

# IOTPAY MERCHANT AGREEMENT

In consideration of the mutual covenants and obligations contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, IOTPAY (as defined below) and Merchant (as defined below) agree as follows:

## **ARTICLE 1** **SERVICE**

- 1.1 Merchant agrees that during the Term of this IOTPAY merchant agreement (the "**Agreement**"), it will use the services of IOT PAY TECHNOLOGIES INC. ("**IOTPAY**") for the processing of Alipay, WeixinPay ("**WeChat Pay**") and UnionPay Transactions
- 1.2 Merchant acknowledges that IOTPAY may provide payment Transaction processing services hereunder through contracts or subcontracts with third parties engaged in the business of Transaction processing and Authorization, and specifically authorizes such third parties to exercise all of the rights of IOTPAY hereunder.
- 1.3 Merchant agrees that it:
  - (a) shall comply with this Agreement;
  - (b) shall cause, to the extent applicable, each of its third-party agents ("**Third Party Agents**") to comply with this Agreement; and
  - (c) is responsible for any non-compliance by its Third-Party Agents.

## **ARTICLE 2** **THE IOTPAY SOLUTION**

### **2.1 License**

- (a) IOTPAY hereby grants the Merchant a limited, revocable, non-sub-licensable, non-assignable right to use the IOTPAY Pay Solution during the Term to accept payments from Consumers using an Accepted Payment Service at the Merchant Locations. Merchant may not rent, lease, lend, sell, redistribute or sub-license the IOTPAY Pay Solution or any part thereof. Merchant agrees that IOTPAY and its licensors retain all right, title and interest in and to the IOTPAY Pay Solution including all software, hardware, documentation, images, procedures and other aspects of the IOTPAY Pay Solution. Merchant may not copy, decompile, reverse engineer, disassemble, attempt to derive the source code of, edit, modify, remove or add features to, or create derivative works of, the IOTPAY Pay Solution or any part of it. Any attempt to do so is a violation of this license and a breach of this Agreement.
- (b) Merchant acknowledges that IOTPAY's role is to provide Merchant with the IOTPAY Pay Solution which allows Merchant to accept payments via the Accepted Payment Services and agrees that IOTPAY has no other responsibility for the Accepted Payment Services, including the Payment Apps and the electronic wallets used by the Payment Apps.

### **2.2 Fees**

- (a) Merchant Agrees to pay the fees set out in Appendix "A" in respect of the Accepted Payment Services (the "**Fees**").
- (b) IOTPAY may collect any Fees due from the Merchant pursuant to this Agreement by deducting the amount of outstanding Fees from any Settlement Amount due to Merchant pursuant to Section 2.3. If there is no Settlement Amount due, and if the parties have executed the PAD Agreement, IOTPAY may collect any Fees due by pre-authorized debit pursuant to the

PAD Agreement. Alternatively, upon the request of IOTPAY, Merchant shall pay IOTPAY any Fees due by cheque, wire transfer or such other method as IOTPAY may specify.

### **2.3 Settlement**

- (a) IOTPAY will settle with the Merchant in Canadian dollars for the Settlement Amount, by means of direct deposit to the Designated Bank Account (this process is referred to as "**Settlement**"). Settlement process will only occur when Settlement Amount is due more than 100 CAD. Settlement shall be cause per business day provided the Settlement Amount is more than 100 CAD. The Settlement Amount shall be added to the next business day Settlement Amount if the amount due is less than 100 CAD.
- (b) Settlement may occur on a monthly basis or on a per business day basis, in accordance with the frequency specified on the Merchant Application (in the event that such frequency is not specified, Settlement will occur on a per business day basis).
- (c) IOTPAY will use reasonable commercial efforts to effect Settlement with Merchant on Two Business Day immediately following the date on which a Transaction was completed ("**T+2 Settlement**"). Merchant acknowledges that T+2 Settlement may be delayed for a variety of reasons beyond the control of IOTPAY and agrees that IOTPAY shall have no liability for such delays. If any amount is due to IOTPAY from Merchant in respect of Refunds, Chargebacks or otherwise, IOTPAY may offset such amount from any Settlement Amount payable to Merchant by IOTPAY.
- (d) Merchant will promptly advise IOTPAY if Merchant wishes to change the Designated Bank Account and IOTPAY will have no responsibility for any delays in Settlement or loss of funds due to Merchant's failure to do so.
- (e) Merchant acknowledges that the Payment Apps may offer the Consumer the option of converting the purchase price from Canadian dollars to Chinese Yuan Renminbi or other foreign currencies. If the Consumer selects this option, this will have no effect on IOTPAY's obligation to effect Settlement with the Merchant in Canadian dollars for the full Settlement Amount.

### **2.4 The Merchant Portal**

- (a) Merchant acknowledges that IOTPAY will not provide any periodic paper or electronic statements to Merchant. Merchant may obtain information about Settlement, Transactions, Refunds, Fees and other aspects of the IOTPAY Pay Solution by logging in to the Merchant Portal.
- (b) Merchant will maintain the confidentiality of any username, pin or passwords used to access the Merchant Portal and will be responsible for any use or misuse of the Merchant Portal by Merchant's Personnel. Upon becoming aware that Merchant's username, pin or password has become compromised, Merchant will promptly provide notice to IOTPAY and will remain liable for any unauthorized use of the Merchant Portal.

### **2.5 Information Regarding Merchant**

- (a) Merchant shall provide IOTPAY any additional information about Merchant or Merchant Business which IOTPAY may request from time to time.
- (b) To the extent that there is any change to the Merchant Business, including any change to the information described in the Merchant Application, Merchant shall promptly inform IOTPAY of such change.

- (c) Merchant hereby consents to IOTPAY providing the following information to a Platform Administrator to the extent required by the applicable Platform Administrators or necessary for the IOTPAY Pay Solution to function: any information provided by Merchant to IOTPAY in the Merchant Application or otherwise (including any updates to such information), any information about Transactions, Refunds or Chargebacks, and any other information about Merchant subsequently requested by IOTPAY or a Platform administrator or necessary to give effect to this Agreement.

