

Court File No. 32-2274873  
Estate File No. 32-2274873

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF HEAVEN FRESH CANADA INC.**

**MOTION RECORD**

**(Approval of DIP, SISP, Stay Extension  
returnable August 4, 2017)**

July 31, 2017

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF HEAVEN FRESH CANADA INC.**

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# Tab 1

Court File No. 32-2274873  
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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF HEAVEN FRESH CANADA INC.**

**NOTICE OF MOTION**

**(Approval of DIP, SISP, Stay Extension  
returnable August 4, 2017)**

Heaven Fresh Canada Inc. ("**Heaven Fresh**"), will make a motion to a judge of the Superior Court of Justice (In Bankruptcy and Insolvency) on Friday, August 4, 2017, at 10:00 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, 8<sup>th</sup> floor, Toronto, Ontario.

**PROPOSED METHOD OF HEARING:** The motion is to be heard orally.

**THE MOTION IS FOR:**

1. an Order substantially in the form attached as Tab 3 herein, and more particularly:
  - (a) if necessary, abridging the time for, and validating the service of, the Notice of Motion and Motion Record herein, such that this motion is properly returnable on August 4, 2017, and dispensing with any further service thereof;

- (b) declaring that the Commercial List E-Service Protocol applies to the within proceeding and permitting service of any documents herein by e-mail, in accordance therewith;
- (c) authorizing Heaven Fresh to enter into, and approving, an interim financing agreement (the “**DIP Agreement**”) between Heaven Fresh and Danby Products Limited (the “**DIP Lender**”), whereby the DIP Lender will provide Heaven Fresh with an interim financing facility (the “**DIP Facility**”) in the maximum amount of \$100,000.00, and granting a super-priority charge against all of Heaven Fresh’s property, assets and undertakings (the “**Property**”) as security for Heaven Fresh’s obligations in respect of the DIP Facility in favour of the DIP Lender (the “**DIP Charge**”);
- (d) approving a Sale and Investor Solicitation Process (the “**SISP**”), in the form attached as Exhibit “L” to the affidavit of Imran Bashir, sworn July 27, 2017, with such non-material amendments or modifications as Heaven Fresh or MNP Ltd. (the “**Proposal Trustee**”) may consider appropriate, and authorizing Heaven Fresh and the Proposal Trustee to implement the SISP;
- (e) extending the stay of proceedings effective July 21, 2017, upon the filing of the Notice of Intention to Make a Proposal (the “**NOI**”) to October 4, 2017; and,
- (f) such further and other relief as to this Court may seem just.

**THE GROUNDS FOR THE MOTION ARE:**

1. Heaven Fresh is incorporated pursuant to the laws of the province of Ontario and carries on business manufacturing and supplying small consumer appliances, including air and water purifiers, humidifiers, and food and juice machines;
2. Heaven Fresh has recently been facing significant financial difficulties, is no longer operating, and is no longer able to meet its financial obligations as they come due. It is insolvent;
3. On July 21, 2017, Heaven Fresh filed a NOI pursuant to s. 50.4 of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"). The Proposal Trustee was appointed as per the NOI;

**DIP Facility and DIP Charge**

4. In order to finance Heaven Fresh's restructuring efforts, the DIP Lender has agreed to provide the DIP Facility in the amount of \$100,000 in accordance with the DIP Agreement, on condition that the DIP Lender be granted a charge over all of Heaven Fresh's Property in priority to all of Heaven Fresh' creditors, including secured creditors;
5. Heaven Fresh seeks the Court's approval and authorization to enter into the DIP Agreement to permit it to receive the necessary financing in the hope of being able to preserve its business as a going concern, which would provide the greatest value and therefore the greatest recovery for its creditors;

6. Approval of the DIP Facility will permit Heaven Fresh to commence the SISP for the benefit of its stakeholders and thus enhance the likelihood of Heaven Fresh being able to make a viable proposal;
7. No creditor will be materially prejudiced by the approval of the DIP Facility and the granting of the DIP Charge, as creditor recoveries would likely be lower in the case of a bankruptcy / liquidation;
8. The Proposal Trustee supports the approval of the DIP Facility and the granting of the DIP Charge and has filed with the Court its report commenting on the necessity and appropriateness of the DIP Facility;

#### **Approval of the SISP**

9. Heaven Fresh seeks approval of the SISP for the purpose of conducting a process whereby it will seek investors for its business or offers to purchase its business, either as a going concern or on an asset sale basis;
10. Heaven Fresh intends to immediately commence the SISP, which will be overseen by the Proposal Trustee, and which will help identify the best opportunities in the circumstances for maximizing value and recoveries for all of Heaven Fresh's stakeholders;
11. The Proposal Trustee supports the proposed SISP and has stated in its report filed with this Court that, in its opinion, the SISP would be more beneficial to the stakeholders than a sale or disposition in a bankruptcy;



12. Heaven Fresh has already engaged in discussions with possible strategic bidders/purchasers, including the DIP Lender, and it appears that there is interest in Heaven Fresh's business;

#### **Extension of Stay Proceedings**

13. Pursuant to the *BIA*, all enforcement proceedings against Heaven Fresh are now stayed for 30 days commencing July 21, 2017. The stay of proceedings is therefore set to expire on August 20, 2017;

14. An extension of the stay of proceedings is necessary to permit Heaven Fresh and the Proposal Trustee to commence and administer the SISF, and return to court for the approval of any agreements that may arise out of that process;

15. No creditor will be materially prejudiced if an extension of the time within which the proposal may be filed is granted.

16. Heaven Fresh has acted at all times and continues to act in good faith and with due diligence, and in particular, by bringing this motion to advance the process as quickly as possible and for the benefit of all its stakeholders;

17. The requested extension will enhance Heaven Fresh's ability to make a viable proposal to its creditors. The Proposal Trustee supports the requested extension;

18. If the extension is not granted, the alternative will be a bankruptcy and liquidation which will likely result in reduced recoveries available for creditors;

19. The Commercial List E-Service Protocol will make the process of notifying creditors and providing service of court materials more efficient from a cost and time standpoint; and
20. Sections 50(1), 50.4(9), 50.6, 64.2 and 65.13, 187(12) of the *BIA*, as amended;
21. Rules 3.02 and 16.04 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended;
22. The Commercial List E-Service Protocol in order to increase efficiency and permit all those who are entitled to notice of these proceedings to receive notice on a timely basis; and,
23. Such further and other grounds as counsel may advise and this Honourable Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

- (a) the Affidavit of Imran Bashir, sworn July 27, 2017;
- (b) the Report of the Proposal Trustee; and,
- (c) such further and other materials as counsel may advise and this Honourable Court permit.

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July 31, 2017

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# Tab 2

Court File No. 32-2274873  
Estate File No. 32-2274873

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

**BETWEEN:**

**IN THE MATTER OF THE NOTICE OF INTENTION  
TO MAKE A PROPOSAL OF HEAVEN FRESH CANADA INC.**

**AFFIDAVIT OF IMRAN BASHIR**

**(Approval of DIP, SISP, Stay Extension  
returnable August 4, 2017)**

I, **IMRAN BASHIR**, of the City of Mississauga, in the Province of Ontario, **DO SOLEMNLY AFFIRM:**

1. I am the President of Heaven Fresh Canada Inc. ("**Heaven Fresh**" or the "**Company**"), and as such, I have knowledge, information and belief of the matters to which are hereinafter deposed. Where statements are based upon information and belief, I so state and indicate the source of the information and the reason for my belief, and verily believe them to be true. To the extent that any of the information and belief set out in this affidavit is based on my review of documents, I verily believe the information in such documents to be true.

2. This affidavit is sworn in support of Heaven Fresh's motion for an order substantially in the form attached at Tab 3 to the Motion Record, and in particular:

- (a) if necessary, abridging the time for, and validating the service of the Notice of Motion and the Motion Record and dispensing with service on any other person other than those served;

- (b) declaring that the Commercial List E-Service Protocol applies to the within proceeding and permitting service of any documents herein by e-mail, in accordance therewith;
  - (c) authorizing Heaven Fresh to enter into, and approving, an interim financing agreement (the “**DIP Agreement**”) between Heaven Fresh and Danby Products Limited (the “**DIP Lender**”), whereby the DIP Lender will provide Heaven Fresh with an interim financing facility (the “**DIP Facility**”) in the maximum amount of \$100,000.00, and granting a super-priority charge against all of Heaven Fresh’s property, assets and undertakings (the “**Property**”) as security for Heaven Fresh’s obligations in respect of the DIP Facility in favour of the DIP Lender (the “**DIP Charge**”);
  - (d) approving a Sale and Investor Solicitation Process (the “**SISP**”), in the form attached as Exhibit “L” to my affidavit, with such non-material amendments or modifications as Heaven Fresh or the Proposal Trustee may consider appropriate, and authorizing Heaven Fresh in consultation with the Proposal Trustee to take steps to immediately implement the SISP; and,
  - (e) extending the stay of proceedings effective July 21, 2017, upon the filing of the NOI, to October 4, 2017.
3. On July 21, 2017, Heaven Fresh filed a Notice of Intention to Make a Proposal (“**NOI**”) under the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”). MNP Ltd. was appointed as proposal trustee (“**Proposal Trustee**”). Attached hereto and marked as **Exhibits “A” and “B”**



to this affidavit, respectively, are copies of the Certificate of Filing of a Notice of Intention to Make a Proposal and the NOI that was filed.

### **Overview**

4. Heaven Fresh is a small, closely held corporation that is in the business of marketing and distributing household comfort appliances including air and water purifiers, humidifiers, and food and juice machines. It sells its products online and via authorized dealers.

5. Heaven Fresh was incorporated pursuant to the Ontario *Business Corporations Act* on May 31, 2004. Its registered head office is located at 1600 Aimco Blvd., Suite 5, Mississauga, Ontario, L4W 1V1. Attached hereto and marked as **Exhibit "C"** to this affidavit is a copy of Heaven Fresh's Corporate Profile Report.

6. The Corporate Profile Report indicates that Heaven Fresh's directors and officers are Mohammad Kamal Anwar, Azam Mohammad Gondal, Taoufik Lahrache and myself. As a result of its financial difficulties, Heaven Fresh no longer has any active employees. In fact, all of the Company's employees were terminated prior to the filing of the NOI.

7. Further, Heaven Fresh no longer operates out of its own separate business premises as it did before. It recently moved its product inventory and other assets into a warehouse, pursuant to a Warehousing Services Agreement with the DIP Lender. Attached hereto and marked as **Exhibit "D"** to this affidavit is a copy of the Warehouse Services Agreement.

8. Over the past several years, Heaven Fresh has struggled to perform in the Canadian market. It is now insolvent. In particular, Heaven Fresh suffered net losses for 2015 and 2016 of \$253,380.00 and \$172,229.00, respectively, and also experienced negative cash flows over the

past two years. Attached hereto and marked as **Exhibit “E”** and **“F”** to this affidavit, respectively, are the unaudited financial statements for Heaven Fresh for the years ending June 30, 2015 and 2016.

9. In my view, Heaven Fresh encountered financial difficulties because the business was undercapitalized, and accordingly, was not able to grow to the scale where it could become profitable. The Company also invested heavily in research and development (“**R&D**”), which reduced the pool of funds Heaven Fresh had available to it to carry on its core business. The R&D turned out being a larger financial undertaking than Heaven Fresh expected, and consequently, it suffered financially.

10. I have been advised by Heaven Fresh’s legal counsel, Mervyn D. Abramowitz of Blaney McMurtry LLP, that the Commercial List provides for parties to serve documents via email. As Heaven Fresh has limited time and resources, and in order to increase efficiency and permit all those who are entitled to notice of these proceedings to receive notice on a timely basis, we hereby request that the Commercial List E-Service Protocol (the “**Protocol**”) be approved in this proceeding, permitting Heaven Fresh, and any other interested person, to serve any required documents via electronic mail as set out in the Protocol.

#### **Assets**

11. As noted in the financial statements, as at June 30, 2016, Heaven Fresh had total assets valued at \$845,551.00. The assets were a combination of accounts receivable, inventory, intellectual property and amounts due from related parties.

12. Heaven Fresh's intellectual property is one of its key and valuable assets. The intellectual property includes internally generated software for Heaven Fresh's new product offerings, permitting many of Heaven Fresh's products to be connected to and controllable via the Internet.

13. We have already received expressions of interest in respect of our intellectual property, as many people see the Internet-connected appliances as part of the future.

14. Unfortunately, Heaven Fresh's financial position is such that it cannot afford to exploit the technology in a profitable manner.

15. The accounts receivable are relatively minor and the amounts due from related parties, though larger, are largely uncollectible. This is so because the related corporations are in other jurisdictions, and they simply do not have the assets to support the ability to repay the amounts initially loaned to them by Heaven Fresh.

### **Liabilities**

16. As at the date of filing, Heaven Fresh had total liabilities of approximately \$1,227,277.42. Pursuant to the NOI, the list of creditors with claims of \$250.00 totalled \$1,217,277.42. After the date of filing, it was discovered that a further \$10,000.00 was omitted from the NOI due to oversight. As noted in the financial statements, as at June 30, 2016, Heaven Fresh had total liabilities in the amount of \$914,224.00.

### Secured Creditors

17. I have been advised by Sheldon Title of the Proposal Trustee that the Proposal Trustee conducted searches of the Personal Property Security Registration System in the province of Ontario in respect of registrations under the *Personal Property Security Act* (“*PPSA*”). Attached hereto and marked as **Exhibit “G”** is a copy of the *PPSA* search results in respect of Heaven Fresh, current as at June 7, 2017 (the “**PPSA Report**”).

18. The *PPSA* Report reveals that the Royal Bank of Canada (“**RBC**”), Thinking Capital and Ricoh Canada Inc. (“**Ricoh**”) have each registered financing statements against Heaven Fresh. Both RBC and Thinking Capital entered into lending agreements with Heaven Fresh, while Ricoh provided Heaven Fresh with an office printer.

### *Secured Indebtedness to RBC, Thinking Capital and Ricoh*

19. RBC and Heaven Fresh entered into a revolving credit facility in the amount of \$100,000 pursuant to a Business Banking Loan Agreement dated June 4, 2014 (the “**RBC Loan**”). The interest rate is the RBC Prime Rate plus three percent (3%) per annum payable monthly. Attached hereto and marked as **Exhibit “H”** to this affidavit is a copy of the RBC Loan agreement.

20. As security for the RBC Loan, Heaven Fresh executed a General Security Agreement wherein it granted RBC a security interest in all of assets as collateral. It appears that RBC registered a financing statement in respect of its security under the *PPSA*. The RBC Loan still remains payable in full.

21. Thinking Capital also agreed to provide Heaven Fresh with a loan in the amount of \$141,669, in one advance, on a non-revolving basis, for a term of twelve (12) months at an interest rate of 18.46% (the “**Thinking Capital Loan**”). Attached hereto and marked as **Exhibit “I”** to this affidavit is a copy of the Thinking Capital Loan agreement. My understanding is that the amount owing to Thinking Capital is in and around \$82,000.

22. Heaven Fresh also granted a security interest to Thinking Capital in all of Heaven Fresh’s present and after-acquired personal property, as security for the Thinking Capital Loan, and it appears that Thinking Capital also registered a financing statement under the *PPSA*.

23. It also appears that Ricoh registered a financing statement in respect of a printer that Heaven Fresh leased from them.

24. Heaven Fresh intends to contact each of the parties who registered financing statements under the *PPSA* to give them notice of the fact that we are seeking interim financing and an order that the interim financing loan amount be granted priority over each of the interests of those creditors who have registered their interests under the *PPSA*.

### **Extension of Stay of Proceedings**

25. The proposal process was only recently commenced. However, it is clear that Heaven Fresh requires more time than the 30 days provided under the initial stay of proceedings to continue with its restructuring efforts and its efforts to preserve the business on a going concern basis for the benefit of all stakeholders, and to be able to formulate and file a viable proposal. Without the extension, the stay of proceedings will expire on August 20, 2017.

26. In my view, it is more likely that Heaven Fresh will be able to make a viable proposal if the extension of time requested is granted. More particularly, an extension of the stay will permit Heaven Fresh to undertake and implement the SISP, which is described in greater detail below.

27. Without the extension, Heaven Fresh will likely not be in a position to make a viable proposal to its creditors and will likely become bankrupt, forcing a liquidation of its assets. In my view, this can only be to the detriment of the creditors and indeed all of Heaven Fresh's stakeholders.

28. I am not aware of any creditor that would be materially prejudiced if the extension being applied for is granted. I am also not aware of anyone who objects to or is likely to object to the proposed extension.

29. Since the date of the filing of the NOI, Heaven Fresh has been acting in good faith and with due diligence, and continues to act in this manner in its relations with customers, suppliers and in pursuing a restructuring plan.

30. I am also advised by Mr. Title that the Proposal Trustee supports the requested stay extension and the other relief sought in this motion.

#### **DIP Facility and DIP Charge**

31. Due to the current liquidity challenges, and as demonstrated in the Cash Flow Forecast (as defined below), Heaven Fresh requires interim financing to provide stability, continue operations on a going concern basis, look to restructure its business and commence the SISP.

32. Without the interim financing, Heaven Fresh will not be able to proceed with the proposal process herein, and will simply be forced to make an assignment in bankruptcy or face a deemed assignment in bankruptcy in the very short term.

