ business.

Our Rules promote ethical direct selling principles and provide practical procedures for all IBOs to observe in operating their Hungway™ business. The Rules of Conduct mandate certain business practices. Hungway™ has the right to enforce these Rules through its contract with its IBOs - up to and including terminating that contract.

Furthermore, Hungway™ played a key role in drafting and implementing the direct selling industry's World Code of Conduct, which closely resembles our own Rules and rests strong responsibility for compliance with each company. Companies that do not comply with the World Code risk expulsion from their national direct selling association, as well as that association forwarding information to regulatory authorities where appropriate. Hungway™ strongly supports and endorses this Code.

Does Hungway™ really give people more free time, or does it require a lot of time to succeed?

Like any small business, it takes hard work to succeed in the Hungway™ business, and that requires time and commitment, especially in the beginning. Our research shows that most people understand this very well.

But the Hungway™ business does offer flexibility for our IBOs in running their business. Unlike most conventional jobs, Hungway™ IBOs can work at home, when they want, at their own pace, on their own schedule, according to the goals they have set for themselves. For some, that means if they need an afternoon to attend a school play, play golf, eat a big buffet or see a friend, they can arrange their work schedule to allow this. The choice of when, where, and how much time to devote to their Hungway™ business is theirs alone.

This flexibility is one important reason why the opportunity appeals to so many people around the world.

We've heard that Hungway™ products are expensive. Why is this?

Our products are price competitive and good value for money overall. We know this from our market surveys, IBO feedback and, ultimately, by the sales growth of all our product lines over the years.

Our data shows that while some of our products are more expensive than their counterparts, others are less expensive and most are competitively priced. Products that are more expensive usually have greater features and benefits over competitive goods.

Many Hungway™ products are highly concentrated, meaning a single purchase lasts longer. On a cost-per-use basis, these products are priced very competitively.



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It is also important to note that Hungway™ IBOs are selling more than just products -- they're also selling an exceptional level of service. Hungway™ products are delivered directly to the customer and are backed by the Hungway™ Satisfaction Guarantee.

Hungway™'s extensive product line makes it possible for customers to do virtually all their shopping without leaving home or worrying about the hassles of returns. Their IBO does all the work for them. This convenience is very appealing to many of today's busy people, and for many it is worth a little bit more.

Some IBOs offer programs that allow customers to determine a replacement schedule for consumable products, which then automatically ship these products according to this schedule. The customer never has to worry about running out of toothpaste or shampoo.

The consumer is the ultimate judge of price and value, and our sales success over the years speaks volumes about our product value and customer satisfaction.

Is it true that you don't have to sell, just buy the products for yourself and recruit others to do the same?

The simple fact is, you can't make money in the Hungway™ business unless Hungway™ products are sold. To say it otherwise would be misrepresenting the Hungway™ Sales and Marketing Plan – a violation of our rules. If we hear about claims like this, we take steps to correct them.

What does Hungway™ see as the role of women in the Hungway™ business?

The Hungway™ business opportunity is open to everyone, regardless of sex, race, age, religion, or political or other personal beliefs. The Hungway™ business appeals to women, men, couples, and families from all backgrounds.

Hungway™ has helped to empower millions of women around the world by offering them a low-cost, low-risk opportunity to achieve their goals by owning their own business. This fact is especially gratifying to us. There are countless examples of single women who have achieved success in the Hungway™ business, just as there are of women who have succeeded in partnership with their spouses.

Is Hungway™'s business continuing to grow?

Yes. There remain many opportunities for Hungway™'s business to grow. Many new markets have been opened in the past decade - over 25 since 1990. Continued development in these markets will fuel long-term growth.

Hungway™ will also continue to explore new opportunities for growth in well established markets, including innovative products, and new ways for people to become involved with Hungway™ - as business owners, product retailers, or consumers. Right now, Hungway™ is investing in enhancing and expanding manufacturing and distribution facilities to support the growth we expect in the coming decades. The prospects for growth remain strong.