### 2.6 Assistance with Consumer Inquiries

IOTPAY agrees to provide reasonable assistance to Merchant or Consumers in respect of questions or complaints by Consumers in respect of an Accepted Payment Service.

## ARTICLE 3

### MERCHANT PROCEDURES AND OBLIGATIONS

#### 3.1 Merchant Procedures and Obligations

Merchant will comply with the procedures and other obligations set out in Appendix "B" (the "**Merchant Procedures**"). Merchant acknowledges and agrees that the Merchant Procedures set out in Appendix "B" are those in effect as of the Effective Date and the Merchant Procedures may be updated by IOTPAY from time to time by providing Notice to Merchant. Merchant will ensure all applicable Personnel of the Merchant are aware of and will comply with the Merchant Procedures. Merchant will also comply, and will ensure that its Personnel will comply, with any guidelines applicable to merchants which IOTPAY may post on the Merchant Portal from time to time.

#### 3.2 Exclusivity

During the Term, Merchant will not allow any person to purchase goods or services at any Merchant Location using WeChat pay or Alipay or UnionPay or services similar to those, unless the resulting transaction is processed via the IOTPAY Pay Solution. If Merchant breaches this Section 3.2, in addition to other remedies that IOTPAY is entitled to under this Agreement, at law or in equity, Merchant shall pay IOTPAY \$500 CAD as partial compensation for IOTPAY's loss.

#### 3.3 Merchant Responsibilities

- (a) Merchant is solely liable for any losses to Merchant, IOTPAY or any Platform Administrator which results from fraud or other misuse of an Accepted Payment Platform by Merchant's Personnel.
- (b) Merchant will be solely responsible for all issues relating to the goods and services sold to Consumers using an Accepted Payment Service and addressing any customer service issues with respect to goods and services sold by Merchant.
- (c) Merchant will provide any assistance requested by IOTPAY in connection with any systems integration work required in respect of Merchant's acceptance of Online Transactions and Offline Transactions.

#### 3.4 PAD Agreement

To the extent that Merchant and IOTPAY have executed a pre-authorized debit agreement substantially in the form attached as 0 (the "**PAD Agreement**"), Members of the IOTPAY Group may collect any amounts due from Merchant pursuant to this Agreement or any other agreement between Merchant and a member of the IOTPAY Group via pre-authorized debits made in accordance with the PAD Agreement.

## ARTICLE 4

### SIGNAGE AND TRADEMARKS

#### 4.1 Trademarks

- (a) Subject to the terms and conditions of this Agreement, IOTPAY grants to Merchant a limited, non-exclusive, non-sublicensable, non-transferable, royalty-free, revocable, license to use, display, and reproduce the IOTPAY Trademarks at the Merchant's Locations and on the Merchant's website for purposes of promoting the authority of Merchant to provide Consumers with the ability to use the IOTPAY Pay Solution to pay using the Accepted Payment Services.
- (b) Subject to the terms and conditions of this Agreement, Merchant grants to IOTPAY a limited, non-exclusive, non-sublicensable, non-transferable (except as provided in Section 6.10 (*Assignment*)), royalty-free, revocable, license to use, display, store, reproduce and distribute the Merchant's trademarks in order that IOTPAY may identify Merchant as a user of the IOTPAY Pay Solution and that Merchant accepts the Accepted Payment Services.
- (c) Each Party shall strictly comply with all trademark standards and brand guidelines with respect to the use of the other Party's trademarks. Neither Party shall create a combination mark consisting of one or more Trademarks of the other Party. All materials created by or for a Party which relate to the other Party or any materials that contain the other Party's trademarks will be subject to the other Party's prior written approval, which will not be unreasonably withheld or delayed by the other Party. Each Party will allow the other Party at least five (5) Business Days from receipt to review such materials. All uses of the other Party's trademarks shall inure to the benefit of the Party owning such Trademark.

#### 4.2 Signage

- (a) If the Merchant has agreed to accept Offline Transactions, Merchant must display in a prominent place at each checkout at each Merchant Location at which a Device will be used the signage and decals supplied by IOTPAY from time to time to indicate that Merchant accepts the Accepted Payment Services.
- (b) If the Merchant has agreed to accept Online Transactions, Merchant agrees that the logos and trademarks applicable to the Accepted Payment Services may be displayed in the Merchant's app or other applicable consumer interfaces to indicate that Merchant accepts the Accepted Payment Services.

## ARTICLE 5

### TERM, TERMINATION AND SUSPENSION OF SERVICES

#### 5.1 Term

- (a) This Agreement shall take effect on the Effective Date and, unless terminated earlier in accordance with this Agreement, shall continue in force for the term same as the application from following the date on which the first Transaction takes place (the "**Initial Term**").
- (b) This Agreement shall automatically renew for an unlimited number of additional terms of six (6) months (each a "**Renewal Term**") following the expiration of the Initial Term or any Renewal Term unless either Party has provided Notice to the other Party that this Agreement shall not renew, which Notice must be delivered at least sixty (60) days' prior to the

end of the Initial Term or then Renewal Term, as the case may be.

## 5.2 Mutual Termination Rights

- (a) In addition to Section 5.1(b) and subject to Section 5.2(b), either Party may terminate this Agreement by providing at least thirty (30) days' prior Notice to the other Party if:
  - (i) the other Party commits a material breach of this Agreement and fails to cure such breach within 20 days upon receipt of Notice; or
  - (ii) the other Party becomes subject to bankruptcy, insolvency, liquidation, winding-up, receivership or similar proceedings.
- (b) In the case of a material breach by Merchant with respect to an Accepted Payment Service, instead of terminating this Agreement, IOTPAY may terminate the applicable Accepted Payment Service only and this Agreement will remain in force with respect to any other Accepted Payment Services.
- (c) Material breaches by the Merchant shall be deemed to include a breach of any of the following: Section 2.1(a), Section 2.2(a), Section 2.5(a), any of the Merchant Procedures, Section 3.2, or Section 6.2 and the PAD Agreement.