33. With the assistance of the Proposal Trustee, Heaven Fresh prepared a consolidated cash flow forecast for the time period commencing July 21, 2017 through to October 13, 2017 (the “**Cash Flow Forecast**”). The assumptions made in the Cash Flow Forecast are both reasonable accurate. Attached hereto and marked as **Exhibit “J”** to this affidavit is a copy of the Cash Flow Forecast.

34. The Cash Flow Forecast demonstrates that Heaven Fresh requires additional funds to enable it to carry on business during the restructuring process and to fund the SISP, working capital and the administrative costs of these proceedings.

35. The DIP Lender has agreed to provide interim, debtor-in-possession financing (“**DIP Financing**”) to Heaven Fresh, up to a maximum amount of \$100,000, subject to certain conditions, including Heaven Fresh obtaining an Order in this NOI Proceeding granting the DIP Charge priority over all other security interests and encumbrances. Attached hereto and marked as **Exhibit “K”** to this affidavit is a copy of the proposed DIP Agreement.

36. The key terms of the DIP Agreement are:

- (a) principal amount of \$100,000, on a non-revolving basis;
- (b) repayable on demand and in accordance with the terms of any court order within these *BIA* proceedings;
- (c) a commitment fee of \$1,000; and

- (d) interest at a rate of 6% per annum, payable in cash, in advance, and compounded monthly.

37. The funds available under the DIP Agreement will be used to meet Heaven Fresh's funding requirements during the proposal proceedings in accordance with the Cash Flow Forecast, including payments to suppliers, for professional fees and other costs and expenses in connection with these proceedings.

38. In my view, and based upon the advice of the Proposal Trustee, the terms of the DIP Agreement and loan are quite reasonable in the circumstances and we therefore ask that the DIP Agreement and DIP Charge be approved.

39. As noted, in the absence of the DIP Financing, Heaven Fresh will not be able to conduct the SISP and will be forced to immediately cease all operations and commence a liquidation of its assets.

40. I also understand the Proposal Trustee supports the approval of the DIP Agreement and the granting of the DIP Charge.

41. Furthermore, to my knowledge, neither RBC nor Thinking Capital, or any other creditor will be materially prejudiced by the approval of the DIP Facility and the granting of the DIP Charge. In fact, it appears that the likelihood of enhanced recoveries arising out of the SISP will benefit the creditors, including the secured creditors.

#### **Approval of the SISP**

42. Heaven Fresh, in consultation with the Proposal Trustee, and subject to the approval of this Court, developed the SISP for the purpose of conducting a sale and investor solicitation



process of its business as a going concern. Attached hereto and marked as **Exhibit "L"** to this affidavit is a copy of the SISP.

43. The purpose of the SISP is to seek out proposals for the acquisition of, or investment in, Heaven Fresh's business and / or Property. The proposed SISP will identify the best opportunities in the circumstances for maximizing value for Heaven Fresh's stakeholders.

44. Heaven Fresh intends to immediately commence the SISP, if approved by this Court. This will assist to reduce costs, streamline Heaven Fresh's restructuring proceedings and enhance the likelihood of maximizing recoveries for all of Heaven Fresh's stakeholders.

45. I understand that the Proposal Trustee supports the SISP and has stated in its report that the SISP would be more beneficial to the stakeholders than a sale or disposition of Heaven Fresh's assets in a bankruptcy.

46. Furthermore, Heaven Fresh has already engaged in discussions with possible strategic bidders/ purchasers, including a leader in the appliance market. It thus appears that there are already third parties who may be interested in acquiring the assets of Heaven Fresh.

47. If approved by the Court, the SISP will be implemented and administered by Heaven Fresh with oversight from Proposal Trustee.

48. The following is a summary of the key terms of the SISP and certain material milestones (any terms not otherwise defined herein, shall have the meaning assigned to such terms in the SISP):

- (a) the SISP will commence within five (5) business days following the date of any Order approving same (the “**SISP Approval Date**”);
- (b) commencing immediately after the SISP Approval Date, the Proposal Trustee shall, on behalf of the Company, contact such initial parties previously identified by the Company as potential purchasers of the business and / or the Property of the Company (or known to have expressed such an interest) and advise such parties of the opportunity to acquire the business and / or the Property (the “**Opportunity**”), and distribute “teaser” documentation to other parties identified as potentially interested parties with respect to the Opportunity;
- (c) shortly following the SISP Approval Date, the Proposal Trustee will prepare and publish an advertisement in the Globe and Mail newspaper;
- (d) the Proposal Trustee will circulate and seek executed confidentiality agreements (“**Confidentiality Agreements**”) from interested parties who wish to undertake due diligence in respect of the opportunity. Following the execution of the Confidentiality Agreements, the Proposal Trustee will provide prospective purchasers or investors with a confidential information memorandum prepared by the Company with the assistance of the Proposal Trustee, describing the Property and the Opportunity, access to an electronic data room (the “**Data Room**”), and an opportunity to conduct site visits by prospective purchasers or investors, if requested;
- (e) the deadline for prospective purchasers to submit a bid in accordance with the Agreement of Purchase and Sale will be thirty (30) days from the commencement of the SISP (the “**Bid Deadline**”). All prospective purchasers will be required to

submit along with their bid a deposit in an amount equal to fifteen percent (15%) of the aggregate purchase price by way of bank draft or certified cheque;

- (f) Heaven Fresh, in consultation with the Proposal Trustee will evaluate all bids received, and will determine which bid is the most favourable and will notify the successful party that it has been selected as having the most favourable bid (the **“Winning Bidder”**);
- (g) upon the selection of the Winning Bidder, a binding agreement of purchase and sale will be negotiated and concluded between the Winning Bidder and Heaven Fresh. Prospective purchasers with unaccepted bids will be notified and their deposits returned;
- (h) Heaven Fresh will thereafter promptly bring a motion to the Court for an order approving the agreement of purchase and sale between the Winning Bidder and Heaven Fresh (the **“Winning APA”**) and to vest title to the Property in the Winning Bidder; and,
- (i) If the Court approves the Winning APA and the transaction of purchase and sale based upon it, the closing of the transaction will take place within seven (7) business days following the expiry of any appeal period in connection with any order that may be granted by the Court.

### **Conclusion**

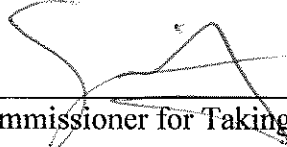
49. In my view, the order sought herein is in the best interests of Heaven Fresh and all of its stakeholders, as it maximizes the likelihood of obtaining the greatest value for Heaven Fresh's business and Property.

50. Without the requested relief, Heaven Fresh faces bankruptcy and a liquidation of its assets. This would not be in the best interests of Heaven Fresh's stakeholders and as a result, we hereby request that the Court grant the relief sought in the Notice of Motion.

*AFFIRMED*

**SWORN BEFORE ME**  
at the City of Toronto,  
in the Province of Ontario ,  
on July 27, 2017.

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)  
)  
)  
)  
)



\_\_\_\_\_  
A Commissioner for Taking Affidavits,

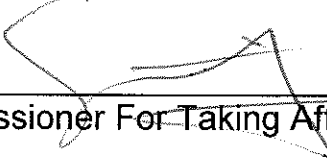
*M.D. ABRAMOWITZ*



\_\_\_\_\_  
**IMRAN BASHIR**

# Tab A

This is Exhibit "**A**" referred to  
in the Affidavit of **Imran Bashir**  
sworn before me, this  
**27<sup>th</sup>** day of **July, 2017**



---


Commissioner For Taking Affidavits



Tab B



This is Exhibit "B" referred to  
in the Affidavit of **Imran Bashir**  
sworn before me, this  
**27<sup>th</sup>** day of **July, 2017**



---

Commissioner For Taking Affidavits

District of: Ontario  
Division No. 09 - Mississauga  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the matter of the proposal of  
Heaven Fresh Canada Inc.  
of the City of Mississauga  
in the Province of Ontario

Take notice that:

1. We, Heaven Fresh Canada Inc., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that we intend to make a proposal to my creditors.
2. MNP LTD. of 300 - 111 Richmond Street West, Toronto, ON, M5H 2G4, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against us are stayed as of the date of filing of this notice with the official receiver in our locality.

Dated at the City of Toronto in the Province of Ontario, this 21st day of July 2017.



---

Heaven Fresh Canada Inc.  
Insolvent Person

To be completed by Official Receiver:

---

Filing Date

---

Official Receiver

District of: Ontario  
 Division No. 09 - Mississauga  
 Court No.  
 Estate No.

## - FORM 33 -

Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of  
 Heaven Fresh Canada Inc.  
 of the City of Mississauga  
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Alive Pro	126 Upper Post Rd Vaughan ON L6A 4J9		22,374.79
Allseen Alliance	Box 743461, LosAngeles CA 90074-3461		5,284.56
BDC	4310 Sherwoodtowne Blvd. # 100 Mississauga ON L4Z 4C4	36213	223,434.00
Commerce Hub	23736 Network Place Chicago IL 60673-1257		536.38
Danby	5070 Whitelaw Rd \Box 1778 Guelph ON N1H 6Z9		108,475.13
Delmar	6399 Cantay Rd Mississauga ON L5R 0G4	85932: 10RM0001	251.20
DHL	18 Parkshore Dr Brampton ON L6T 5M1	287394	1,290.57
Future Mgmt	176-4-5694 Hwy 7 E Markham ON L3P 1B4		919.46
Glory Plaza	1759 Halifax St Regina SK S4P 1T2		36,000.00
Greatest Dragon	8 Java Road, North point, HONG KONG,		245,542.57
Huron	4311 Village Ctr Court Suite 201 Mississauga ON L4Z 1S2		1,163.90
Imran Bashir	303 Pinetree Way Mississauga ON L5B 2R4		2,949.00
Indoor Purification Systems	334 N. Marshall Way, Suite C Layton UT 84041		189,869.89
Javald Khan	124 Mountainberry Rd Brampton ON L6R 2L7		21,834.00
Lodestar	1155 Appleby Line Unit E4 Burlington ON L7H 5H9		570.40

District of: Ontario  
 Division No. 09 - Mississauga  
 Court No.  
 Estate No.

## - FORM 33 -

Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of  
 Heaven Fresh Canada Inc.  
 of the City of Mississauga  
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Master Card	Box 4016, Stn A Toronto ON M5W 2E6	(2) 6456 and 6464	4,566.91
RBC CANADA	25 Milverton Drive Mississauga ON L5R 3G2	10184	14,019.66
RBC Line of Credit	36 York Mills Rd 4th Floor Toronto ON M2P 0A4	677399320001	100,000.00
Sayed Miri	3555 Don Mills Road, Unit 18-107 Toronto ON M3M 1H6		20,000.00
Shanghai Neo Tec	4501 Hu Qing Ping Highway, Hong Cheng Zone Shanghai, China		17,075.76
Siber Circuits	145 Riviera Dr, Units 2, 3, 4 Markham ON L3R 5J6		1,084.80
Softech Systems	955 L phase 3 Johar Town Lahore, Pakistan 54770		24,731.74
T D Canada Trust	1900 Ellesmere Scarborough ON M1H 2V8	0239-5211274	9,874.02
Tariq Malik	2067 Eringate Blvd 2067 Eringate Blvd Pickering ON L1V 2V4		6,000.00
Thinking Capital	4200 Blvd Dorchester Montreal QC H3Z 1V4		82,013.95
Visa 1842	Box 4016, Stn A Toronto ON M5W 2E6	2(1842)(8163)	14,066.50
Visa1867	Box 4016, Stn A Toronto ON M5W 2E6	2(1867)(8148)	3,913.01
Wells Fargo	Box 6782 Stn A, Toronto ON M5W 1X5	5478-0203-0393-2883	39,966.38
Wires Law	1600-2300 Yonge St Toronto ON M4P 1E4		826.84

District of: Ontario  
 Division No. 09 - Mississauga  
 Court No.  
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

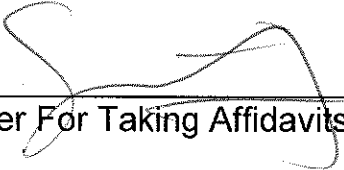
In the matter of the proposal of  
 Heaven Fresh Canada Inc.  
 of the City of Mississauga  
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Xiaoqing Sheng	170 Esna Park Dr Mississauga ON L3R 1E3		9,321.00
Zhaohui Tang	170 Esna Park Dr Mississauga ON L3R 1E3		9,321.00
<b>Total</b>			<b>1,217,277.42</b>

  
 Heaven Fresh Canada Inc.  
 Insolvent Person

# Tab C

This is Exhibit "C" referred to  
in the Affidavit of **Imran Bashir**  
sworn before me, this  
**27<sup>th</sup>** day of **July, 2017**



---

Commissioner For Taking Affidavits

Request ID: 020448039  
 Transaction ID: 64953612  
 Category ID: UN/E

Province of Ontario  
 Ministry of Government Services

Date Report Produced: 2017/07/04  
 Time Report Produced: 15:44:15  
 Page: 1

## CORPORATION PROFILE REPORT

<b>Ontario Corp Number</b>	<b>Corporation Name</b>	<b>Incorporation Date</b>
1620421	HEAVEN FRESH CANADA INC.	2004/05/31
		<b>Jurisdiction</b>
		ONTARIO
<b>Corporation Type</b>	<b>Corporation Status</b>	<b>Former Jurisdiction</b>
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
<b>Registered Office Address</b>		<b>Date Amalgamated</b>
1600 AIMCO BLVD		NOT APPLICABLE
<b>Suite # 5</b>		<b>Amalgamation Ind.</b>
MISSISSAUGA		NOT APPLICABLE
ONTARIO		<b>New Amal. Number</b>
CANADA L4W 1V1		NOT APPLICABLE
		<b>Notice Date</b>
		NOT APPLICABLE
<b>Mailing Address</b>		<b>Letter Date</b>
1600 AIMCO BLVD		NOT APPLICABLE
<b>Suite # 5</b>		<b>Revival Date</b>
MISSISSAUGA		NOT APPLICABLE
ONTARIO		<b>Continuation Date</b>
CANADA L4W 1V1		NOT APPLICABLE
		<b>Transferred Out Date</b>
		NOT APPLICABLE
		<b>Cancel/Inactive Date</b>
		NOT APPLICABLE
		<b>EP Licence Eff.Date</b>
		NOT APPLICABLE
		<b>EP Licence Term.Date</b>
		NOT APPLICABLE
	<b>Number of Directors</b>	<b>Date Commenced</b>
	<b>Minimum Maximum</b>	<b>in Ontario</b>
	00001 00005	NOT APPLICABLE
<b>Activity Classification</b>		<b>Date Ceased</b>
NOT AVAILABLE		<b>in Ontario</b>
		NOT APPLICABLE



Request ID: 020448039  
 Transaction ID: 64953612  
 Category ID: UN/E

Province of Ontario  
 Ministry of Government Services

Date Report Produced: 2017/07/04  
 Time Report Produced: 15:44:15  
 Page: 2

## CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1620421	HEAVEN FRESH CANADA INC.

Corporate Name History	Effective Date
HEAVEN FRESH CANADA INC.	2004/05/31

Current Business Name(s) Exist:	YES
Expired Business Name(s) Exist:	NO

Administrator: Name (Individual / Corporation)	Address
MOHAMMAD KAMAL ANWAR	11 ANTRIM CRES  Suite # 508 SCARBOROUGH ONTARIO CANADA M1P 4P3

Date Began	First Director	
2004/05/31	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	SECRETARY	

Request ID: 020448039  
 Transaction ID: 64953612  
 Category ID: UN/E

Province of Ontario  
 Ministry of Government Services

Date Report Produced: 2017/07/04  
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## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1620421

HEAVEN FRESH CANADA INC.

**Administrator:**

Name (Individual / Corporation)

Address

MOHAMMAD  
 KAMAL  
 ANWAR

11 ANTRIM CRES  
  
 Suite # 911  
 SCARBOROUGH  
 ONTARIO  
 CANADA M1P 4P3

Date Began

First Director

2004/05/31

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

**Administrator:**

Name (Individual / Corporation)

Address

MOHAMMAD  
 KAMAL  
 ANWAR

11 ANTRIM CRES  
  
 Suite # 911  
 SCARBOROUGH  
 ONTARIO  
 CANADA M1P 4P3

Date Began

First Director

2004/05/31

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

TREASURER

Y

Request ID: 020448039  
 Transaction ID: 64953612  
 Category ID: UN/E

Province of Ontario  
 Ministry of Government Services

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## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1620421

HEAVEN FRESH CANADA INC.

**Administrator:**

Name (Individual / Corporation)

Address

IMRAN

80 ALTON TOWERS CR

BASHIR

Suite # 2005  
 SCARBOROUGH  
 ONTARIO  
 CANADA M1V 5E8

Date Began

First Director

2004/05/31

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

**Administrator:**

Name (Individual / Corporation)

Address

IMRAN

80 ALTON TOWERS CR

BASHIR

Suite # 2005  
 SCARBOROUGH  
 ONTARIO  
 CANADA M1V 5E8

Date Began

First Director

2004/05/31

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

PRESIDENT

Request ID: 020448039  
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 Category ID: UNE

Province of Ontario  
 Ministry of Government Services

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## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1620421

HEAVEN FRESH CANADA INC.