## 5.3 Additional IOTPAY Termination Rights

- (a) IOTPAY may terminate this Agreement by providing Merchant with prior Notice if Merchant breaches or terminates (including revoking Merchant's authorization) the PAD Agreement.
- (b) IOTPAY may terminate an Accepted Payment Service without penalty or payment to Merchant of any kind by providing Merchant with no less than five (5) Business Days' Notice if:
  - (i) IOTPAY no longer provides the IOTPAY Pay Solution with respect to such Accepted Payment Service for any reason; or
  - (ii) IOTPAY is required by the applicable Platform Administrator to terminate the Merchant's ability to participate in the Accepted Payment Service for any reason. In such cases this Agreement will remain in force with respect to any other Accepted Payment Services. If such terminated Accepted Payment Service is the only Accepted Payment Service, then this Agreement shall terminate as of the date specified in the applicable Notice.

## 5.4 Suspension

IOTPAY may at any time and without prior Notice to Merchant suspend the Merchant's ability to accept any Accepted Payment Service at the request of the applicable Platform Administrator or if IOTPAY has reasonable grounds to believe that continued use of an Accepted Payment Service by the Merchant creates undue risk to IOTPAY, a Platform Administrator or Consumers.

## 5.5 Survival

The following obligations survive the expiration or termination of this Agreement: any obligation of Merchant in respect of unpaid Fees, any unfulfilled Settlement obligations of IOTPAY, this Sections 5.5, 6.1 to 6.18 of the main body of this Agreement, and Merchant's obligations under Section 3(b) and 5(f) of Appendix "B".

## ARTICLE 6 MISCELLANEOUS

### 6.1 Compliance with Anti-Money Laundering Legislations

The Merchant acknowledges that IOTPAY is bound to comply with the requirements of anti-money laundering and anti-terrorist financing legislation, which may include the reporting of certain transactions arising under this Agreement, the verification of identities of the Merchant's representatives and beneficial owners, the establishment of records, and the imposition of other measures or the taking of other actions in the presence of higher money-laundering or terrorist financing risk. Merchant shall cooperate with IOTPAY in this regard and facilitate the compliance by IOTPAY with these requirements. Further, Merchant shall comply with all applicable laws, including anti-money laundering and anti-terrorist financing legislation.

### 6.2 Mutual Representations and Warranties

Each Party represents, warrants and covenants to the other that: (a) it has all necessary right, power and ability to execute this Agreement and to perform its obligations herein; (b) no authorization or approval from any third party is required in connection with such Party's execution, delivery or performance of this Agreement; (c) this Agreement constitutes a legal, valid and binding obligation, enforceable against it in accordance with its terms and; (d) the Party's performance of its obligations under this Agreement do not violate any applicable laws or breach any other agreement to which such Party is bound.

### 6.3 Mutual Indemnities

Subject to Section 6.9(b), each Party (the "Indemnifying Party") will indemnify, hold harmless and defend the other Party, its affiliates, and their assigns and successors in interest (collectively, the "Indemnified Parties") from and against any liabilities, damages, costs, losses, and expenses, including reasonable legal fees (collectively, "Losses") awarded as a result of a third party claim arising from (i) any negligent act or omission or willful misconduct of the Indemnifying Party (including its Personnel) in the performance of its obligations under this Agreement; (ii) any breach of a representation, warranty, covenant or obligation of the Indemnifying Party under this Agreement and (iii) any infringement, misappropriation or other violation of any intellectual property right or other proprietary right of a third party by the products or services provided in connection with the Agreement, subject to the terms hereof.

### 6.4 Force Majeure

Neither Party will be liable for any loss or damage or for any delay or failure in performance due to acts beyond the reasonable control of such Party whether or not such acts could reasonably be anticipated (including acts of God, legislative, judicial or regulatory acts of any provincial or the federal government, court or regulatory authority, labour disruptions, blackouts and embargoes).

### 6.5 Currency

Unless otherwise specified, all references to monetary amounts herein shall be to Canadian dollars.

### 6.6 Notices

- (a) Any communications under this Agreement by IOTPAY to Merchant, including notices, or other communications regarding Fees may be provided or made available to Merchant by any method, including by email, the Merchant Portal, fax, web, telephone, or ordinary mail to Merchant's address on file. Communications sent by mail will be considered to have been received by Merchant five days after being mailed.

- (b) Any communications under this Agreement from Merchant to IOTPAY shall be made via email to [operation@iotpay.ca](mailto:operation@iotpay.ca) or such other method as IOTPAY may specify from time to time via the Merchant Portal or by otherwise providing Notice to Merchant. Any Notice sent by Merchant to IOTPAY via email shall not be effective until Merchant receives an email from IOTPAY confirming receipt. If Merchant fails to receive such confirming email within twenty-four (24) hours, Merchant may contact IOTPAY by telephone to confirm IOTPAY's receipt of Merchant's Notice.

#### 6.7 Confidentiality

- (a) Each Party receiving or obtaining Confidential Information (the "Receiving Party") of the other Party (the "Disclosing Party") pursuant to this Agreement hereby agrees: to hold the Disclosing Party's Confidential Information in strict confidence and to take reasonable precautions to protect such Confidential Information (including all precautions the Receiving Party employs with respect to its own Confidential Information); not to divulge any such Confidential Information or any information derived therefrom to any third person, except to any employee, subcontractor or agent in accordance with (v) of this Section; not to make any use whatsoever at any time of such Confidential Information except as contemplated hereunder; not to copy or reverse engineer such Confidential Information; and (v) that any employee, subcontractor, or agent given access to any such Confidential Information must have a legitimate "need to know" and shall be bound in writing to comply with the Receiving Party's confidentiality obligations.
- (b) Notwithstanding any other provision in this Agreement to the contrary, each Party may disclose Confidential Information of the other Party to the extent it is required to be disclosed pursuant to a valid order or requirement of a governmental agency or court of competent jurisdiction, provided that the Disclosing Party of the Confidential Information shall be given reasonable notice of such an order or requirement and the opportunity to contest it notwithstanding any other provision in this Agreement. Notwithstanding any other provision in this Agreement to the contrary, nothing in this Agreement shall be construed to prohibit or restrict IOTPAY's use or disclosure of Transaction data to third parties, including Platform Administrators, in connection with IOTPAY's performance of its obligations hereunder or for purposes related to fraud and risk management, customer support, or as otherwise required by applicable laws.

#### 6.8 No Warranties

IOTPAY does not make or give under this Agreement, and hereby expressly disclaims, all warranties, representations, or conditions, both express and implied, arising by statute or otherwise in law, or from course of dealing or usage or trade, including, but not limited to, any implied warranty, representation, or condition of merchantability, merchantable quality, or fitness for any purpose, particular, specific, or otherwise, or any warranty with respect to the availability of the IOTPAY Pay Solution or any Accepted Payment Service, of title or non-infringement in any way relating to this Agreement, the IOTPAY Pay Solution, and/or any services related to any of the foregoing provided by or for Merchant.

#### 6.9 Limitation of Liability and Liability Cap

- (a) Neither party shall be liable to the other for any indirect, incidental, consequential, special, punitive or exemplary damages arising out of or in connection with this Agreement, including loss of revenue, profits or business, costs of delay, costs of lost or damaged data or documentation.

- (b) Except for any Settlement obligations of IOTPAY to Merchant, IOTPAY's maximum liability to Merchant under this Agreement (including any liability in respect of IOTPAY's indemnification obligations to Merchant) shall be limited to the Fees (excluding Fees in respect of Refunds or Chargebacks) paid by Merchant to IOTPAY in the six (6) months immediately preceding the event which first gave rise to such liability.

#### 6.10 Assignment

This Agreement shall be binding upon the Parties and their respective successors and permitted assigns. Merchant shall not assign this Agreement or any obligations hereunder without prior written approval of IOTPAY, which approval may be granted or denied by IOTPAY in its sole discretion. IOTPAY may transfer, sell or otherwise assign this Agreement or any rights and obligations hereunder to a third party without the approval of Merchant and without prior Notice to Merchant and in connection therewith, IOTPAY may disclose any information about the Merchant in IOTPAY's possession to such third party.

#### 6.11 Entire Agreement

This Agreement, the Merchant Application, the PAD Agreement (to the extent that the parties have executed the PAD Agreement) and the Device Rental Agreement constitute the entire agreement between the Parties with respect to the subject matter hereof and thereof and supersedes all prior agreements, understandings, proposals, presentations, communications, negotiations and discussions, whether oral or written, of the Parties.

#### 6.12 Remedies Cumulative

The rights of the Parties hereunder are cumulative. The mention in this Agreement of any particular right or remedy of a Party in respect of any breach by the other Party of any provision of this Agreement, shall not preclude the Party from exercising any other right or remedy to which it may be entitled, whether available at law or in equity or by statute or expressly provided for in this Agreement or such other agreements or covenants.

#### 6.13 Waiver

Any waiver by either Party of any of the provisions of this Agreement will not constitute a waiver of any other provision (whether similar or not), nor will such waiver constitute a continuing waiver of that particular provision unless expressly set out by the Party in writing.

#### 6.14 Modification; Counterparts; Severability

This Agreement may not be modified or amended except in writing signed by a duly authorized representative of each Party; no other act, document, usage or custom will be deemed to amend or modify this Agreement, unless otherwise set forth herein. This Agreement may be executed in any number of counterparts, including PDF or email counterparts, each of which when so executed will be deemed to be an original and all of which when taken together will constitute one agreement. If a court of competent jurisdiction determines that any provision of this Agreement is unenforceable, invalid, or illegal, it will be severed with the rest of this Agreement remaining in full force and effect.

#### 6.15 Governing Law

This Agreement will be governed by and interpreted in accordance with the laws of the province of British Columbia, and the Parties attorn to the exclusive jurisdiction of the courts of British Columbia in respect of any dispute arising in respect of this Agreement.

#### 6.16 English Language

The parties acknowledge having requested that this Agreement and all documents, notices, correspondence and legal proceeding relating directly

or indirectly hereto, forming part hereof or resulting here from be prepared and executed in English.

#### 6.17 Independent Legal Advice

By executing this Agreement, each of the Parties confirm that he, she or it, as applicable, has been given the opportunity to seek and obtain independent legal advice with respect to the subject matter of this Agreement and has either received independent legal advice or has decided, independently and voluntarily without influence from any other person, that he, she or it, as applicable, does not need to seek such independent legal advice in relation to this Agreement.

#### 6.18 Interpretation and Headings

References to Sections and Appendices are to be construed as references to the Sections of and Appendices to, this Agreement, unless otherwise indicated. Terms such as "hereof", "herein", "hereunder" and other similar compounds of the word "here" shall mean and refer to this entire Agreement rather than any particular part of the same. The term "including" shall mean "including, without limitation". The singular shall include the plural, the plural shall include the singular, and the use of any gender shall be applicable to all genders. The headings in this Agreement are intended for convenience or reference and shall not affect this Agreement's interpretation.

### ARTICLE 7 DEFINED TERMS

In this Agreement:

"**Agreement**" is defined in Section 1.1.

"**Accepted Payment Services**" means those Offered Payment Services which Merchant has agreed to accept in the Merchant Application or which Merchant subsequently agrees to accept.

"**Alipay**" means the Cross-Border Payment Platform where the Platform Administrator is Alipay.com Co. Ltd. and its affiliates.

"**Business Day**" means a day on which banks are open for business in both Vancouver, Canada and in Beijing, China.