**Administrator:**

Name (Individual / Corporation)

Address

MOHAMMAD  
 AZAM  
 GONDAL

73 MAJOR OAKS DRIVE

BRAMPTON  
 ONTARIO  
 CANADA L6V 3K1

Date Began

First Director

2004/05/31

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

**Administrator:**

Name (Individual / Corporation)

Address

MOHAMMAD  
 AZAM  
 GONDAL

73 MAJOR OAKS DRIVE

BRAMPTON  
 ONTARIO  
 CANADA L6V 3K1

Date Began

First Director

2004/05/31

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

Y

GENERAL MANAGER

Request ID: 020448039  
 Transaction ID: 64953612  
 Category ID: UN/E

Province of Ontario  
 Ministry of Government Services

Date Report Produced: 2017/07/04  
 Time Report Produced: 15:44:15  
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## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1620421

HEAVEN FRESH CANADA INC.

**Administrator:**

Name (Individual / Corporation)

Address

AZAM  
 MOHAMMAD  
 GONDAL

115 BAYRIDGE DR

BRAMPTON  
 ONTARIO  
 CANADA L6P 2N7

Date Began

First Director

2004/05/31

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

**Administrator:**

Name (Individual / Corporation)

Address

AZAM  
 MOHAMMAD  
 GONDAL

115 BAYRIDGE DR

BRAMPTON  
 ONTARIO  
 CANADA L6P 2N7

Date Began

First Director

2004/05/31

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

TREASURER

Request ID: 020448039  
 Transaction ID: 64953612  
 Category ID: UN/E

Province of Ontario  
 Ministry of Government Services

Date Report Produced: 2017/07/04  
 Time Report Produced: 15:44:15  
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## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1620421

HEAVEN FRESH CANADA INC.

**Administrator:**

Name (Individual / Corporation)

Address

TAOUFIK  
 LAHRACHE

5200 N OAKVIEW STREET

Suite # 1E  
 CHICAGO  
 ILLINOIS  
 UNITED STATES OF AMERICA 60656

Date Began

First Director

2004/05/31

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

TREASURER

N

**Administrator:**

Name (Individual / Corporation)

Address

TAOUFIK  
 LAHRACHE

1153 WEST WASHBURNE ST

Suite # 301  
 CHICAGO  
 ILLINOIS  
 UNITED STATES OF AMERICA 60608

Date Began

First Director

2004/05/31

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

N

Request ID: 020448039  
Transaction ID: 64953612  
Category ID: UN/E

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2017/07/04  
Time Report Produced: 15:44:15  
Page: 8

## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1620421

HEAVEN FRESH CANADA INC.

**Administrator:**

Name (Individual / Corporation)

Address

TAOUFIK  
LAHRACHE

1153 WEST WASHBURNE ST  
Suite # 301  
CHICAGO  
ILLINOIS  
UNITED STATES OF AMERICA 60608

Date Began

First Director

2004/05/31

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

GENERAL MANAGER

Request ID: 020448039  
Transaction ID: 64953612  
Category ID: UN/E

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2017/07/04  
Time Report Produced: 15:44:15  
Page: 9

## CORPORATION PROFILE REPORT

**Ontario Corp Number**

1620421

**Corporation Name**

HEAVEN FRESH CANADA INC.

**Last Document Recorded**

**Act/Code Description**

**Form**

**Date**

CIA ANNUAL RETURN 2016

1C

2016/11/13 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

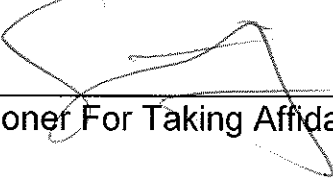
ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.



# Tab D

This is Exhibit "D" referred to  
in the Affidavit of **Imran Bashir**  
sworn before me, this  
**27<sup>th</sup>** day of **July, 2017**



---

Commissioner For Taking Affidavits

**WAREHOUSING SERVICES AGREEMENT**

by and between

**HeavenFresh Canada Inc.**

and

**Danby Products Limited**

This Warehousing Agreement is made and entered into by and between

HeavenFresh Canada Inc. ("HeavenFresh"), a company duly incorporated and organized under the laws of Ontario, with a place of business at 5-1600 Aimco Blvd, Mississauga, ON L4W 1V1.

AND

Danby Products Limited, a company duly incorporated and organized under the laws of Ontario and having its principal office at 5070 Whitelaw Road, Guelph, ON N1H 6Z9 ("Danby").

**Recitals**

WHEREAS, HeavenFresh is supplier and engaged in the innovation, design, development, and sale of Air Purifiers, Humidifiers, Juicers and related products. HeavenFresh is also a distributor for other small appliances through their Redmond North American distribution deal.

WHEREAS, HeavenFresh has agreed to utilize the Danby Products Limited warehouse for storage and order fulfilment.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth, HeavenFresh and the Danby agree as follows:

1. **Definitions**

Whenever used in this Agreement (which term is deemed to include the Exhibits hereto) the following terms and expressions shall, to the extent the context does not require otherwise, have the following meaning:

- 1.1 "Agreement" means this Warehousing Services Agreement by and between HeavenFresh and the Danby as it may be amended from time to time in accordance with the terms set forth herein.
- 1.2 "Product(s)" means the products described in Exhibit 1, which is attached hereto and incorporated herein by this reference, and such other products as the parties may agree to add to Exhibit 1 from time to time.

**2. Grant and Scope**

- 2.1 HeavenFresh hereby appoints Danby Products Limited to perform warehousing services on HeavenFresh's behalf. These services will include receiving inventory, storage of inventory, and pick, pack and shipment of products to HeavenFresh's customers as HeavenFresh directs. Authorization to ship out product will be provided on an order by order basis from the HeavenFresh duly appointed representative.
- 2.2 HeavenFresh shall provide Danby with the assistance necessary to allow such Distributor to perform its obligations under this Agreement.

**3. Products**

- 3.1 The Products are designed and manufactured in accordance with all applicable laws and regulations as represented by HeavenFresh.
- 3.2 In furtherance of the initiation of this warehousing services agreement, HeavenFresh will provide Danby with an initial shipment of inventory as set forth in Schedule "\*" (the "Initial Inventory"). The Initial Inventory will be physically transferred to Danby's warehouses at 5070 Whitelaw Road, Guelph, ON, N1H 6Z9, free of transport and shipping costs, within one week of this Agreement. Danby will hold the Initial Inventory and use this Initial Inventory to ship orders placed by customers in the Territories. HeavenFresh represents and warrants that the Initial Inventory will be in good and working condition, fit for its purpose and be of merchantable quality, and comply with all applicable laws and regulatory requirements applicable to its marketing, sale, installation and use. HeavenFresh further warrants that it will provide the Initial Inventory with good and marketable title free and clear of all liens and encumbrances and that Distributor in each Territory will be able to convey same to its customers without restriction or liability. HeavenFresh will indemnify and save Danby harmless from and against any damages, liabilities or claims arising from any breach by HeavenFresh of its representations and warranties hereunder.
- 4 It is agreed that in respect of any orders fulfilled that draw down Initial Inventory, Danby will pay HeavenFresh within on or before the 15th day of the following month, or if such day is not a business day the next following business day. For example, for an order placed on June 10th, 2017, Distributor will pay HeavenFresh on or before July 17, 2017 (July 15<sup>th</sup> and 16<sup>th</sup> being weekend days). Such payment shall be made to the order of or as directed by HeavenFresh by wire transfer or other means acceptable to the parties as agreed in writing from time to time. Until the Initial Inventory is sold, Distributor will charge HeavenFresh a storage fee of \$1.50 per unit per month. This charge will be settled via payment from HeavenFresh to Danby with Net 15 day terms. If invoices are not paid, Danby has the right to sell existing HeavenFresh inventory to settle unpaid warehousing and service fee invoices.

## Orders

- 5.1 Any orders for sales that HeavenFresh receives will be forwarded to Danby, and are only accepted when confirmed in writing by Danby. These orders will be then picked, packed and shipped as per the order details. For single unit orders, HeavenFresh will reimburse Danby a fee of \$5.00 per order for picking and packing the order and reimburse the full cost of shipping costs. For multiple item shipments, HeavenFresh will reimburse Danby a fee of \$20 / per order plus \$0.50 per unit shipped for picking and packing the order and reimburse the full cost of shipping costs.
- 5.2 The applicable currency is Canadian Dollars (CDN).

## 6. Limited Warranty, Disclaimer and Limitations.

- 6.1 HeavenFresh warrants that the Product's material and workmanship of the structure comply with legal requirements, technical Specification and declared quality characteristic in all aspects. The warranty period of all deliverables under this Agreement shall be 2 year following their delivery to the Distributor, unless the laws applicable in the country where the Product is sold require a longer warranty period vis-à-vis the Customer. In such case, the longer statutory warranty period shall applicable vis-à-vis the Customer shall also apply to HeavenFresh
- 6.2 HeavenFresh shall have no obligation under the warranty to prepare or replace defective components or defective Product units if the defect is a result of any the following: accidents or catastrophes, improper or unauthorized use or maintenance of the Products, use of the Products in manner for which they were not designed and sold, alteration or modification of the Products, utilization of the Products in connection with hardware or software items not approved by HeavenFresh

## 7. Confidential Information

- 7.1 Each Party to this agreement acknowledges that it will receive confidential information and trade secrets (the "Confidential Information") from HeavenFresh in the course of performing this Agreement. The term Confidential Information shall include all information, data or knowledge (whether in oral, written, graphic, electronic, machine-readable or other form) related to HeavenFresh's business, operations, Products, financial affairs, customers and vendors, including without limitation, technical data, research, ideas, designs, know-how, concepts, patent applications, forecasts, customer lists and contacts.
- 7.2 Confidential Information shall not include any information that is publicly available at the time of disclosure or subsequently becomes publicly available through no fault of the recipient party or is rightfully acquired by the recipient party from a third party who is not in breach of an agreement to keep such information confidential. Confidential Information shall not include any information which is

disclosed to the Customers by the Distributor in order for the Customers to use the Products, including technical specifications contained in the user manual.

- 7.3 The foregoing obligations shall replace any previously agreed obligations regarding secrecy in respect of information relating to the Products and/or this Agreement and they shall survive the termination of this Agreement and remain valid for a period of five (5) years after such termination, unless such information shall be disclosed to the public or shall become public knowledge other than by breach of this obligation.

## **8.. Force Majeure**

- 8.1 Neither HeavenFresh nor Danby shall be liable to the other for any delay or non-performance of its obligations under the Agreement in the event and to the extent that such delay or non-performance is due to an event of Force Majeure (as defined hereinafter).
- 8.2 Events of Force Majeure are events beyond the control of a party or any of its sub-contractors that occur after the date of HeavenFresh's order confirmation referred to above and which were not reasonably foreseeable at that time and whose effects are not capable of being overcome without unreasonable expense and/or loss of time to the party concerned. Events of Force Majeure shall include (without being limited to) war, civil unrest, strikes, lockouts and other general labour disputes, acts of government, natural disasters, exceptional weather conditions, breakdown or general unavailability of transport facilities, accidents, fire, explosions, and general shortages of energy and materials.
- 8.3 A party directly affected by an event of Force Majeure shall lose the right to rely on the same, unless, promptly after the time when the party became or ought to have become aware of the occurrence of the event, that party gives the other party written notice thereof. When the event of Force Majeure has come to an end, the said other party shall be notified and also, if possible, be informed when any measure postponed by the event will be effected.

## **9.0 Term of the Agreement**

- 9.1** This Agreement shall enter into force when duly signed by any authorized representative of HeavenFresh and Distributor and shall remain in force for a period of 3 years.
- 9.2** This Agreement may be terminated by the Distributor by providing the other party one hundred and eighty (180) days' advance written notice. Upon expiration of the original term of this Agreement, it shall continue from year to year thereafter with the approval of both parties in writing, and subject to termination at any time as aforesaid with one hundred and eighty (180) days' prior written notice. It shall terminate automatically after the expiry of 3 years. The parties shall start negotiations for a new distribution agreement at the latest 3 months before the 3 years' period, unless this Agreement has been terminated earlier.

**9.3** Notwithstanding the foregoing provisions, this Agreement may be terminated

- (a) by either party immediately upon written notice if the other party should become insolvent or enters into negotiations on composition with its creditors or a petition in bankruptcy should be filed by it or it should make an assignment for the benefit of its creditors; or
- (b) by either party immediately upon written notice if the other party should fail to fulfil any of its obligations under this Agreement and such failure is not remedied within one hundred and eighty (180) days' from having received a request for such remedial action from the first party; or
- (c) by HeavenFresh immediately upon written notice if the control of Distributor shall be transferred to any person(s) other than the person(s) in control of Distributor at the effective date of this Agreement (but HeavenFresh shall only be entitled to terminate within the period of one hundred and eighty (180) days' after [Rights Owner] shall have been notified in writing of the change in control).

**10.0** **Effects of Termination**

**10.1** On the termination of this Agreement all rights and obligations of the parties hereunder shall automatically terminate except:

- (a) for such rights of action as shall have accrued prior to such termination and any obligation which expressly or by implication are intended to come into or continue in force on or after such termination; and
- (b) Danby shall be entitled to sell any of its stocks of the Products which have been fully paid for and which are required to fulfil unperformed contracts outstanding at the date of termination (and to the extent and for that purpose the provisions of this Agreement shall continue in effect).

**10.2** All orders for undelivered Products shall be automatically cancelled.

10.3 All outstanding unpaid invoices in respect of the Products shall become immediately payable in place of the payment terms previously agreed between the parties.

10.4 In the event of HeavenFresh bankruptcy or similar restructuring process, Danby shall have the right to use the inventory on hand and liquidate the inventory to settle the offsetting liability that HeavenFresh owes Danby and will owe Danby and for services performed under this contract.



**11. Amendments**

No amendments, changes, revisions or discharges of this Agreement, in whole or in part, shall have any force or effect unless set forth in writing and signed by the parties hereto.

**12. Agreement**

This Agreement (together with all attachments and exhibits hereto) constitutes the entire agreement between the parties and supersedes any and all prior proposals, representations, understandings, and all other agreements between the parties, whether written or oral, with respect to the subject matter hereof. Any purchase order, order acknowledgement, invoice or other document containing additional or different terms of conditions shall not have force or effect upon the terms and conditions of this Agreement and any party receiving such document shall not be deemed to have accepted said additional or different terms or conditions by its failure to object thereto.

**13. Waiver**

The failure of either party hereto to insist upon the strict adherence to any term of this Agreement on any occasion shall not be considered as a waiver of any right hereunder nor shall it deprive that party of the right to insist upon the strict adherence to that term or any other term of this Agreement at some other time.

**14. Compliance with Law and Supplier Code of Conduct**

Each party's performance under this Agreement will comply with all applicable laws and regulations, as well as local laws of the Territory and all orders, rules and regulations thereunder. Specifically, Distributor shall conduct business in compliance with all applicable laws in the Territory and agrees not to make any payment or gift to government officials or employees in violation of local laws.

**15. Survival of Rights and Obligations**

Rights and obligations under this Agreement, which by their nature would continue beyond the termination or ending in any other way of this Agreement shall survive the termination of this Agreement.

**16. Governing Law**

This Agreement shall be construed in accordance with the laws of Ontario. Any controversy or claim arising out of or relating to this Agreement or to its breach shall be settled by arbitration by a single arbitrator. The fee of the arbitrator shall be split equally between Distributor and HeavenFresh The prevailing party in the

arbitration shall be entitled to receive from the other party its reasonable attorneys' fees and costs incurred in connection with any arbitration hereunder.

**17. Notices**

All notices, requests, demands and other communications required by this Agreement to be given by either party to the other party shall be forwarded by registered or certified first class mail, overnight courier service, such as Federal Express or DHL, or hand delivery and shall be addressed as follows:




If to HeavenFresh, to:

5-1600 Aimco Blvd, Mississauga, ON L4W 1V1

If to Danby Products Limited ("Distributor for Canada") or Danby Products Inc. ("Distributor for the US and Mexico") to it at:

5070 Whitelaw Road, Guelph, ON N1H 6Z9.

or to such other address as either party may specify from time to time in writing to the other. Notices shall have been received or deemed received by the intended recipient on the date of registered delivery, or upon signed receipts for hand deliveries, as the case may be.

<p><b>HeavenFresh</b></p> <p>Per: _____                    _____                  Authorized Signing Officer                  I have authority to bind the corporation                  Name: Imran Bashir _____                  Title: _President_____</p>	<p><b>Danby Products Limited</b></p> <p>Per: _____ <i>June 19, 2017</i>                    _____                  Authorized Signing Officer                  I have authority to bind the corporation                  Name: Andrew Raymond _____                  Title: _CFO_____</p>
	<p><b>Danby Products Inc.</b></p> <p>Per: _____ <i>June 19, 2017</i>                    _____                  Authorized Signing Officer                  I have authority to bind the corporation                  Name: Andrew Raymond _____                  Title: _CFO_____</p>

**Exhibit 1****Product List****Products**

To be mutually determined by the Parties but will include the air purifier appliance, humidifier appliance, juicer appliance and other related products. In addition all Redmond products that are currently part of HeavenFresh's current distribution deal with Redmond.