"**Chargeback**" means the reversal of a Transaction by IOTPAY in accordance with this Agreement.

"**Confidential Information**" of a Party means any and all information of the Party or any of its affiliates that has or will come into the possession or knowledge of the other Party and its affiliates in connection with or as a result of entering into this Agreement, including a Party's past, present, or future research, development or business activities, any information relating to services, developments, inventions, processes, plans, financial information, revenue, transaction volume, forecasts, and projections, including the terms of this Agreement. Notwithstanding the foregoing, Confidential Information shall not include data or information if: (i) it was already known to the Receiving Party prior to the Effective Date, as established by documentary evidence; (ii) it is in or has entered the public domain through no breach of this Agreement or other wrongful act of the Receiving Party or its Personnel; (iii) it has been rightfully received by the Receiving Party from a third party and without breach of any obligation of confidentiality of such third party to the owner of the data or information; (iv) it has been approved for release to the public by written authorization of the Disclosing Party; or (v) it has been independently developed by the Receiving Party without access to or use of the Confidential Information of the Disclosing Party.

"**Consumer**" means the individual using an Accepted Payment Service to purchase goods or services from the Merchant.

"**Cross-Border Payment Platform**" means a platform which allows merchants to accept payments from Consumers who have created an electronic wallet account with a Platform Administrator.

"**Designated Bank Account**" means the bank account of Merchant identified in the Merchant Application or otherwise subsequently communicated by Merchant to IOTPAY in writing, to which IOTPAY will effect Settlement.

"**Device**" means the device supplied by IOTPAY which will be used by Merchant to accept Offline Transactions from a Consumer using one of the Accepted Payment Services.

"**Device Rental Agreement**" means the device rental agreement among IOTPAY and Merchant with respect to the rental of the Device used in connection with this Agreement, and is substantially in the form attached to **Error! Reference source not found.**

"**Disclosing Party**" is defined in Section 6.7(a).

"**Fees**" is defined in Section 2.2(a).

"**Indemnified Party**" is defined in Section 6.3.

"**Indemnifying Party**" is defined in Section 6.3.

"**Initial Term**" is defined in Section 5.1(a).

"**IOTPAY**" is defined in Section 1.1.

"**IOTPAY Group**" means IOTPAY and its affiliates, including IOT PAY TECHNOLOGIES INC.

"**IOTPAY Pay Solution**" means a combination of hardware and software provided by IOTPAY which allows enrolled merchants to accept payments from Consumers which are processed as either Online Transactions or Offline Transactions.

"**IOTPAY Trademarks**" means those trademarks, logos and names either owned by IOTPAY or licensed to IOTPAY by a Platform Administrator for use in connection with an Accepted Payment Service.

"**Losses**" is defined in Section 6.3.

"**Merchant Application**" means the Merchant's completed application to enroll in IOTPAY Pay Solution.

"**Merchant Business**" means the business of the Merchant, initially described in the Merchant Application.

"**Merchant Locations**" means (i) the physical locations from which Merchant operates the Merchant Business which have been indicated on the Merchant Application; and (ii) the Merchant's app, the shopping pages of one of the Accepted Payment Services, or such other electronic interface as may be agreed upon with IOTPAY in which Online Transactions may be completed by a Consumer.

"**Merchant Portal**" means the merchant portal located at merchant.IOTPAY.ca or such other Internet address as IOTPAY may provide Merchant from time to time.

"**Merchant Procedures**" is defined in Section 3.1.

"**Notice**" means a communication by one Party to the other Party using one of the methods permitted by Section 6.6, and "**Notify**" has a corresponding meaning.

"**Offered Payment Services**" means WeChat Pay, Alipay, UnionPay and such other payment services which IOTPAY may add to the IOTPAY Pay Solution from time to time.

"**Offline Transactions**" means Transactions which involve either the Consumer generating a QR Code on the Consumer's mobile device which

is scanned by a Device, or the Device generating a QR Code which is scanned by the Consumer's mobile device.

**"Online Transactions"** means Transactions completed (i) using one of the Accepted Payment Services through the integration of the Accepted Payment Service into the Merchant's app or system; (ii) via the shopping pages of one of the Accepted Payment Services; or (iii) using or such other means as the Parties may agree upon from time to time in writing.

**"PAD Agreement"** is defined in Section 3.4.

**"Payment App"** means a software application on the Consumer's mobile device which is used by the Consumer to complete a Transaction using an Accepted Payment Service.

**"Party"** means either Merchant or IOTPAY individually and **"Parties"** means both of them collectively.

**"Personnel"** means, with respect to a Party, its directors, officers, employees, subcontractors, affiliates, agents or representatives.

**"Platform Administrator"** means the company which administers the Consumer interface, Consumer wallet and other services for a Cross-Border Payment Platform. In the case of WeChat Pay, the Platform Administrator is Tenpay Payment Technology Co., Ltd. and its affiliates, and in the case of Alipay, the Platform Administrator is Alipay.com Co. Ltd. and its affiliates.

**"QR Code"** means a quick response code.

**"Receiving Party"** is defined in Section 6.7(a).

**"Refund"** means a return of the purchase price by the Merchant to a Consumer for the products or services for a Transaction in accordance with the terms of this Agreement.

**"Renewal Term"** is defined in Section 5.1(b).

**"Settlement"** is defined in Section 2.3(a) and **"Settle"** has a corresponding meaning.

**"Settlement Amount"** means, in respect of a particular Settlement transaction, the value of all Transactions completed using the Accepted Payment Services and processed by the IOTPAY Pay Solution which have not previously been Settled, less any outstanding Fees due to IOTPAY (including the amount in respect of any Refunds or Chargebacks not previously processed or paid by Merchant).

**"T+2 Settlement"** is defined in Section 2.3(c).

**"Term"** means the Initial Term plus any applicable Renewal Terms.

**"Third Party Agent"** is defined in Section 1.3.

**"Transaction"** means a purchase transaction by a Consumer using a Payment App from an Accepted Payment Service which is processed via the IOTPAY Pay Solution.