## Schedule "K"

## List and Description of Initial Inventory

**Stock Summary**Heaven Fresh Canada  
Inc.

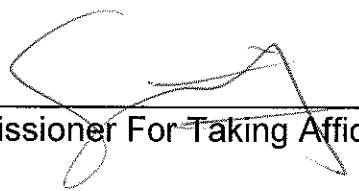
14-Jun-17

<u>Item Code</u>	<u>Physical Quantity</u>
HF 60	327
HF 200	114
HF 20-White	84
HF 20-S	399
HF 380	66
HF3014	3
HF 310A	11
HF 210UV	27
Wine Gizmo	598
HF100	415
HF 507	193
<b>Redmonds</b>	
RMC-M23A	258
RMC-M90A	38
RMC-PM4506A	350
RMC-M4502A	302
RMC-280A	84
RMC-M150A	186
RMC-250A	254
RMC-M110A	89
RMC-M190A	92
<b>Spare Parts</b>	
HF 380/380A Lamp	386
HF 380/380A Plate	11
HF 380/380A TiO2 Filter	56
HF 310A HEPA Filter	220
HF 310A TiO2 Filter	119
HF710-Filter	311
HF 210UV Adaptor	33
HF 210UV Lamp	245
HF 210UV Plate	140
HF 200 Adaptor	32
HF501/507-Fiber Filter	566
HF507-Fil/Lvndr	64
HF507-Fil/Jsmn	80



# Tab E

This is Exhibit "E" referred to  
in the Affidavit of **Imran Bashir**  
sworn before me, this  
**27<sup>th</sup>** day of **July, 2017**

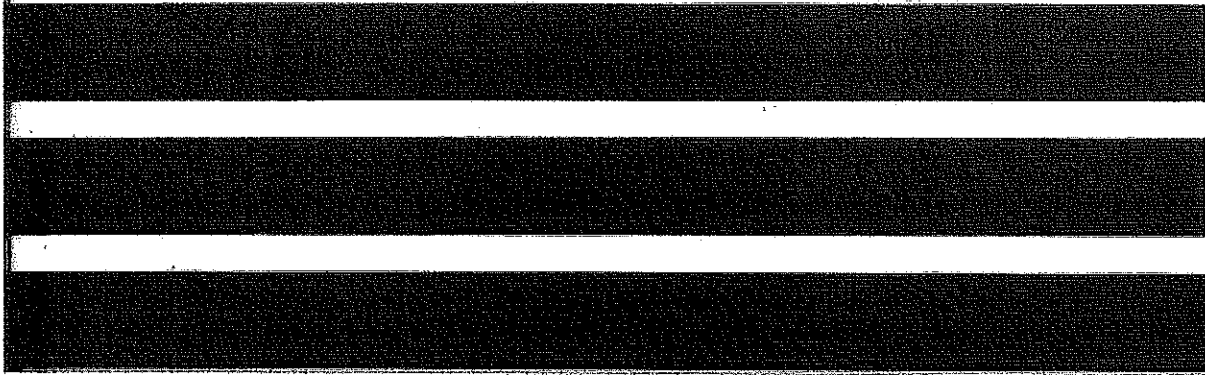


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Commissioner For Taking Affidavits



**HEAVEN FRESH CANADA INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
*(Unaudited)*







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**REVIEW ENGAGEMENT REPORT**

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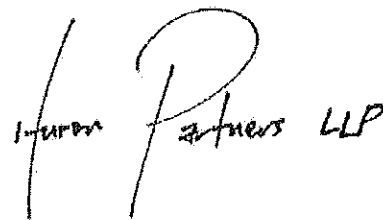
To the Shareholders of Heaven Fresh Canada Inc.

We have reviewed the balance sheet of Heaven Fresh Canada Inc. as at June 30, 2015 and the statements of loss, retained earnings and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Company.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for private enterprises.

The financial statements for the year ended June 30, 2014 were reviewed by another accounting firm and are presented for comparative purposes only.

A handwritten signature in black ink that reads "Huron Partners LLP". The signature is stylized, with the 'H' and 'P' being particularly large and prominent.

MISSISSAUGA, ONTARIO  
April 28, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants



**HEAVEN FRESH CANADA INC.**  
**BALANCE SHEET**  
**JUNE 30, 2015**  
*(UNAUDITED)*

	2015	2014
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 9)	\$ -	\$ 7,379
Accounts receivable	38,924	47,028
Inventory	360,640	317,172
Income taxes recoverable	12,207	-
Harmonized sales tax recoverable	8,819	-
Prepaid expenses	5,950	5,858
Deposits	38,883	-
Due from related parties (Note 4)	208,869	257,258
	<u>674,292</u>	<u>634,695</u>
PROPERTY AND EQUIPMENT (Note 5)	17,902	22,985
INTANGIBLE ASSETS (Note 6)	110,612	-
INVESTMENT IN FOREIGN AFFILIATES (Note 7)	57,302	77,302
DUE FROM SHAREHOLDERS (Note 8)	-	18,133
	<u>\$ 860,108</u>	<u>\$ 753,115</u>

See notes to financial statements



**HEAVEN FRESH CANADA INC.**  
**BALANCE SHEET**  
**JUNE 30, 2015**  
*(UNAUDITED)*

	2015	2014
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Bank indebtedness <i>(Note 9)</i>	\$ 116,488	\$ -
Accounts payable and accrued liabilities	236,055	147,600
Employee deductions payable	17,541	5,290
Harmonized sales tax payable	-	3,407
Income taxes payable	-	34,035
Current portion of long term debt <i>(Note 10)</i>	50,916	37,476
Loans payable <i>(Note 11)</i>	66,592	12,392
Due to related parties <i>(Note 4)</i>	32,056	18,000
	519,648	258,200
LONG TERM DEBT <i>(Note 10)</i>	144,129	133,492
DEFERRED GRANT <i>(Note 6)</i>	50,957	-
DUE TO SHAREHOLDERS <i>(Note 8)</i>	41,838	4,507
	756,572	396,199
<b>SHAREHOLDERS' EQUITY</b>		
Share capital <i>(Note 13)</i>	100	100
Retained earnings	103,436	356,816
	103,536	356,916
	\$ 860,108	\$ 753,115

COMMITMENTS *(Note 14)*

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See notes to financial statements

**HEAVEN FRESH CANADA INC.**  
**STATEMENT OF LOSS**  
**YEAR ENDED JUNE 30, 2015**  
*(UNAUDITED)*

	2015	2014
<b>REVENUE</b> (Note 4)	\$ 1,077,684	\$ 1,379,428
<b>COST OF GOODS SOLD</b> (Note 12)	<u>815,121</u>	<u>685,399</u>
<b>GROSS PROFIT</b> (24%; 2014 - 50%)	<u>262,563</u>	<u>694,029</u>
<b>MANAGEMENT FEES</b> (Note 4)	<u>130,800</u>	<u>104,500</u>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Advertising and promotion	22,255	20,753
Amortization of tangible assets	10,951	21,224
Bad debts	21,245	-
Business software, licenses and memberships	12,034	14,332
Commissions	17,468	15,598
Consulting fees	77,110	30,170
Credit card charges	7,588	6,344
Insurance	10,798	11,458
Interest and bank charges	41,906	10,095
Interest on long term debt	19,141	14,546
Interest on short term borrowings	5,058	-
Meals and entertainment	2,703	3,332
Occupancy costs	57,885	55,324
Office and general	14,078	6,929
Professional fees	18,819	20,100
Repairs and maintenance	1,902	3,519
Research and development	-	11,800
Salaries and wages	214,344	202,566
Sub-contractor (Note 4)	76,316	94,370
Telecommunications	9,354	9,599
Travel	10,756	7,135
Utilities	6,954	5,737
Vehicle	8,079	13,618
	<u>666,744</u>	<u>578,549</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<u>(273,381)</u>	<u>219,980</u>
<b>OTHER EXPENSES</b>		
Loss on disposal of investments (Note 7)	<u>20,000</u>	<u>-</u>
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	<u>(293,381)</u>	<u>219,980</u>
<b>INCOME TAXES (RECOVERED)</b>	<u>(40,001)</u>	<u>43,250</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (253,380)</u>	<u>\$ 176,730</u>

See notes to financial statements



**HEAVEN FRESH CANADA INC.**  
**STATEMENT OF RETAINED EARNINGS**  
**YEAR ENDED JUNE 30, 2015**  
*(UNAUDITED)*

	2015	2014
RETAINED EARNINGS - BEGINNING OF YEAR	\$ 356,816	\$ 180,086
NET INCOME (LOSS) FOR THE YEAR	<u>(253,380)</u>	<u>176,730</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 103,436</u>	<u>\$ 356,816</u>

See notes to financial statements



**HEAVEN FRESH CANADA INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2015**  
*(UNAUDITED)*

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Net income (loss)	\$ (253,380)	\$ 176,730
Items not affecting cash:		
Amortization of property and equipment	10,951	21,224
Loss on disposal of investment in foreign affiliate	20,000	-
	<u>(222,429)</u>	<u>197,954</u>
Changes in non-cash working capital:		
Accounts receivable	8,104	19,684
Inventory	(43,468)	(129,836)
Harmonized sales tax	(12,226)	(2,011)
Income taxes payable	(46,242)	34,035
Prepaid expenses	(92)	57,694
Deposits	(38,883)	-
Accounts payable and accrued liabilities	88,454	(7,061)
Employee deductions payable	12,251	(7,999)
	<u>(32,102)</u>	<u>(35,494)</u>
Cash flow from (used by) operating activities	<u>(254,531)</u>	<u>162,460</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(5,868)	(9,790)
Internally generated intangible assets	(110,612)	-
Investment in foreign affiliates	-	(27,301)
Cash flow used by investing activities	<u>(116,480)</u>	<u>(37,091)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from short term loans	54,200	12,392
Advances from (to) related parties	62,445	(248,603)
Advances from (to) shareholders	55,465	(51,155)
Proceeds from long term debt	24,077	170,968
Proceeds from government grants	50,957	-
Cash flow from (used by) financing activities	<u>247,144</u>	<u>(116,398)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<u>(123,867)</u>	<u>8,971</u>
Cash - beginning of year	7,379	\$ (1,590)
<b>CASH (DEFICIENCY) - END OF YEAR</b>	<u>\$ (116,488)</u>	<u>\$ 7,381</u>
<b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>		
Cash	\$ -	\$ 7,379
Bank indebtedness	(116,488)	-
	<u>\$ (116,488)</u>	<u>\$ 7,379</u>

See notes to financial statements



**HEAVEN FRESH CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
*(UNAUDITED)*

**1. DESCRIPTION OF BUSINESS**

Heaven Fresh Canada Inc. (the "Company") was incorporated under the Ontario Business Corporations Act on May 31, 2004. The Company's principal business activity is wholesale and retail sales and distribution of small household appliances.

**2. BASIS OF PRESENTATION**

The financial statements were prepared in accordance with Canadian accounting standards for private enterprises (ASPE).

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Revenue recognition

The Company recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are ordered
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a weighted average cost basis.

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization. Property and equipment is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Equipment	30%	declining balance method
Computer equipment	55%	declining balance method
Computer software	55%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	10 years	straight-line method

The Company regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

*(continues)*

See Review Engagement Report





**HEAVEN FRESH CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
*(UNAUDITED)*

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Intangible assets

The Internally generated intangible assets are being amortized on a straight-line basis over their estimated useful lives. Intangible assets generated during the year but not placed into use are not amortized until they are placed into use.

Investment in foreign affiliates

The Company's investment in foreign wholly and partially owned affiliates are accounted for at cost.

Income taxes

The Company uses the income taxes payable method of accounting for income taxes. Under this method, the Company reports as an expense (income) of the period only the cost (benefit) of current income taxes determined in accordance with the rules established by taxation authorities.

Research and development

The Company annually incurs costs on activities that relate to research and development of new products. Research and development costs are expensed except in cases where development costs meet certain identifiable criteria for deferral. Deferred development costs are amortized over the life of the commercial production, or in the case of serviceable property, plant and equipment, are included in the appropriate property group and are depreciated over its estimated useful life.

Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued at cost. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Scientific Research and Development

Scientific research and development tax credits are recognized in income when received.

*(continues)*

See Review Engagement Report



**HEAVEN FRESH CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
*(UNAUDITED)*

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Comparative figures

Certain comparative amounts have been reclassified to conform to the current year's presentation.

**4. RELATED PARTIES**

	2015	2014
<u>Related party transactions</u>		
Heaven Fresh Pakistan		
<i>subsidiary</i>		
Sub-contractor	\$ 58,964	\$ -
Heaven Fresh United States of America		
<i>subsidiary</i>		
Management fees	\$ 56,863	\$ 66,000
Trade sales	177,975	29,797
Sub-contractor	(7,732)	-
	227,106	95,797
Heaven Fresh United Kingdom		
<i>subsidiary</i>		
Management fees	\$ 73,937	\$ 38,500
Trade sales	620	51,485
Sub-contractor	(13,623)	-
	60,934	89,985
Heaven Fresh Middle East		
<i>subsidiary</i>		
Trade sales	\$ 22,534	\$ 62,519
Sub-contractor	11,310	-
	33,844	62,519
	\$ 380,848	\$ 248,301

*(continues)*

See Review Engagement Report



**HEAVEN FRESH CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
*(UNAUDITED)*

**4. RELATED PARTIES (continued)**

2015                      2014

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Due from / to related parties

2015                      2014

Current portion due from related parties		
Heaven Fresh United States of America	\$ 186,691	\$ 197,656
Heaven Fresh Middle East	22,178	9,481
Heaven Fresh Germany	-	9,122
Heaven Fresh United Kingdom	-	40,999
	<u>\$ 208,869</u>	<u>\$ 257,258</u>
Current portion due to related parties		
Heaven Fresh Pakistan	\$ -	\$ 18,000
Heaven Fresh United Kingdom	32,056	-
	<u>\$ 32,056</u>	<u>\$ 18,000</u>

Advances from/to related Companies are non-interest bearing and have no set repayment terms. The Companies is related by virtue of shareholdings.

**5. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Equipment	\$ 8,527	\$ 6,778	\$ 1,749	\$ 2,499
Computer equipment	22,484	20,350	2,134	3,242
Computer software	35,525	27,454	8,071	9,980
Furniture and fixtures	4,987	2,459	2,528	3,160
Leasehold improvements	6,840	3,420	3,420	4,104
	<u>\$ 78,363</u>	<u>\$ 60,461</u>	<u>\$ 17,902</u>	<u>\$ 22,985</u>

**6. INTANGIBLE ASSETS**

2015                      2014

Research and development (at cost)	<u>\$ 110,612</u>	<u>\$ -</u>
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The intangible asset includes internally generated software for the Company's new product offerings.

The deferred government grant will be amortized based on the useful life of the intangible asset.

See Review Engagement Report

**HEAVEN FRESH CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
*(UNAUDITED)*

**7. INVESTMENT IN FOREIGN AFFILIATES**

Investments in foreign affiliates include investments in the following affiliates, which are accounted for at cost:

	Ownership %	2015	2014
Heaven Fresh United States of America	100.00	\$ 30,000	\$ 30,000
Heaven Fresh Middle East	60.00	27,301	27,301
Heaven Fresh United Kingdom	45.00	1	1
Heaven Fresh Germany	55.00	-	20,000
		<u>\$ 57,302</u>	<u>\$ 77,302</u>

During the year the investment in Heaven Fresh Germany was written off as the operations have ceased.

**8. DUE FROM (TO) SHAREHOLDERS**

	2015	2014
Long term portion due from shareholders		
Mohammad Azam	\$ -	\$ 14,814
Imran Bashir	-	2,699
Mohammad Anwar	-	620
	<u>\$ -</u>	<u>\$ 18,133</u>
Long term portion due to shareholders		
Imran Bashir	\$ 24,299	\$ -
Mohammad Anwar	13,032	-
Iqbal Kahloon	4,507	4,507
	<u>\$ 41,838</u>	<u>\$ 4,507</u>

The amounts due from/to shareholders are non-interest bearing and have no set payment terms. The loans have been postponed by the shareholders. Accordingly, the advances from shareholders have been classified as a long term liability.

**9. BANK INDEBTEDNESS**

The Company has a \$100,000 revolving demand facility bearing interest at prime plus 3.00% per annum due on demand. As of the balance sheet date, the amount owing was \$98,110 (2014: \$100,000). The credit facility is secured by a general security agreement covering all assets of the Company and a personal guarantee by the directors of the Company.

See Review Engagement Report



**HEAVEN FRESH CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
*(UNAUDITED)*

**10. LONG TERM DEBT**

	2015	2014
Bank term loan bearing interest at a floating base rate plus 1.00% per annum, repayable in monthly principal payments of \$520 plus interest. The loan matures on February 24, 2018 and is secured by a personal guarantee by the directors of the Company.	\$ 16,656	\$ 22,880
Bank term loan bearing interest at a floating base rate plus 1.00% per annum, repayable in monthly principal payments of \$1,140 plus interest. The loan matures on August 24, 2018 and is secured by a personal guarantee by the directors of the Company.	43,362	-
Bank term loan bearing interest at a floating base rate plus 3.25% per annum, repayable in monthly principal payments of \$833 plus interest. The loan matures on February 24, 2019 and is secured by a personal guarantee by the directors of the Company.	36,701	46,588
Bank term loan bearing interest at a floating base rate plus 3.25% per annum, repayable in monthly principal payments of \$1,750 plus interest. The loan matures on April 24, 2019 and is secured by a personal guarantee by the directors of the Company.	<u>98,326</u>	<u>101,500</u>
	195,045	170,968
Amounts payable within one year	<u>(50,916)</u>	<u>(37,476)</u>
	<u>\$ 144,129</u>	<u>\$ 133,492</u>

Principal repayment terms are approximately:

2016	\$ 50,916
2017	50,916
2018	48,836
2019	29,944
2020	<u>14,433</u>
	<u>\$ 195,045</u>

**11. LOANS PAYABLE**

The loans payable are interest bearing at 10.00%, have no set payment terms and are loaned by unrelated individuals. Accordingly, the advances from unrelated individuals have been classified as a current liability.