**"UnionPay"** means the UnionPay mobile application which is the unified mobile payment portal of China's banking industry launched by UnionPay together with commercial banks and payment service providers in China.

**"WeChat Pay"** means the Cross-Border Payment Platform where the Platform Administrator is Tenpay Payment Technology Co., Ltd. and its affiliates.

## 7.1 Appendices

The following Appendices form part of this Agreement:

Appendix "A" - Fees

Appendix "B" - Merchant Procedures

Appendix "C" - Pre-Authorized Debit Agreement

Appendix "D" - Device Rental Terms and Conditions

## **APPENDIX "B"**

### **MERCHANT PROCEDURES**

#### **1. Transaction Declined**

Merchant acknowledges that a Platform Administrator has the right to decline a Transaction for any reason, including insufficient funds in the Consumer's electronic wallet or suspected fraud. IOTPAY has no liability to Merchant for any Transactions which are declined, regardless of the reason, or for Transactions which cannot be completed for any other reason.

#### **2. Refunds**

- (a) Refunds for Transactions may only be processed using the interface for the applicable Accepted Payment Service displayed on a Device for Offline Transactions or provided for Merchant's use in connection with Online Transactions and Merchant shall not provide a Refund for any purpose other than a legitimate refund to a Consumer in respect of a prior Transaction. At no time will Merchant provide a cash refund to a Consumer for a Transaction.
- (b) Merchant acknowledges that the Platform Administrators may impose time limits on the Merchant's ability to process a Refund and Merchant will comply with such time limits.

#### **3. Devices**

- (a) Merchant will ensure that all Devices are stored in a secure manner to prevent damage to or unauthorized use of a Device. Neither IOTPAY or any Platform Administrator will have any liability to Merchant for any loss of or damage to a Device, or any unauthorized Transactions using a Device.
- (b) Merchant shall not sell, rent, loan, transfer, encumber, pledge or otherwise dispose of a Device or use a Device in any business other than the Merchant Business in accordance with this Agreement and the Device Rental Agreement.
- (c) Devices may only be used in the Merchant Locations and in no case shall a Device be used outside of Canada.
- (d) If any Device is lost or stolen, Merchant must immediately Notify IOTPAY.
- (e) Merchant is solely responsible for obtaining any wireless or internet access necessary to operate a Device and any resulting fees or other charges imposed by Merchant's wireless services carrier or internet service provider.
- (f) Merchant shall have one Device per checkout location.

#### **4. Receipts**

Merchant acknowledges that the IOTPAY Pay Solution may not show applicable sales taxes on the receipt provided to the Consumer and that receipts are available in English only. To the extent requested by Consumer or required by applicable laws, Merchant shall provide Consumers with a separate receipt which sets out applicable taxes and/or is in the French language, as applicable.

#### **5. Other Merchant Obligations**

- (a) Merchant will comply with all applicable laws concerning the operation of the Merchant Business, Merchant's use of the IOTPAY Pay Solution and Merchant's acceptance of the Accepted Payment Services.

- (b) Merchant will use the IOTPAY Pay Solution and accept payments using the Accepted Payment Services solely for its own account and will not accept payments on behalf of any third party, nor act as a payment intermediary, aggregator, or service bureau or otherwise resell the IOTPAY Pay Solution or any Offered Payment Solution to any third parties.
- (c) Merchant will not in any way discourage or penalize a Consumer from using an Accepted Payment Service including charging an extra fee, setting minimum or maximum Transaction amounts, or otherwise reducing the quality or level of goods and services supplied to a Consumer who pays using an Accepted Payment Service.
- (d) With respect to payments processed by Offered Payment Services or similar services from the applicable Platform Administrators, Merchant will only accept such payments using the Accepted Payment Service at the Merchant Locations and within the scope of the Merchant Business, and will not use any other services from service providers other than IOTPAY.
- (e) Merchant will only use the IOTPAY Pay Solution or the Accepted Payment Services to accept payments for legitimate purchase transactions between Merchant and Consumers. Merchant will take reasonable precautions to ensure that, and will not use the IOTPAY Pay Solution or any Accepted Payment Service for, any unauthorized Transactions or other fraudulent or illegal purpose, including money-laundering or terrorist financing, nor will Merchant permit or assist any Consumer to use any Accepted Payment Service for any such purposes.
- (f) Merchant will retain a copy of the receipt for each Transaction for at least five (5) years or such longer period as may be required by applicable laws.
- (g) Merchant will not break the value of any purchase into smaller amounts and process such smaller amounts as separate Transactions.
- (h) Merchant will provide reasonable assistance to IOTPAY and the applicable Platform Administrator in resolving any fraudulent, illegal or unauthorized Transactions or in addressing Consumer complaints received by IOTPAY or a Platform Administrator. Upon the request of IOTPAY or a Platform Administrator, Merchant will provide Transaction receipts and other information reasonably necessary to demonstrate that a Transaction was legitimate. Any failure to do so within three (3) Business Days of the date of the request may result in a Chargeback of the Transaction.
- (i) Merchant acknowledges that the Platform Administrations may provide Consumers with certain rights to request a Chargeback of a Transaction for reasons which include fraudulent or unauthorized Transactions.
- (j) Merchant shall promptly provide IOTPAY with Notice should there be any change to any Merchant information set out in the Merchant Application and will provide such Notice in advance of such change wherever reasonably possible.
- (k) To the extent that Merchant is required to provide any information to IOTPAY pursuant to this Agreement, the Merchant Application, the PAD Agreement or the Device

Rental Agreement that includes the information of a third party, Merchant must do so in a manner that strictly satisfies its privacy obligations under applicable laws, including obtaining prior consents from applicable third parties.

**6. Prohibited Transactions**

Merchant will not use an Accepted Payment Service in respect of the following categories of goods and services: pornography; gambling; narcotics or other illegal substances or any paraphernalia related thereto; weaponry; prescription or non-prescription drugs or herbal remedies; cash advances; computer hacking, malware or ransomware; crowdfunding websites; refinancing existing debts; prepaid cards which may be returned for cash; commodities and commodity futures; securities or investment products of any sort; insurance; foreign exchange services; virtual currency of any sort; charities; counterfeit goods or any goods or services which infringe upon the trademark of a third party; medical devices; auctions; pawnbroking; hazardous chemicals; cultural relics; protected species of plants or animals; video chatting services; or any other goods and services which are prohibited by applicable laws or which Merchant is not licensed or authorized to sell. Merchant acknowledges and agrees that the list of prohibited goods and services is subject to changes, additions, and deletions as IOTPAY may post on the Merchant Portal at any time and from time to time.

## APPENDIX "C" PRE-AUTHORIZED DEBIT AGREEMENT

This Pre-Authorized Debit Agreement ("**PAD Agreement**") is made between Merchant and IOTPAY in connection with the IOTPAY Merchant Agreement between Merchant and IOTPAY, the Device Rental Agreement between Merchant and IOTPAY, and any other agreements between Merchant and a member of the IOTPAY Group (collectively, the "**Merchant Agreements**"). Any capitalized terms used in this PAD Agreement but not defined herein have the meanings given to them in the Merchant Agreements.

In consideration of the mutual covenants and obligations contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, IOTPAY and Merchant agree as follows

In this PAD Agreement:

"**PAD**" means a pre-authorized debit pursuant to this PAD Agreement.

Merchant hereby authorizes and agrees as follows:

Merchant hereby authorizes IOTPAY or another member of the IOTPAY Group and the financial institution that holds the Designated Bank Account (the "**Financial Institution**") to draw on the Designated Bank Account at the Financial Institution for the purpose of paying all amounts due and payable to IOTPAY under the Merchant Agreements (the "**Balance**"). PADs may be processed by IOTPAY for any portion of the Balance, or any combination of amounts totaling either the entire Balance, or a portion of the Balance. PADs will occur as Balances come due, which may be regularly or sporadically. By signing this PAD Agreement, Merchant acknowledges and agrees that unless otherwise set out in the Merchant Agreements or agreed by IOTPAY in writing, no further notice will be provided by Merchant for sporadic PADs (IOTPAY may, however, at its sole discretion, provide advanced notice to the Merchant in respect of any PAD). Merchant authorizes the Financial Institution to honour and pay such PADs. Merchant acknowledges and agrees that PADs are for business purposes.

Merchant acknowledges that this PAD Agreement is provided for the benefit of IOTPAY and the Financial Institution, and is provided in consideration of the Financial Institution agreeing to process debits against the Designated Bank Account in accordance with the rules of the Canadian Payments Association.

Merchant represents and covenants that:

1. Merchant is authorized to sign on the Account and to provide this PAD Agreement;
2. All information that Merchant has provided and/or will provide with respect to the Designated Bank Account is accurate and complete;
3. Merchant will immediately inform IOTPAY, in writing, of any change in information regarding the Designated Bank Account. In the event of any such change, this authorization shall continue in respect of any new account and Financial Institution to the same extent as if they had been shown on the original PAD Agreement. For greater certainty, the new account is deemed to be the Designated Bank Account for the purpose of this PAD Agreement; and
4. Merchant guarantees that the signatories to any written notice of change provided to IOTPAY will be all such persons as would be required to sign any cheque drawn on the Designated Bank Account.

Merchant acknowledges that provision and delivery of this PAD Agreement to IOTPAY constitutes delivery by Merchant to the Financial Institution. Any delivery of this PAD Agreement to IOTPAY constitutes delivery by Merchant.

This authorization is to remain in effect until IOTPAY has received written notification from Merchant of its termination, such written notification to be provided by Merchant to IOTPAY at least fifteen (15) Business Days in advance of the next regular PAD due date. Termination of this PAD Agreement may result in the termination of the Merchant Agreements. Termination of this PAD Agreement will not relieve Merchant of its obligations to pay all amounts owing under the Merchant Agreements and Merchant must provide IOTPAY with an alternative method of payment satisfactory to IOTPAY to pay any amounts owing in the past and in the future. Merchant may obtain a sample cancellation form or more information on its rights to cancel this PAD Agreement at the Financial Institution or by visiting [www.cdnipay.ca](http://www.cdnipay.ca).

Merchant agrees to waive the pre-notification requirements set out in the Canadian Payments Association, including Merchant's right to receive pre-notification of the amount of any PAD, and agrees that Merchant does not require advance notice of the number of PADs before a debit is processed. Merchant agrees that IOTPAY may deliver a copy of this PAD Agreement to IOTPAY's financial institution for the purpose of processing PADs. Merchant consents to the disclosure of any information contained in this PAD Agreement to any such financial institution.

Merchant acknowledges that the Financial Institution is not required to verify that a PAD has been issued in accordance with the Merchant Agreement, including the particulars of Merchant's authorization including, but not limited to, the amount and the frequency of the PADs. Merchant acknowledges that the Financial Institution is not required to verify that any purpose of payment for which the PAD was issued has been fulfilled by IOTPAY as a condition to honouring a PAD issued or caused to be issued by IOTPAY on the Designated Bank Account.

### **MERCHANT ACKNOWLEDGES THAT IOTPAY MAY ASSIGN THIS PAD AGREEMENT WITHOUT MERCHANT'S APPROVAL AND WITHOUT PRIOR NOTICE TO MERCHANT.**

Merchant has certain recourse rights if any debit does not comply with this PAD Agreement. For example, Merchant has the right to receive reimbursement for any PAD that is not authorized by or is not consistent with this PAD Agreement. To obtain more information on recourse rights, Merchant may contact the Financial Institution or visit [www.cdnipay.ca](http://www.cdnipay.ca).