See Review Engagement Report

**HEAVEN FRESH CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
*(UNAUDITED)*

**12. COST OF GOODS SOLD**

	2015	2014
Inventory, beginning of year	\$ 317,172	\$ 187,337
Purchases	706,459	691,311
Freight in and duty	150,965	107,503
Warehouse supplies	1,165	16,420
Inventory, end of year	(360,640)	(317,172)
	\$ 815,121	\$ 685,399

**13. SHARE CAPITAL**

Authorized:  
 Unlimited Class A Common shares  
 Unlimited Class B Special shares

	2015	2014
Issued: 10,000 Class A Common shares	\$ 100	\$ 100

**14. LEASE COMMITMENTS**

The Company has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of operating costs. Future minimum lease plus operating cost payments as at June 30, 2015, are as follows:

2016	\$ 57,750
2017	59,250
	\$ 117,000

**15. FINANCIAL INSTRUMENTS**

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Company's risk exposure and concentration as of June 30, 2015.

*(continues)*

HEAVEN FRESH CANADA INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

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15. FINANCIAL INSTRUMENTS *(continued)*

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to credit risk from customers. In order to reduce its credit risk, the Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance and the company obtains credit card information from smaller suppliers to process payment upon ordering. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Company has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources and payments towards long term debt, loans payable, taxes payable, accounts payable and accrued liabilities and bank indebtedness.

Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Company is mainly exposed to currency and interest rate risk.

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk. The foreign exchange gain recorded in cost of sales as at June 30, 2015 is \$16,288 (2014: (\$24,465)).

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates between 1.00 - 3.25%. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. The Company is exposed to interest rate risk primarily through its floating interest rate bank indebtedness (Note 9) and credit facilities (Note 10).

**HEAVEN FRESH CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
*(UNAUDITED)*

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**16. SUBSEQUENT EVENTS**

The Company secured a \$90,000 bank term loan at a floating base rate plus 1.00% per annum, repayable in monthly principal payments of \$1,875 plus interest. The loan matures on November 2, 2019 and is secured by a personal guarantee by the directors of the Company.

The Company secured a \$10,000 bank term loan at a floating base rate plus 1.00% per annum, repayable in monthly principal payments of \$160 plus interest. The loan matures on May 2, 2021 and is secured by a personal guarantee by the directors of the Company.

The Company secured a \$10,000 bank term loan at a floating base rate plus 3.50% per annum, repayable in monthly principal payments of \$160 plus interest. The loan matures on November 2, 2020 and is secured by a personal guarantee by the directors of the Company.

See Review Engagement Report








# Tab F

This is Exhibit "F" referred to  
in the Affidavit of **Imran Bashir**  
sworn before me, this  
**27<sup>th</sup>** day of **July, 2017**



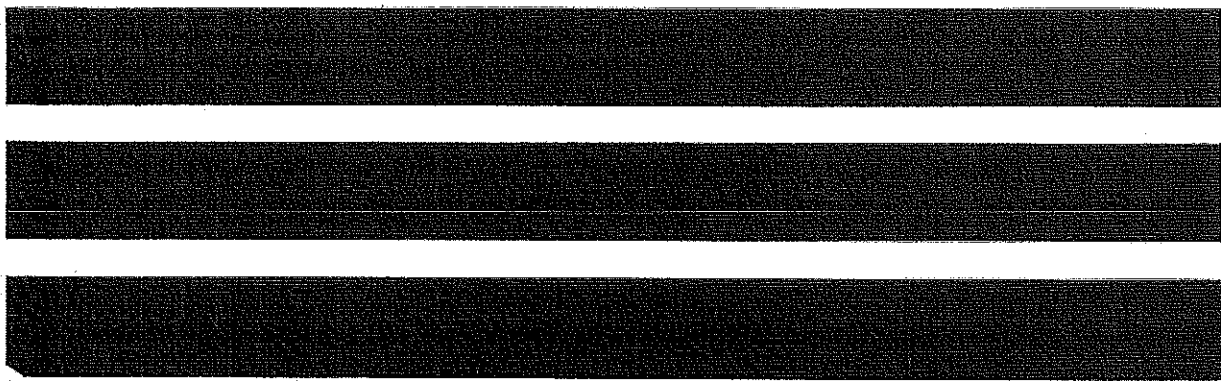
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Commissioner For Taking Affidavits



**HEAVEN FRESH CANADA INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**  
*(Unaudited)*

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HEAVEN FRESH CANADA INC.  
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YEAR ENDED JUNE 30, 2016  
*(Unaudited)*

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**REVIEW ENGAGEMENT REPORT**

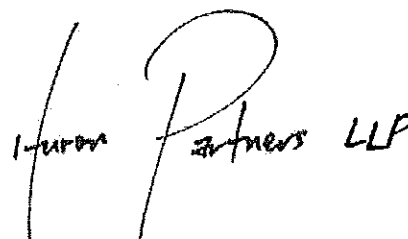
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To the Shareholders of Heaven Fresh Canada Inc.

We have reviewed the balance sheet of Heaven Fresh Canada Inc. as at June 30, 2016 and the statements of loss, deficit and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Company.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for private enterprises.

A handwritten signature in black ink that reads "Huron Partners LLP". The signature is stylized, with a large, looped 'P' and 'H'.

MISSISSAUGA, ONTARIO  
September 13, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants



**HEAVEN FRESH CANADA INC.**  
**BALANCE SHEET**  
**JUNE 30, 2016**  
*(UNAUDITED)*

	2016	2015
<b>ASSETS</b>		
<b>CURRENT</b>		
Accounts receivable	\$ 59,602	\$ 38,924
Inventory	194,206	360,640
Income taxes recoverable	-	12,207
Harmonized sales tax recoverable	-	8,819
Prepaid expenses	5,950	5,950
Deposits	15,432	38,883
	<u>275,190</u>	<u>465,423</u>
DUE FROM RELATED PARTIES <i>(Note 4)</i>	306,446	208,869
PROPERTY AND EQUIPMENT <i>(Note 5)</i>	10,574	17,902
INTANGIBLE ASSET <i>(Note 6)</i>	196,039	110,612
INVESTMENT IN FOREIGN AFFILIATES <i>(Note 7)</i>	57,302	57,302
	<u>\$ 845,551</u>	<u>\$ 860,108</u>

See notes to financial statements



**HEAVEN FRESH CANADA INC.**  
**BALANCE SHEET**  
**JUNE 30, 2016**  
*(UNAUDITED)*

	2016	2015
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Bank indebtedness <i>(Note 8)</i>	\$ 101,139	\$ 116,488
Accounts payable and accrued liabilities	228,783	236,055
Employee deductions payable	1,529	17,541
Harmonized sales tax payable	5,036	-
Short term debt <i>(Note 9.)</i>	26,903	-
Current portion of long term debt <i>(Note 10)</i>	77,256	50,916
Loans payable <i>(Note 11)</i>	73,592	66,592
Due to related party <i>(Note 4)</i>	73,945	32,056
	<u>588,183</u>	519,648
LONG TERM DEBT <i>(Note 10)</i>	160,436	144,129
DEFERRED GRANT <i>(Note 6)</i>	99,592	50,957
DUE TO SHAREHOLDERS <i>(Note 12)</i>	66,033	41,838
	<u>914,244</u>	756,572
<b>SHAREHOLDERS' DEFICIENCY</b>		
Share capital <i>(Note 13)</i>	100	100
Retained earnings (deficit)	(68,793)	103,436
	<u>(68,693)</u>	103,536
	<u>\$ 845,551</u>	<u>\$ 860,108</u>

LEASE COMMITMENTS *(Note 18)*

SUBSEQUENT EVENT *(Note 20)*

**ON BEHALF OF THE BOARD**

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

See notes to financial statements





**HEAVEN FRESH CANADA INC.**  
**STATEMENT OF LOSS**  
**YEAR ENDED JUNE 30, 2016**  
*(UNAUDITED)*

	2016	2015
<b>REVENUE</b> <i>(Note 4)</i>	\$ 970,237	\$ 1,077,684
<b>COST OF GOODS SOLD</b> <i>(Note 14)</i>	741,756	815,121
<b>GROSS PROFIT</b> <i>(24%; 2015 - 24%)</i>	228,481	262,563
<b>MANAGEMENT FEES</b> <i>(Note 4)</i>	15,790	130,800
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Advertising and promotion	52,344	22,255
Amortization of tangible assets	7,328	10,951
Bad debts	454	21,245
Business software, licenses and memberships	18,672	12,034
Commissions	28,571	17,468
Consulting fees	11,986	77,110
Credit card charges	5,763	7,588
Insurance	12,301	10,798
Interest and bank charges	19,006	41,906
Interest on long term debt	22,498	19,141
Interest on short term borrowings	4,943	5,058
Meals and entertainment	5,271	2,703
Occupancy costs	59,260	57,885
Office and general	4,345	14,078
Professional fees	4,451	18,819
Repairs and maintenance	2,801	1,902
Salaries and wages	120,565	214,344
Sub-contractor <i>(Note 4)</i>	59,072	76,316
Telecommunications	4,020	9,354
Travel	4,888	10,756
Utilities	6,571	6,954
Vehicle	15,534	8,079
	470,644	666,744
<b>LOSS FROM OPERATIONS</b>	(226,373)	(273,381)
<b>OTHER EXPENSES</b>		
Loss on disposal of investments	-	20,000
Scientific research and experimental development recovery	(54,144)	-
	(54,144)	20,000
<b>LOSS BEFORE INCOME TAXES</b>	(172,229)	(293,381)
<b>INCOME TAXES (RECOVERED)</b>	-	(40,001)
<b>NET LOSS</b>	\$ (172,229)	\$ (253,380)

See notes to financial statements



**HEAVEN FRESH CANADA INC.**  
**STATEMENT OF DEFICIT**  
**YEAR ENDED JUNE 30, 2016**  
*(UNAUDITED)*

	2016	2015
RETAINED EARNINGS - BEGINNING OF YEAR	\$ 103,436	\$ 356,816
NET LOSS FOR THE YEAR	<u>(172,229)</u>	<u>(253,380)</u>
RETAINED EARNINGS (DEFICIT) - END OF YEAR	<u>\$ (68,793)</u>	<u>\$ 103,436</u>

See notes to financial statements



**HEAVEN FRESH CANADA INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2016**  
*(UNAUDITED)*

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (172,229)	\$ (253,380)
Items not affecting cash:		
Amortization of property and equipment	7,328	10,951
Loss on disposal of investment in foreign affiliate	-	20,000
	<u>(164,901)</u>	<u>(222,429)</u>
Changes in non-cash working capital <i>(Note 15.)</i>	<u>171,985</u>	<u>(32,102)</u>
Cash flow from (used by) operating activities	<u>7,084</u>	<u>(254,531)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(5,868)
Internally generated intangible assets	(85,427)	(110,612)
Government grant	48,635	50,957
	<u>(36,792)</u>	<u>(65,523)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from short term debt	26,903	-
Proceeds from short term loans	7,000	54,200
Advances from (to) related parties	(55,688)	62,445
Advances from shareholders	24,195	55,465
Proceeds from long term debt, net of repayment	42,647	24,077
	<u>45,057</u>	<u>196,187</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>15,349</b>	<b>(123,867)</b>
Deficiency - beginning of year	<u>(116,488)</u>	<u>\$ 7,379</u>
<b>DEFICIENCY - END OF YEAR</b>	<b>\$ (101,139)</b>	<b>\$ (116,488)</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest paid	<u>\$ 27,442</u>	<u>\$ 42,119</u>
<b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>		
Bank indebtedness	<u>\$ (101,139)</u>	<u>\$ (116,488)</u>

See notes to financial statements

**HEAVEN FRESH CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**  
*(UNAUDITED)*

**1. DESCRIPTION OF BUSINESS**

Heaven Fresh Canada Inc. (the "Company") was incorporated under the Ontario Business Corporations Act on May 31, 2004. The Company's principal business activity is wholesale and retail sales and distribution of small household appliances.

**2. BASIS OF PRESENTATION**

The financial statements were prepared in accordance with Canadian accounting standards for private enterprises (ASPE).

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Revenue recognition

The Company recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are ordered
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a weighted average cost basis.

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization. Property and equipment is amortized over its estimated useful life at the following rates and methods:

Equipment	30%	declining balance method
Computer equipment	55%	declining balance method
Computer software	55%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	10 years	straight-line method

The Company regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

*(continues)*



**HEAVEN FRESH CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**  
*(UNAUDITED)*

---

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Intangible assets

The internally generated intangible assets are amortized on a straight-line basis over their estimated useful lives. Intangible assets generated during the year but not in use are not amortized until they are in use.

Investment in foreign affiliates

The Company's investment in foreign wholly and partially owned affiliates are accounted for at cost.

Income taxes

The Company uses the income taxes payable method of accounting for income taxes. Under this method, the Company reports as an expense (income) of the period only the cost (benefit) of current income taxes determined in accordance with the rules established by taxation authorities.

Research and development

The Company annually incurs costs on activities that relate to research and development of new products. Research and development costs are expensed except in cases where development costs meet certain identifiable criteria for deferral. Deferred development costs are amortized over the life of the commercial production, or in the case of serviceable property, plant and equipment, are included in the appropriate property group and are depreciated over its estimated useful life.

Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued at cost. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Scientific research and experimental development

Scientific research and experimental development tax credits are recognized in income when received.

*(continues)*



**HEAVEN FRESH CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**  
*(UNAUDITED)*

---

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Comparative figures

Certain comparative amounts have been reclassified to conform to the current year's presentation.



**HEAVEN FRESH CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**  
*(UNAUDITED)*

**4. RELATED PARTIES**

	2016	2015
<u>Related party transactions</u>		
Heaven Fresh Pakistan <i>(subsidiary)</i> Sub-contractor	\$ -	\$ 58,964
Heaven Fresh United States of America <i>(subsidiary)</i> Management fees	\$ 15,790	\$ 56,863
Trade sales	173,552	177,975
Sub-contractor recovery	(27,664)	(7,732)
	<u>161,678</u>	<u>227,106</u>
Heaven Fresh United Kingdom <i>(subsidiary)</i> Management fees	\$ -	\$ 73,937
Trade sales	-	620
Sub-contractor recovery	(59,856)	(13,623)
	<u>(59,856)</u>	<u>60,934</u>
Heaven Fresh Middle East <i>(subsidiary)</i> Trade sales	\$ 283	\$ 22,534
Sub-contractor	16,904	11,310
	<u>17,187</u>	<u>33,844</u>
	<u>\$ 119,009</u>	<u>\$ 380,848</u>

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Due from / to related parties

	2016	2015
Long term portion due from related parties		
Heaven Fresh United States of America	\$ 283,063	\$ 186,691
Heaven Fresh Middle East	23,383	22,178
	<u>\$ 306,446</u>	<u>\$ 208,869</u>
Current portion due to related party		
Heaven Fresh United Kingdom	\$ 73,945	\$ 32,056

Advances from / to related Companies are non-interest bearing and have no set repayment terms. The Companies are related by virtue of shareholdings.

See Review Engagement Report

**HEAVEN FRESH CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**  
*(UNAUDITED)*

**5. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Equipment	\$ 8,527	\$ 7,303	\$ 1,224	\$ 1,749
Computer equipment	23,217	22,257	960	2,134
Computer software	35,525	31,893	3,632	8,071
Furniture and fixtures	4,987	2,965	2,022	2,528
Leasehold improvements	6,840	4,104	2,736	3,420
	<u>\$ 79,096</u>	<u>\$ 68,522</u>	<u>\$ 10,574</u>	<u>\$ 17,902</u>

**6. INTANGIBLE ASSET**

	2016	2015
Research and development (at cost)	<u>\$ 196,039</u>	<u>\$ 110,612</u>

The intangible asset includes internally generated software for the Company's new product offerings.

The Company has received a government grant for research and development costs associated with the internally generated software which has been recognized as a deferred grant and will be amortized over the estimated useful life of the intangible asset.

**7. INVESTMENT IN FOREIGN AFFILIATES**

Investments in foreign affiliates include investments in the following, which are accounted for at cost:

	Ownership %	2016	2015
Heaven Fresh United States of America	100.00	\$ 30,000	\$ 30,000
Heaven Fresh Middle East	60.00	27,301	27,301
Heaven Fresh United Kingdom	45.00	1	1
		<u>\$ 57,302</u>	<u>\$ 57,302</u>

**8. BANK INDEBTEDNESS**

The Company has a \$100,000 revolving credit facility bearing interest at the financial institution's prime rate plus 3.00% per annum due on demand. As of the balance sheet date, the amount owing was \$87,250 (2015: \$98,110). The credit facility is secured by a general security agreement covering all assets of the Company and a personal guarantee by the directors of the Company.