Merchant agrees to comply with the rules of the Canadian Payments Association now or hereafter in effect in relation to PADs and the drawing and processing of PADs and agrees to sign any further documentation that may be required pursuant such rules.

This PAD Agreement will be governed by and interpreted in accordance with the laws of the province of British Columbia, and the parties agree to attorn to the exclusive jurisdiction of the courts of British Columbia in respect of any dispute arising in respect of this PAD Agreement.

Contact Information:  
IOT PAY TECHNOLOGIES INC.  
207 - 3751 North Fraser Way, Burnaby, BC V5J 5G4  
604-283-3268

## APPENDIX "D"

### DEVICE RENTAL TERMS AND CONDITIONS

1. Renter shall pay the Monthly Rental Fee to Owner monthly in advance. Owner may collect the Monthly Rental Fee or any other amounts due to Owner under this Rental Agreement by debiting the Designated Bank Account in accordance with the PAD Agreement or by deducting the Monthly Rental Fee from the Deposit or any amount due to Renter under any other agreement between the parties.
2. Any obligation of Renter to pay the Monthly Rental Fee or any other amount due hereunder shall be absolute and unconditional. Any overdue amounts shall bear interest at 10% per year, compounded monthly. If Renter buys out the Device, there will be no additional Monthly Rental Fee after the buyout. This provision survives the expiration or early termination of the Rental Agreement.
3. This Rental Agreement, Section 3 of Appendix B of the Merchant Agreement and the PAD Agreement (to the extent that the PAD Agreement is executed by the parties) constitute the entire agreement between Owner and Renter with respect to subject matter hereof, and there are no other agreements, representations, warranties, conditions, terms or understandings, written, verbal, express, implied or otherwise between Renter and Owner except as set out herein. No amendment or modification of any of the terms of this Rental Agreement shall be binding on Owner unless approved by it in writing and signed by a duly authorized representative of Owner. Owner may assign its rights and obligations under this Rental Agreement to a third party at any time without notice to Renter. In the event that Owner provides Renter with a translation of this Rental Agreement or any language other than English, such translation is for convenience only and is non-binding and in the event of any discrepancy between the English language version of this Rental Agreement and such translation, the English language version of this Rental Agreement shall prevail. The parties have expressly agreed that this Rental Agreement and all deeds, documents or notices relating to this Rental Agreement shall be executed in English. This provision survives the expiration or early termination of the Rental Agreement.
4. The Devices shall at all times remain the property of Owner, unless and until the Renter buys out the Devices. Renter shall protect and defend the Devices, at its own expense, from and against any and all liens, encumbrances, legal proceedings and claims of creditors of Renter and others. Renter's only right is to use the Devices as part of the IOTPAY service provided by Owner, in accordance with the applicable specifications or user guide or as otherwise directed by Owner.
5. Renter agrees to return the Devices on or before the end of the Rental Term in the same condition in which they were received, reasonable wear and tear excepted and upon such return, if (i) Renter presents the original receipt for the Deposit to Owner; (ii) Renter is not in default of this Rental Agreement; and (iii) there is then no amount due or which may become due to Owner under this Rental Agreement or any other agreement between Owner and Renter, then Owner shall return the Deposit or balance thereof remaining, if any, to Renter. If Renter fails to return the Devices or if there is any damage to the Devices upon their return, Owner shall be entitled to keep the Deposit and Renter shall pay to Owner the difference between the replacement cost of the Devices and the amount of the Deposit. If a Device needs to be replaced during the Term due to a default system failure not directly or indirectly caused by Renter, Owner shall provide a replacement Device free-of-charge to Renter. Renter shall be solely responsible for any damage to a Device, including but not limited to any damage to Device screens or damage caused by any attempt by Renter to repair or modify a Device.
6. Renter acknowledges that Owner is neither the manufacturer of the Devices nor the agent of such manufacturer and that Owner makes no warranty or representation, express or implied, statutory or otherwise, as to the design, quality, capacity, fitness (including fitness for any particular purpose), condition or merchantability of the Devices, nor that the Devices will meet the requirements of Renter. As such neither Owner nor any of its Personnel shall have any liability for any loss or damage caused by the Devices or arising in connection with the use, operation, delivery, storage, return, transportation or failure of any Device. However, in the event that Owner is found to be liable for any loss or damages in connection with the Renter's use, operation, delivery, storage, return, transportation or failure of any Device, then the Parties agree the Owner's liability will not exceed \$50 CAD. This provision survives the expiration or early termination of the Rental Agreement.
7. In the event of any default hereunder by Renter, including failure to pay any amount when due under this Rental Agreement, Owner may, without the need of obtaining any prior consent of Renter, make deduction from Deposit in the amount deemed reasonably appropriate by Owner, in satisfaction or partial satisfaction, as applicable, of Renter's damages or the amount due, as the case may be.
8. In the event that Renter breaches any term or obligation under this Rental Agreement, the Merchant Agreement or any other agreement between Owner and Renter, or if the PAD Agreement or the Merchant Agreement is revoked, expired or terminated (as the case may be), Owner may terminate this Rental Agreement immediately at any time without the need to provide Renter any prior notice (written or otherwise), and Renter shall immediately return the Devices. In addition, Renter shall immediately return the Devices upon the expiration or early termination of the Rental Agreement, unless the parties mutually agree to extend the term of the Rental Agreement. No termination or expiration of the Rental Agreement shall relieve Renter of its obligations accrued hereunder to the time of expiration or termination including without limitation its obligations relating to maintenance and return of the Devices, payment of the Monthly Rental Fee and other amounts due or becoming due or payable hereunder.
9. Renter and Owner agree that Sections 6.2, 6.4 to 6.6, and 6.10 to 6.18 of the Merchant Agreement are incorporated by reference into this Rental Agreement and will survive the expiration or early termination of this Rental Agreement. In addition, Renter's obligation in respect of unpaid fees will also survive the expiration or early termination of this Rental Agreement.