**HEAVEN FRESH CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**  
*(UNAUDITED)*

**9. SHORT TERM DEBT**

The short term debt bears interest at 21.95% per annum, repayable in daily blended principal and interest payments of \$246. The debt matures January 17, 2017 and is secured by a personal guarantee by the directors of the Company.

**10. LONG TERM DEBT**

	<u>2016</u>	<u>2015</u>
Bank term loan bearing interest at a floating base rate plus 1.00% per annum, repayable in monthly principal payments of \$520 plus interest. The loan matures on February 24, 2018 and is secured by a personal guarantee by the directors of the Company.	\$ 10,389	\$ 16,656
Bank term loan bearing interest at a floating base rate plus 1.00% per annum, repayable in monthly principal payments of \$1,140 plus interest. The loan matures on August 24, 2018 and is secured by a personal guarantee by the directors of the Company.	29,610	43,362
Bank term loan bearing interest at a floating base rate plus 3.25% per annum, repayable in monthly principal payments of \$833 plus interest. The loan matures on February 24, 2019 and is secured by a personal guarantee by the directors of the Company.	26,619	36,701
Bank term loan bearing interest at a floating base rate plus 3.25% per annum, repayable in monthly principal payments of \$1,750 plus interest. The loan matures on April 24, 2019 and is secured by a personal guarantee by the directors of the Company.	76,735	98,326
Bank term loan bearing interest at a floating base rate plus 1.00% per annum, repayable in monthly principal payments of \$1,875 plus interest. The loan matures on November 2, 2019 and is secured by a personal guarantee by the directors of the Company.	76,520	-
Bank term loan bearing interest at a floating base rate plus 1.00% per annum, repayable in monthly principal payments of \$160 plus interest. The loan matures on May 2, 2021 and is secured by a personal guarantee by the directors of the Company.	9,395	-
Bank term loan bearing interest at a floating base rate plus 3.50% per annum, repayable in monthly principal payments of \$160 plus interest. The loan matures on November 2, 2020 and is secured by a personal guarantee by the directors of the Company.	8,424	-
	<u>237,692</u>	<u>195,045</u>
Amounts payable within one year	<u>(77,256)</u>	<u>(50,916)</u>
	<u>\$ 160,436</u>	<u>\$ 144,129</u>

*(continues)*

See Review Engagement Report



**HEAVEN FRESH CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**  
*(UNAUDITED)*

**10. LONG TERM DEBT (continued)**

Principal repayment terms are approximately:

2017	\$	77,256
2018		75,176
2019		70,284
2020		13,215
2021		1,761
		<u>237,692</u>
	\$	<u>237,692</u>

**11. LOANS PAYABLE**

The loans payable are interest bearing at 10.00% and 15.00%, have no set repayment terms and are loaned by unrelated individuals. Accordingly, the loans from unrelated individuals have been classified as a current liability.

**12. DUE TO SHAREHOLDERS**

	<u>2016</u>	<u>2015</u>
Long term portion due to shareholders		
Imran Bashir	\$ 46,049	\$ 24,299
Mohammad Anwar	15,477	13,032
Iqbal Kahloon	4,507	4,507
	<u>\$ 66,033</u>	<u>\$ 41,838</u>

The amounts due to shareholders are non-interest bearing and have no set repayment terms. The loans have been postponed by the shareholders for the next twelve months. Accordingly, the advances from shareholders have been classified as a long term liability.

**13. SHARE CAPITAL**

Authorized:

    Unlimited    Class A Common shares  
    Unlimited    Class B Special shares

Issued:

    10,000 Class A Common shares

	<u>2016</u>	<u>2015</u>
	\$ 100	\$ 100



**HEAVEN FRESH CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**  
*(UNAUDITED)*

**14. COST OF GOODS SOLD**

	<u>2016</u>	<u>2015</u>
Inventory, beginning of year	\$ 360,640	\$ 317,172
Purchases	478,236	706,459
Freight in and duty	93,330	150,965
Warehouse supplies	3,756	1,165
Inventory, end of year	<u>(194,206)</u>	<u>(360,640)</u>
	<u>\$ 741,756</u>	<u>\$ 815,121</u>

**15. CHANGES IN NON-CASH WORKING CAPITAL**

	<u>2016</u>	<u>2015</u>
Accounts receivable	\$ (20,678)	\$ 8,104
Inventory	166,434	(43,468)
Accounts payable and accrued liabilities	(7,272)	88,454
Employee deductions payable	(16,012)	12,251
Harmonized services tax payable (recoverable)	13,855	(12,226)
Income taxes	12,207	(46,242)
Prepaid expenses	-	(92)
Deposits	<u>23,451</u>	<u>(38,883)</u>
	<u>\$ 171,985</u>	<u>\$ (32,102)</u>

**16. NON-CAPITAL TAX LOSSES CARRIED FORWARD**

The Company has incurred losses of \$243,446 for tax purposes which are available to reduce future taxable income. Such benefits will be recorded as an adjustment to the tax provision in the year realized. The losses will expire as follows: \$75,189 in 2025 and \$168,257 in 2026.

**17. SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT POOL CARRIED FORWARD**

The Company has a deductible scientific research and experimental development pool balance of \$22,551 available indefinitely to reduce future taxable income. Such benefits will be recorded as an adjustment to the tax provision in the year realized.

**18. LEASE COMMITMENTS**

The Company has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of operating costs. Future minimum lease plus operating cost payments as at June 30, 2016, are as follows:

2017	<u>\$ 59,250</u>
------	------------------

**HEAVEN FRESH CANADA INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**  
*(UNAUDITED)*

---

**19. FINANCIAL INSTRUMENTS**

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Company's risk exposure and concentration as of June 30, 2016.

**Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to credit risk from customers. In order to reduce its credit risk, the Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance and the company obtains credit card information from smaller suppliers to process payment upon ordering. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Company has a significant number of customers which minimizes concentration of credit risk. The Company recognized \$454 (2015: \$21,245) of bad debt expense.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources and payments towards long term debt, short term debt, loans payable, taxes payable, accounts payable and accrued liabilities and bank indebtedness.

**Market risk**

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Company is mainly exposed to currency and interest rate risk.

**Currency risk**

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk. The foreign exchange gain recorded in income as of June 30, 2016 is \$2,393 (2015: 16,288).

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. The Company is exposed to interest rate risk primarily through its floating interest rate bank indebtedness (Note 8) and long-term debt (Note 10).

**20. SUBSEQUENT EVENT**

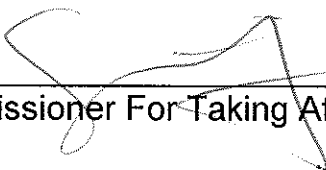
The Company secured a \$8,475 bank term loan at a floating base rate plus 1.00% per annum, repayable in monthly principal payments of \$230 plus interest. The loan matures on April 14, 2020 and is secured by a personal guarantee by the directors of the Company.





# Tab G

This is Exhibit "G" referred to  
in the Affidavit of **Imran Bashir**  
sworn before me, this  
**27<sup>th</sup>** day of **July, 2017**



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Commissioner For Taking Affidavits

08/2017

Personal Property Lien: Enquiry Result



[Main Menu](#) [New Enquiry](#)

## Enquiry Result

File Currency: 07JUN 2017

⏪ ⏩ All Pages ⏪ ⏩

Note: All pages have been returned.

<b>Type of Search</b>	Business Debtor								
<b>Search Conducted On</b>	HEAVEN FRESH CANADA INC.								
<b>File Currency</b>	07JUN 2017								
	<b>File Number</b>	<b>(Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>		
	075681606	1	3	1	6	17JAN 2018			
<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>		
075681606		001	1		20120117 1547 5064 0563	P PPSA	06		
<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>			
<b>Business Debtor</b>	<b>Business Debtor Name</b>					<b>Ontario Corporation Number</b>			
	HEAVEN FRESH CANADA INC.								
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>					
	,50 VENTURE DRIVE UNIT 6	TORONTO	ON	M1B 3L6					
<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>			
<b>Business Debtor</b>	<b>Business Debtor Name</b>					<b>Ontario Corporation Number</b>			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>					
<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>								
	RICOH CANADA INC.								
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>					
	2300 MEADOWVALE BLVD, SUITE 200	MISSISSAUGA	ON	L5N 5P9					
<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
			X		X				
<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>				<b>Model</b>	<b>V.I.N.</b>		
<b>General Collateral Description</b>	<b>General Collateral Description</b>								
	210050 ACCOUNT SCHEDULE- 8715334001								





14/02/2017

Personal Property Lien: Enquiry Result

<b>Type of Search</b>	Business Debtor								
<b>Search Conducted On</b>	HEAVEN FRESH CANADA INC.								
<b>File Currency</b>	07JUN 2017								
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>		
	697030362	2	3	3	6	11JUN 2019			
<b>FORM TO FINANCING STATEMENT / CLAIM FOR LIEN</b>	<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>	
	697030362		02	004		20140611 1436 1530 0044			
<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>			
<b>Business Debtor</b>	<b>Business Debtor Name</b>					<b>Ontario Corporation Number</b>			
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>			<b>Initial</b>	<b>Surname</b>			
<b>Business Debtor</b>	<b>Business Debtor Name</b>					<b>Ontario Corporation Number</b>			
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>								
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		
<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>			<b>Model</b>	<b>V.I.N.</b>			
<b>General Collateral Description</b>	<b>General Collateral Description</b>								
	ON BEHALF OF DEBTOR AND ALL PROCEEDS AND RENEWALS THEREOF, ACCRETIONS THERETO AND SUBSTITUTIONS THEREFOR, AND INCLUDING, WITHOUT LIMITATION, ALL OF THE FOLLOWING NOW OWNED OR HEREAFTER								
<b>Registering Agent</b>	<b>Registering Agent</b>								
	<b>Address</b>				<b>City</b>	<b>Province</b>	<b>Postal Code</b>		

CONTINUED

<b>Type of Search</b>	Business Debtor						
<b>Search Conducted On</b>	HEAVEN FRESH CANADA INC.						
<b>File Currency</b>	07JUN 2017						
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>
	697030362	2	3	4	5	11JUN 2019	

Q/R2017

Personal Property Lien: Enquiry Result

FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
697030362		03	004		20140611 1436 1530 0044		

Individual Debtor Date of Birth First Given Name Initial Surname

Business Debtor Business Debtor Name Ontario Corporation Number

Address City Province Postal Code

Individual Debtor Date of Birth First Given Name Initial Surname

Business Debtor Business Debtor Name Ontario Corporation Number

Address City Province Postal Code

Secured Party Secured Party / Lien Claimant

Address City Province Postal Code

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
---------------------------	----------------	-----------	-----------	----------	-------	------------------------	--------	---------------------	------------------------

Motor Vehicle Description	Year	Make	Model	V.I.N.
---------------------------	------	------	-------	--------

General Collateral Description  
 OWNED OR ACQUIRED BY OR ON BEHALF OF DEBTOR, ALL INVENTORY, ALL EQUIPMENT, ALL DEBTS, ALL DEEDS, DOCUMENTS, WRITINGS, PAPERS, BOOKS OF ACCOUNT AND OTHER BOOKS RELATING TO OR BEING RECORDS OF DEBTS.

Registering Agent Registering Agent

Address City Province Postal Code

CONTINUED

Type of Search Business Debtor  
 Search Conducted On HEAVEN FRESH CANADA INC.  
 File Currency 07JUN 2017

File Number	Family	of Families	Page	of Pages	Expiry Date	Status
697030362	2	3	5	6	11JUN 2019	

FORM 1G FINANCING STATEMENT / CLAIM FOR LIEN

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
697030362		04	004		20140611 1436 1530 0044		

Individual Debtor Date of Birth First Given Name Initial Surname

08/2017

## Personal Property Lien: Enquiry Result

<b>Business Debtor</b>	<b>Business Debtor Name</b>		<b>Ontario Corporation Number</b>				
	<b>Address</b>		<b>City</b>	<b>Province Postal Code</b>			
<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>			
<b>Business Debtor</b>	<b>Business Debtor Name</b>		<b>Ontario Corporation Number</b>				
	<b>Address</b>		<b>City</b>	<b>Province Postal Code</b>			
<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>						
	<b>Address</b>		<b>City</b>	<b>Province Postal Code</b>			
<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory Equipment</b>	<b>Accounts Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>		<b>Model</b>		<b>V.I.N.</b>	
<b>General Collateral Description</b>	<b>General Collateral Description</b> CHATTEL PAPER OR DOCUMENTS OF TITLE, ALL CONTRACTUAL RIGHTS AND INSURANCE CLAIMS AND ALL GOODWILL, PATENTS, TRADEMARKS, COPYRIGHTS, AND OTHER INDUSTRIAL PROPERTY.						
<b>Registering Agent</b>	<b>Registering Agent</b>						
	<b>Address</b>		<b>City</b>	<b>Province</b>	<b>Postal Code</b>		

END OF FAMILY

<b>Type of Search</b>	<b>Business Debtor</b>						
<b>Search Conducted On</b>	<b>HEAVEN FRESH CANADA INC.</b>						
<b>File Currency</b>	<b>07JUN 2017</b>						
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>
	714207663	3	3	6	6	22FEB 2019	
<b>FORM 101 FINANCING STATEMENT / CLAIM FOR LIEN</b>							
<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>
714207663		01	001		20180222 1701 1462 7219	P PPSA	3
<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>		<b>Initial</b>	<b>Surname</b>		
<b>Business Debtor</b>	<b>Business Debtor Name</b>		<b>Ontario Corporation Number</b>				
	<b>HEAVEN FRESH CANADA INC.</b>		<b>Address</b>		<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	#5 - 1600 AIMCO BLVD.		MISSISSAUGA		ON	L4W1V1	
<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>		<b>Initial</b>	<b>Surname</b>		

08/2017

Personal Property Lien: Enquiry Result

<b>Business Debtor</b>	<b>Business Debtor Name</b>		<b>Ontario Corporation Number</b>					
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>				
<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>		<b>Postal Code</b>					
	THINKING CAPITAL		H3Z1V4					
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>				
	4200 BOUL DORCHESTER, SUITE #3		QC	H3Z1V4				
<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
	X	X	X	X				X
<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>	<b>Model</b>	<b>V.I.N.</b>				
<b>General Collateral Description</b>	<b>General Collateral Description</b>							
	UNIVERSALITY OVER ALL ITS PRESENT AND FUTURE MOVABLE/PERSONAL PROPERTY, BOOKS, ASSETS AND UNDERTAKINGS, BOTH CORPOREAL AND INCORPOREAL, NOW OWNED OR HEREINAFTER ACQUIRED BY THE MERCHANT.							
<b>Registering Agent</b>	<b>Registering Agent</b>		<b>City</b>		<b>Province</b>	<b>Postal Code</b>		
	THINKING CAPITAL		MONTREAL		QC	H3Z1V4		
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>				
	4200 BOUL DORCHESTER, SUITE #3		QC	H3Z1V4				

LAST PAGE

Note: All pages have been returned.

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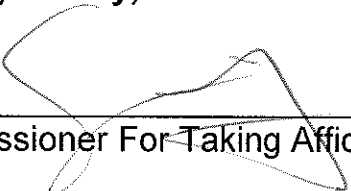
[FAQ](#)

[Terms of Use](#)

[@ Queen's Printer for Ontario 2016](#)

Tab H

This is Exhibit "H" referred to  
in the Affidavit of **Imran Bashir**  
sworn before me, this  
**27<sup>th</sup> day of July, 2017**



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Commissioner For Taking Affidavits

SRF# : \_\_\_\_\_

**ROYAL BANK OF CANADA  
BUSINESS BANKING LOAN AGREEMENT**

Each of the undersigned Customer and owners/partners requests that Royal Bank of Canada ("RBC") provides the Customer with the following loans (each a "Loan") and banking services, and each of the undersigned Customer and owners/partners agrees to be **JOINTLY AND SEVERALLY LIABLE** for each such Loan.

Service Name

**Royal Business OperatingLine.**

Maximum Amount: \$ 100,000.00

Business Account: # 101-849-8                      Transit # 08802

Minimum Retained Balance: \$ 250.00

Minimum Revolvement Amount: \$ 250.00

X OperatingLine PLUS

Interest Rate: Royal Bank Prime Rate plus 3.000000% per annum payable on the 21st day of each month.

Set-up Fee: \$0.00      Monthly Fee: \$25.00

Annual Loan Review Fee: \$ 75.00

**Business Loan Insurance Plan ("BLIP"): - (Not available for the Royal Business Overdraft Protection)**

This group creditor insurance program, underwritten by Sun Life Assurance Company of Canada, is offered to borrowers and provides life and disability insurance on eligible owner(s)/partner(s)/management of the Borrower for the Borrowings. To apply for this insurance, a Business Loan Insurance Plan Application (form 03460) must be completed for each proposed insured. This plan is subject to terms, conditions, exclusions and eligibility restrictions. Please see the Business Loan Insurance Plan Certificate of Insurance for full details.

The Borrower(s), by signing below, acknowledges that life and disability insurance for Borrowings was offered under the Business Loan Insurance Plan, and that:

- Any applications for this insurance have been made and may be subject to approval, as outlined in the Certificate of Insurance which the Borrower has received
- The offer of insurance has been waived
- The owner(s)/partner(s)/management of the Borrower(s) are ineligible for this insurance (under 18 or over age 64), or the credit facilities, banking services or other products provided for in this Agreement are not eligible for this insurance.
- The Borrowings currently have Business Loan Insurance Plan coverage, and no increase in coverage has been requested.

If there are any discrepancies between the insurance information above, and the Business Loan Insurance Plan documents regarding the Borrowings, the Business Loan Insurance Plan documents govern.

Business Loan Insurance Plan premiums, if applicable, are taken with your scheduled loan payments. In the case of blended payments of principal and interest, as premiums fluctuate based on various factors such as, by way of example, the age of the insured and changes to the insured loan balance, a part of the premium payment may be deducted and taken from the scheduled blended loan payment with the result that the amortization period may increase in the case of any such loan to which this coverage applies. Refer to the Business Loan Insurance Plan application (form 3460 Eng or 53460 Fr) for further explanation and disclosure.

**THE CUSTOMER AND THE OWNERS/PARTNERS SIGNING BELOW (WE) ACKNOWLEDGE THAT WE HAVE RECEIVED FOR EACH LOAN SPECIFIED ABOVE, A COPY OF THE STANDARD TERMS INDICATED BELOW (each having the same revision date as this agreement) WHICH ARE INCORPORATED BY REFERENCE INTO THIS AGREEMENT.**

Check the applicable box

- 469 - Royal Business Overdraft Protection
- 463 - Variable Rate Term Loan
- 467 - Fixed Rate Term Loan
- 470 - Royal Business OperatingLine

We agree to be bound by those Standard Terms. We further agree that if, for any particular Loan, RBC sends us a revised set of Standard Terms and if we do not repay that Loan before the effective date of the revised Standard Terms, it will attest that we have received a copy of and agreed to the revised Standard Terms. We further agree that any portion of any Loan will not be used for the benefit or on behalf of any person other than the Customer.



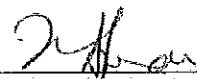
**OWNERS/PARTNERS - READ CAREFULLY:** By signing this Agreement, each of you agrees to be personally responsible for the full repayment of each Loan and RBC may demand payment of any such Loan from any of you. This liability remains in full force and effect even if the Customer or the Bank were to merge with another legal person.

June 4, 2014

Date

**HEAVEN FRESH CANADA INC.**

(Name of Customer)



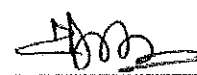
**MOHAMMAD KAMAL ANWAR**

(Signature of Owner/Partner)



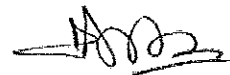
**MOHAMMAD KAMAL ANWAR**

(Authorized Signing Officer)



**IMRAN BASHIR**

(Signature of Owner/Partner)

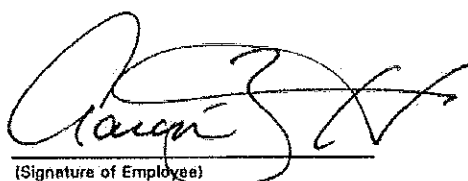


**IMRAN BASHIR**

(Authorized Signing Officer)

(Signature of Owner/Partner)

**ACCEPTED:  
ROYAL BANK OF CANADA**



(Signature of Employee)

(Signature of Owner/Partner)

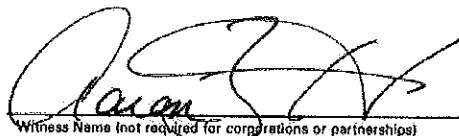
**GENERAL SECURITY AGREEMENT**

For value received, the undersigned (the "Debtor") hereby grants to Royal Bank of Canada (the "Bank") a security interest in the Collateral, as security for the payment and performance of the Indebtedness. The terms "Collateral" and "Indebtedness" each have the meanings ascribed thereto in the Bank's Standard General Security Agreement Terms having the same revision date and this agreement and include, without limitation, in the case of the term "Collateral", the undertaking of the Debtor and all of the Debtor's present and after acquired personal property, and in the case of the term "Indebtedness", all present and future obligations, indebtedness and liability of the Debtor to the Bank. The provisions of the Standard General Security Agreement Terms are incorporated in this agreement (the "General Security Agreement") by reference and form an integral part hereof. The Debtor confirms receipt of a copy of this General Security Agreement, including the Standard General Security Agreement Terms identified hereinabove.

Executed and delivered this 04 day of June, 2014.

**HEAVEN FRESH CANADA INC.**

(If a Corporation or Partnership, insert name above)

  
 Witness Name (not required for corporations or partnerships)

  
 Debtor (or Authorized Officer or Partner)  
 Name: **MOHAMMAD KAMAL ANWAR**

Witness Name (not required for corporations or partnerships)

  
 Debtor (or Authorized Officer or Partner)  
 Name: **IMRAN BASHIR**

## STANDARD GENERAL SECURITY AGREEMENT TERMS

The following set of standard terms is deemed to be included in and forms an integral part of the General Security Agreement which has been executed and delivered to the Bank by the Debtor and which refers to standard terms with this document version date, receipt of which has been duly acknowledged by the Debtor. Terms defined elsewhere in the General Security Agreement and not otherwise defined below have the meaning given to such terms as so defined. In addition to and without limitation of or derogation from the other provisions of the General Security Agreement, the Debtor agrees with the Bank as follows:

### 1. THE COLLATERAL

(a) For purposes of the General Security Agreement the term "Collateral" means the undertaking of the Debtor and all of the Debtor's present and after acquired personal property including, without limitation, all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities and all other Investment Property now owned or hereafter owned or acquired by or on behalf of the Debtor (including such as may be returned to or repossessed by the Debtor) and all proceeds and renewals thereof, accretions thereto and substitutions therefor, and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of the Debtor:

- (i) all inventory of whatever kind and wherever situate;
- (ii) all equipment (other than inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind and wherever situate;
- (iii) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
- (iv) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (v) all contractual rights and insurance claims; and
- (vi) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property").

(b) The security interest created under the General Security Agreement (the "Security Interest") shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest the Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "Investment Property", "proceed", "Inventory", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in the Personal Property Security Act of the applicable province, as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of the Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of the General Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Ontario). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

### 2. INDEBTEDNESS SECURED

As used in the General Security Agreement, the term "indebtedness" means any and all obligations, indebtedness and liability of the Debtor to the Bank (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor be bound alone or with another or others and whether as

principal or surety. If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that the Debtor shall continue to be liable for any Indebtedness remaining outstanding and the Bank shall be entitled to pursue full payment thereof.

### 3. REPRESENTATIONS AND WARRANTIES OF THE DEBTOR

The Debtor represents and warrants and so long as the General Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by the Debtor free of all security interests, mortgages, liens, claims, charges, licences, leases, infringements by third parties, encumbrances or other adverse claims or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest;

(b) all Intellectual Property applications and registrations are valid and in good standing and the Debtor is the owner of the applications and registrations;

(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by the Debtor to the Bank from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against the Debtor which can be asserted against the Bank, whether in any proceeding to enforce Collateral or otherwise; and

(d) the execution, delivery and performance of the obligations under the General Security Agreement and the creation of any security interest in or assignment of the Debtor's rights under the General Security Agreement in the Collateral to the Bank will not result in a breach of any agreement to which the Debtor is a party.

### 4. COVENANTS OF THE DEBTOR

So long as the General Security Agreement remains in effect the Debtor shall:

(a) defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; diligently initiate and prosecute legal action against all infringers of the Debtor's rights in Intellectual Property; take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest and licences which are compulsory under federal or provincial legislation and not sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of the Bank; provided always that, until default, the Debtor may, in the ordinary course of the Debtor's business, sell or lease inventory and, subject to Clause 7 hereof, use Money available to the Debtor;

(b) notify the Bank promptly of:

- (i) any change in the information contained herein relating to the Debtor, the Debtor's business or Collateral,
- (ii) the details of any significant acquisition of Collateral,
- (iii) the details of any claims or litigation affecting the Debtor or Collateral,
- (iv) any loss or damage to Collateral,
- (v) any default by any Account Debtor in payment or other performance of his/her obligations with respect to Collateral, and
- (vi) the return to or repossession by the Debtor of Collateral;

(c) keep Collateral in good order, condition and repair and not use Collateral in violation of the provisions of the General Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and Intellectual property used by the Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by the Bank; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;

(d) do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things as may be reasonably requested by the Bank of or with respect to Collateral in order to give effect to these presents and pay all costs for searches and filings in connection therewith;

(e) pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of the Debtor or Collateral as and when the same become due and payable;

(f) insure Collateral in such amounts and against such risks as would customarily be insured by a prudent owner of similar Collateral and in such additional amounts and against such additional risks as the Bank may from time to time direct, with loss payable to the Bank and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor and deliver copies of policies and evidence of renewal to the Bank upon request:

(g) prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by the General Security Agreement;

(h) carry on and conduct the business of the Debtor in a proper and efficient manner and so as to protect and preserve Collateral and keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at the Bank's request so as to indicate the Security Interest;

(i) deliver to the Bank from time to time promptly upon request:

- (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral,
- (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same,
- (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business,
- (iv) all policies and certificates of insurance relating to Collateral, and
- (v) such information concerning Collateral, the Debtor and the Debtor's business and affairs as the Bank may reasonably request.

#### 5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with the Debtor's covenants contained herein and Clause 7 hereof, the Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of the Debtor's business in any manner not inconsistent with the provisions hereof; provided always that the Bank shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner the Bank may consider appropriate and the Debtor agrees to furnish all assistance and information and to perform all such acts as the Bank may reasonably request in connection therewith and for such purpose to grant to the Bank or its agents access to all places where Collateral may be located and to all premises occupied by the Debtor.

#### 6. SECURITIES, INVESTMENT PROPERTY

If Collateral at any time includes Securities, the Debtor authorizes the Bank to transfer the same or any part thereof into its own name or that of its nominee(s) so that the Bank or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, the Bank shall deliver promptly to the Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, the Debtor waives all rights to receive any notices or communications received by the Bank or its nominee(s) as such registered owner and agrees that no proxy issued by the Bank to the Debtor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, the Bank may, at any time after default, give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

#### 7. COLLECTION OF DEBTS

Before or after default under the General Security Agreement, the Bank may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to the Bank. The Debtor acknowledges that any payments on or other proceeds of Collateral received by the Debtor from Account Debtors, whether before or after notification of the Security Interest to Account Debtors and whether before or after default under the General Security Agreement shall be received and held by the Debtor in trust for the Bank and shall be turned over to the Bank upon request.

**8. INCOME FROM AND INTEREST ON COLLATERAL**

(a) Until default, the Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if the Bank receives any such Money prior to default, the Bank shall either credit the same against the Indebtedness or pay the same promptly to the Debtor.

(b) After default, the Debtor will not request or receive any Money constituting income from or interest on Collateral and if the Debtor receives any such Money without any request by it, the Debtor will pay the same promptly to the Bank.

**9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS**

(a) Whether or not default has occurred, the Debtor authorizes the Bank:

- (i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly;
- (ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral;
- (iii) to surrender such Collateral in exchange therefor and to hold any such payment or distribution as part of Collateral.

(b) If the Debtor receives any such increase or profits (other than Money) or payments or distributions, the Debtor will deliver the same promptly to the Bank to be held by the Bank as herein provided.

**10. DISPOSITION OF MONEY**

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by the Bank pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as the Bank deems best or, at the option of the Bank, may be held unappropriated in a collateral account or released to the Debtor, all without prejudice to the liability of the Debtor or the rights of the Bank hereunder, and any surplus shall be accounted for as required by law.

**11. EVENTS OF DEFAULT**

The happening of any of the following events or conditions shall constitute default under the General Security Agreement which is herein referred to as "default":

- (a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of the Debtor to observe or perform any obligation, covenant, term, provision or condition contained in the General Security Agreement or any other agreement between the Debtor and the Bank;
- (b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to the Debtor, if an individual;
- (c) the bankruptcy or insolvency of the Debtor; the filing against the Debtor of a petition in bankruptcy; the making of an assignment for the benefit of creditors by the Debtor; the appointment of a receiver or trustee for the Debtor or for any assets of the Debtor or the institution by or against the Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;
- (d) the institution by or against the Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of the Debtor;
- (e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;
- (f) if the Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;
- (g) if any execution, sequestration, extent or other process of any court becomes enforceable against the Debtor or if distress or analogous process is levied upon the assets of the Debtor or any part thereof;

(h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of the Debtor pursuant to or in connection with the General Security Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to the Bank to extend any credit to or to enter into the General Security Agreement or any other agreement with the Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against the Debtor; or if upon the date the General Security Agreement was executed there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to the Bank at or prior to the time of such execution.

## 12. ACCELERATION

The Bank, in its sole discretion, may declare all or any part of indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or if the Bank considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of the Bank with respect to any indebtedness which may now or hereafter be payable on demand.

## 13. REMEDIES

(a) Upon default, the Bank may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of the Bank or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her stead. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed the agent of the Debtor and not the Bank, and the Bank shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants, agents or employees. Subject to the provisions of the Instrument appointing him/her, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of the Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including the Debtor, enter upon, use and occupy all premises owned or occupied by the Debtor wherein Collateral may be situated, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on the Debtor's business or as security for loans or advances to enable the Receiver to carry on the Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by the Bank, all Money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to the Bank. Every such Receiver may, in the discretion of the Bank, be vested with all or any of the rights and powers of the Bank.

(b) Upon default, the Bank may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) The Bank may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, the Bank may sell, license, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to the Bank may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between the Debtor and the Bank and in addition to any other rights the Bank may have at law or in equity, the Bank shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that the Bank shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, the Bank shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Collateral or proceeds and whether or not in the Bank's possession and shall not be liable or accountable for failure to do so.

(e) The Debtor acknowledges that the Bank or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and the Debtor agrees upon request from the Bank or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) The Debtor agrees to be liable for and to pay all costs, charges and expenses reasonably incurred by the Bank or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating the Debtor's accounts, in preparing or enforcing this General Security Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting indebtedness and all such costs,

charges and expenses, together with any amounts owing as a result of any borrowing by the Bank or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured by the General Security Agreement.

(g) The Bank will give the Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A.

(h) Upon default and receiving written demand from the Bank, the Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomever the Bank directs, including to the Bank. The Debtor appoints any officer or director or branch manager of the Bank upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on the Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

#### 14. MISCELLANEOUS

(a) The Debtor hereby authorizes the Bank to file such financing statements, financing change statements and other documents and do such acts, matters and things as the Bank may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and the Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the branch of the Bank which is the Debtor's branch of account the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever it may be deemed necessary or expedient. The Debtor waives the Debtor's right to receive a copy of any financing statement or financing change statement registered by the Bank, or of any verification statement with respect to any financing statement or financing change statement registered by the Bank. (Applies in all PPSA provinces except Ontario)

(b) Without limiting any other right of the Bank, whenever Indebtedness is immediately due and payable or the Bank has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), the Bank may, in its sole discretion, set off against Indebtedness any and all amounts then owed to the Debtor by the Bank in any capacity, whether or not due, and the Bank shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefore is made or entered on the Bank's records subsequent thereto.

(c) Upon the Debtor's failure to perform any of its duties hereunder, the Bank may, but shall not be obligated to, perform any or all of such duties, and the Debtor shall pay to the Bank, forthwith upon written demand therefor, an amount equal to the expense incurred by the Bank in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) The Bank may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with Collateral and other security as the Bank may see fit without prejudice to the liability of the Debtor or the Bank's right to hold and realize the Security Interest. Furthermore, the Bank may demand, collect and sue on Collateral in either the Debtor's or the Bank's name, at the Bank's option, and may endorse the Debtor's name on any and all cheques, commercial paper, and any other instruments pertaining to or constituting Collateral.

(e) No delay or omission by the Bank in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, the Bank may remedy any default by the Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by the Debtor. All rights and remedies of the Bank granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) The Debtor waives protest of any Instrument constituting Collateral at any time held by the Bank on which the Debtor is in any way liable and, subject to Clause 13(g) hereof, notice of any other action taken by the Bank.

(g) The General Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of the General Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, the Debtor shall not assert against the assignee any claim or defence which the Debtor now has or hereafter may have against the Bank. If more than one Debtor executes the General Security Agreement the obligations of such Debtors hereunder shall be joint and several.



- (h) No modification, variation or amendment of any provision of the General Security Agreement shall be made.
- (i) Subject to the requirements of Clauses 13(g) and 14(j) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of the Bank, if delivered to it or sent by prepaid registered mail addressed to it at its address of the branch of the Bank which is the Debtor's branch of account or as changed pursuant hereto, and in the case of the Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to the Bank. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.
- (j) The General Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by the Bank and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the branch of the Bank which is the Debtor's branch of account shall actually receive written notice of its discontinuance; and notwithstanding such notice, shall remain in full force and effect thereafter until all indebtedness contracted for or created before the receipt of such notice by the Bank, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.
- (k) The headings used in the General Security Agreement are for convenience only and are not to be considered a part of the General Security Agreement and do not in any way limit or amplify the terms and provisions of the General Security Agreement.
- (l) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with any grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.
- (m) In the event any provisions of the General Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of the General Security Agreement shall remain in full force and effect.
- (n) Nothing herein contained shall in any way obligate the Bank to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute indebtedness.
- (o) The Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby;
- (i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and
  - (ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to the Bank at the time of amalgamation and any "Indebtedness" of the amalgamated company to the Bank thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with the Debtor, and by the amalgamated company, at the time of the amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.
- (p) In the event that the Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof, shall have no application to the General Security Agreement or any agreement or instrument renewing or extending or collateral to the General Security Agreement. In the event that the Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, the Debtor agrees with the Bank that all of Part IV (other than Section 46) of that Act shall not apply to the Debtor.
- (q) The General Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province in which the branch of the Bank which is the Debtor's branch of account is located, and the laws of Canada applicable therein, as the same may from time to time be in effect, including, where applicable, the P.P.S.A. If the branch of the Bank which is the Debtor's branch of account is located in the Province of Quebec, then the General Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

## ROYAL BUSINESS OPERATINGLINE STANDARD TERMS

The following set of standard terms (the "Standard Terms") are deemed to be included in the Royal Bank of Canada Business Banking Loan Agreement (in Quebec, the "Loan Agreement, Guarantee and Hypothec") (the "Agreement") for business banking services which refers to terms with this version date and in which Royal Bank of Canada ("RBC") provides a revolving line of credit service (the "OperatingLine") to a customer (the "Customer").

### 1. Definitions

"Account" means the Customer's OperatingLine loan account that RBC has opened in the Customer's name at the Branch;

"Branch" means the branch indicated in the Agreement;

"Credit Limit" means the maximum amount set out in the Agreement;

"Debt" means the total amount owing by the Customer to RBC as a result of (i) transactions made through the Customer's business current account, (ii) Transactions debited or transferred from the Account under the Agreement, and (iii) interest and fees;

"Interest Payment Day" means the day indicated as such in the Agreement;

"Interest Rate" means the annual rate of interest indicated in the Agreement;

"Minimum Retained Balance" means the minimum retained balance indicated in the Agreement;

"Minimum Revolvement Amount" means the minimum revolvement amount indicated in the Agreement;

"Royal Bank Prime" means the annual rate of interest RBC announces from time to time as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada; and

"Transaction" means a transfer of funds from the Account to the Customer's business current account, made by RBC pursuant to section 3 of the Agreement.

### 2. General Terms of Agreement

If requested by RBC, the Customer must give RBC up-to-date credit and financially-related information about the Customer. The Customer agrees to tell RBC at once about any unfavourable change in the Customer's financial position that seriously weakens the Customer's ability to pay the Debt to RBC as required under the Agreement. Until the Customer does so, RBC may assume that all information the Customer has supplied to RBC about the Customer's financial position is true and complete at the time the Customer gives it to RBC and that each change in the Customer's financial position after that time is not an unfavourable one of the nature outlined above.

Unless RBC otherwise agrees, the Customer must make all payments under the Agreement in money which is legal tender at the time of payment. As well, the mere lapse of the time fixed for performing an obligation under the Agreement will have the effect of putting the Customer in default of it.

Unless the Customer and RBC otherwise agree in writing, no interest will be payable at any time by RBC on a credit balance in the Account.

### 3. Account Use

The Account is a revolving line of credit and such credit is available only to cover transactions made through the Customer's business current account (including without limitation, transactions by way of a withdrawal request, debit request, payment of a cheque or other payment instrument) where there are no sufficient funds in that account to fund the transaction. Whenever the balance in the Customer's business current account is less than the Minimum Retained Balance, RBC will, once a day, debit the Account such that the Customer's business current account is thereafter nil or in positive balance. The amount of such debit will be the Minimum Revolvement Amount or a whole multiple of the Minimum Revolvement Amount, and RBC will then deposit such amount to the Customer's business current account. The amount of each such transfer will form part of the Debt as of the day of the transfer.

If, pursuant to the preceding paragraph, a transfer of funds from the Account to the Customer's business current account to fund a transaction in the Customer's business current account (including without limitation, a transaction by way of a withdrawal request, a debit request, a payment of a cheque or other payment instrument), will exceed or cause the Debt to exceed the Credit Limit, then RBC will decline the transaction or return the cheque or payment instrument unpaid.

### 4. Compliance with Law

The Customer represents and warrants that the Customer is in compliance and agrees that in the future the Customer will comply with all laws, regulations, official directives and authorizations applying to the Customer or any of the Customer's property or business, including any relating to the environment or public health and safety ("Environmental Laws"). The Customer will notify RBC immediately of any breach of Environmental Laws. The Customer will also promptly advise RBC of all communications and reports in connection with any matters materially affecting the Customer, the Customer's property or business and relating to Environmental Laws.

### 5. OperatingLine PLUS

If the Customer selects the OperatingLine PLUS option, RBC is authorized (but not obligated to) whenever there is a credit balance in the Customer's business current account that exceeds the sum of the Minimum Retained Balance plus

the Minimum Revolverment Amount, to apply all or part of such credit balance in an amount which is equal to the Minimum Revolverment Amount or a whole multiple of the Minimum Revolverment Amount, as a repayment on account of the Debt.

#### 6. Credit Limit

RBC is not required to proceed with any Transaction on the Account if the Transaction would cause the Debt to exceed the Credit Limit.

#### 7. Set Off

RBC is authorized (but is not obligated), at any time and without notice, to apply any credit balance (whether or not then due) to which the Customer is then beneficially entitled on any account (in any currency) at any branch or agency of RBC in or towards satisfaction of the Debt and the Customer's other obligations under the Agreement. For that purpose, RBC is irrevocably authorized to use all or any part of any such credit balance to buy such other currencies as may be necessary to effect such application.

#### 8. Debiting of Accounts

RBC is authorized, but not obligated to debit any of the Customer's accounts with any amounts due and payable by the Customer under the Agreement.

#### 9. Interest Charges

- (a) Interest on Debt: The Customer will pay to RBC, on a monthly basis, interest on the Debt at a rate equal to the Interest Rate in effect in the manner set out in this section. In this respect, RBC will use any credit balance in the Customer's business current account in payment of the interest and if there are insufficient funds, the Customer must fund the Customer's business current account to make such payment.
- (b) Interest Calculation: RBC will charge the Customer interest on the amount of the Debt from (and including) the day that each Transaction is made to the day RBC receives payment in full of the Debt.  
The interest RBC charges on the Debt accrues daily and is calculated and payable monthly as well after as before maturity, default and judgment, with interest on overdue interest at the same rate as on the principal amount of Debt.
- (c) Interest Posting: On the Interest Payment Day, RBC will post the amount of interest the Customer owes on the Debt to a business current account the Customer holds with RBC which the Customer has selected for this purpose. RBC may post that interest to the Account instead if, for any reason, it cannot be posted to (or it is returned unpaid from) such other business current account.
- (d) Interest Act Disclosure: The annual rates of interest to which the rates calculated in accordance with the Agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year and divided by 365.

#### 10. Payment of Debt

- (a) The Customer must pay all interest on the Debt as required by the Agreement to keep the Account up-to-date;
- (b) RBC may, at its discretion, require the Customer to make minimum principal payments of Debt on a regular periodic basis and the Customer must make these minimum payments at the times and in the way RBC advises the Customer to from time to time to keep the Account up-to-date;
- (c) The Debt is not permitted to exceed the Credit Limit. If, however, at any time the Debt owing does exceed the Credit Limit, then the Customer must pay such excess amount as soon as the Customer is advised or aware that the Credit Limit has been exceeded.
- (d) The Customer must keep the Account up-to-date at all times, whether or not account statements have been delayed or have not been received by the Customer; and
- (e) The Customer will pay the Debt to RBC on demand.

Subject to the above provisions of this section, the Customer may pay the Debt it owes to RBC in full or in part at any time without notice, penalty or bonus. RBC will apply each payment of the Debt in the following order: reimbursement of expenses, interest charges and fees; principal amount of Debt.

#### 11. Hold on Funds

RBC has the right to hold any cheque, instrument or other item used to pay Debt, and to defer a Transaction until RBC receives payment for the cheque, instrument or other item.

#### 12. Fees, Costs and Expenses

The Customer agrees to pay to RBC all fees charged by RBC relating to the documentation or registration of this Agreement and any security provided to RBC. In addition, the Customer agrees to pay to RBC the set-up fees and the monthly fees for the Operating Line, as indicated in the Agreement. Also the Customer will pay all expenses and legal costs, (on the basis of a solicitor and its own client, or where applicable including extra-judicial costs) incurred by RBC in connection with the Agreement and any security provided to RBC and the enforcement of RBC's rights against the Customer or under any security. These costs and expenses may include (but are not limited to) costs of amendments, appraisals, inspections, environmental reviews, registrations, searches, discharges and actions taken in connection with the preservation of RBC's rights under the Agreement or under RBC's security.

**13. Notices**

Any notice or demand under the Agreement shall be given in writing by way of a letter addressed to the Customer. If the letter is sent by telecopier, it shall be deemed received on the date of transmission provided such transmission is received prior to 5:00 p.m. on a day on which the Customer's business is open for normal business, and otherwise on the next such day. If the letter is sent by ordinary mail at the address of the Customer, it shall be deemed received on the date falling five (5) days following the date of the letter, unless the letter is hand-delivered to the Customer in which case the letter shall be deemed to be received on the date of the delivery. The Customer must advise RBC at once about any changes in the Customer's address.

**14. Changes**

- (a) The Interest Rate charged under the Agreement fluctuates with Royal Bank Prime and will change automatically, without notice, whenever Royal Bank Prime changes.
- (b) Other Terms: RBC may change any other terms of the Agreement at any time, including changes to the Credit Limit, Interest Rate, service fees or other charges. RBC will give the Customer written notice of any such changes. Notice may be given in a monthly statement. If the Account is used or any Debt remains unpaid after the effective date of a change, it will attest that the Customer has agreed to the change.

**15. Termination**

RBC may terminate this Agreement at any time by advising the Customer in writing. The Customer may also terminate this Agreement by advising RBC in writing.

If the Agreement is terminated, the total Debt owing will be due and payable forthwith. The Customer's obligations to RBC under this Agreement will remain in effect until the Customer pays RBC the total Debt owing.

**16. Proof of Debt and Interest Rate**

RBC will keep records showing the transactions made through the Customer's business current account and amounts which have been debited or transferred from the Account to the Customer's business current account, together with all accrued interest and fees, and the amounts the Customer has repaid to RBC, under the Agreement. These records will, in the absence of manifest error, constitute conclusive evidence of the Debt the Customer owes RBC at any time. RBC may use a microfilm, electronic or other reproduction of any Transaction or other document evidencing the Debt to establish the Customer's liability for that Debt.

If it is necessary for RBC to prove the Interest Rate in effect at any time, the Customer agrees that RBC's written certificate, setting out the Interest Rate at that time, is sufficient proof for that purpose.

**17. Whole Agreement**

The Agreement and any documents or instruments referred to in, or delivered pursuant to, the Agreement constitute the whole and entire agreement between the Customer and RBC with respect to the OperatingLine. The Agreement is separate and in addition to any other agreements which exist or may exist between the Customer and RBC relating to any other loans or facilities that the Customer has with RBC.

**18. Severability**

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and such invalid provision shall be deemed to be severable.

**19. Governing Law and Submission to Jurisdiction**

The Agreement shall be construed in accordance with and governed by the laws of the Province where the Customer resides and the laws applicable therein. The Customer irrevocably submits to the non-exclusive jurisdiction of the courts of such Province and acknowledges the competence of such courts and irrevocably agrees to be bound by a judgment of any such court.

**20. Language**

The Customer and RBC have expressly requested that the Agreement and all related documents, including notices, be drawn up in the English language. Les parties ont expressément demandé que la présente convention et tous les documents y afférents, y compris les avis, soient rédigés en langue anglaise. (Quebec only / Québec seulement)

**21. Electronic Mail and Fax Transmission**

RBC is entitled to rely on any agreement, document or instrument provided to RBC by the Customer or any guarantor as applicable, by way of electronic mail or fax transmission as though it were an original document. RBC is further entitled to assume that any communication from the Customer received by electronic mail or fax transmission is a reliable communication from the Customer.

**22. Electronic Imaging**

The parties hereto agree that, at any time, RBC may convert paper records of this Agreement and all other documentation delivered to RBC (each, a "Paper Record") into electronic images (each, an "Electronic Image") as part of the RBC's normal business practices. The parties agree that each such Electronic Image shall be considered as an authoritative copy of the Paper Record and shall be legally binding on the parties and admissible in any legal, administrative or other proceeding as conclusive evidence of the contents of such document in the same manner as the original Paper Record.



RBC Royal Bank®

## RBC ROYAL BANK® BUSINESS CREDIT CARD AGREEMENT

This Agreement sets out the terms under which each Cardholder may use their Card, Account and Credit Card Cheques (as such terms are defined below). It replaces all prior RBC Royal Bank® Visa<sup>®</sup> CreditLine for Small Business<sup>™</sup>, RBC Royal Bank Business Credit Card (joint and several liability) or RBC<sup>®</sup> Business Cash Back MasterCard<sup>®</sup> agreements.

You should read this Agreement carefully as it explains your rights and duties. It also is your promise to pay all Debt owing on an Account.

### 1. What the Words Mean:

Here are the definitions of some of the words used in this Agreement. The words are in their singular form, but the definitions also apply to the plural forms of the words.

"we", "our" or "us" means Royal Bank of Canada and companies under RBC<sup>®</sup>;

"you" or "your" means the Applicant and each Owner;

"Account" means an RBC Royal Bank Visa Business Platinum Avion<sup>®</sup> ("Visa Platinum Avion"), RBC Business Cash Back MasterCard ("Cash Back MasterCard"), RBC Royal Bank Visa CreditLine for Small Business ("CLSB"), RBC Royal Bank Visa Business ("Visa Business") or RBC Royal Bank Visa Business Gold ("Visa Business Gold") account that we have opened for the Applicant. We may add other types of accounts to this list at any time. All Cards we issue to Cardholders under an Account form part of the Account;

"Account Credit Limit" means the maximum amount of Debt that can remain outstanding and unpaid in an Account;

"Account Documentation" means any document relating to an Account we may send to you and/or Cardholders from time to time including, but not limited to, changes to the Agreement or pricing changes, an insert enclosed with a paper Account Statement or information provided on an Account Statement, legal and regulatory information that we may be required by law to send you or, with your consent, any marketing offer;

"Account Statement" means the monthly written statement(s) of the Account in either paper or electronic format;

"Agreement" means this agreement and the Liability Waiver Program insurance certificate sent with the Card(s), if applicable. A copy of the certificate is also available at [www.rbcroyalbank.com/credit-cards/documentation](http://www.rbcroyalbank.com/credit-cards/documentation);

"Applicant" means the business identified in an application for an Account;

"ATM" means an automated teller machine;

"Card" means any credit card issued to a Cardholder on an Account;

"Card Credit Limit" means, for Visa Platinum Avion, Visa Business and Visa Business Gold Accounts only, the maximum amount that can remain outstanding and unpaid on a Card;

"Cardholder" means an individual to whom a Card is issued;

"Cash Advance" means an advance of cash that is charged to an Account through any eligible means including, but not limited to, a cash withdrawal from an Account, use of a Credit Card Cheque, a balance transfer, a Cash-Like Transaction or a bill payment (that is not a pre-authorized charge that you set up with a merchant);

"Cash Advance Interest Rate" means the annual interest rate applicable to Cash Advances made on an Account. The Cash Advance Interest Rate is shown on each Account Statement;

"Cash-Like Transaction" means a transaction that is similar to cash and we treat as a Cash Advance including, but not limited to, a money order, a wire transfer, a traveller's cheque and a gaming transaction (including, but not limited to, betting, off-track betting, race track wagers, casino gaming chips and lottery tickets);

"Credit Card Cheque" means a cheque drawn on an Account. It can only be in the form of a cheque that we provide to you for the Account;

"Debt" means, on any day, the total amount owing to us under this Agreement. The Debt is made up of all amounts charged to an Account including, but not limited to, Purchases, Cash Advances, Credit Card Cheques, interest and Fees;

"Electronic Means" means any communication method permitted by us from time to time including, but not limited to, computer, tablet, telephone, cell phone, smart phone, internet, email, personal digital assistant, facsimile or other method of telecommunication or electronic transmission;

"Fee" means a fee that applies to an Account. Fees are set out in this Agreement and may also be in any other Account Documentation we may send to you and/or Cardholders from time to time;

"Grace Period" means the number of days between the last Statement Date and the Payment Due Date for an Account. For CLSB, there is no Grace Period;

"Interest Rate" means either the Cash Advance Interest Rate or Purchase Interest Rate and Interest Rates means both the Cash Advance Interest Rate and the Purchase Interest Rate;

"Introductory Interest Rate" means a special low Interest Rate that may be offered to Cardholders. Only new Accounts are eligible for an Introductory Interest Rate;

"Liability Waiver Program" means the RBC Royal Bank Business Credit Card Liability Waiver Insurance program for Visa Platinum Avion, Visa Business and Visa Business Gold Accounts only, in force from time to time;

"Minimum Payment" means the amount indicated as such on an Account Statement;

"New Balance" means the amount indicated as such on an Account Statement. The New Balance is made up of all Debt incurred up to the Statement Date;

"Owner" means each individual who signs this Agreement as such, and includes any individual who owns a business as a sole proprietor, or has invested in a business as a partner, shareholder, member, limited partner or beneficial owner, and

who is authorized to act and make financial decisions on behalf of the Applicant including, but not limited to, opening an Account, asking for additional Cards on an Account or asking for an Account Credit Limit increase;

"**Payment Due Date**" means the date indicated as such on an Account Statement;

"**PIN**" means the personal identification number used by a Cardholder to access the Account;

"**Prime Interest Rate**" means the annual rate of interest we announce from time to time and post at our branches and on our website at [www.rbcroyalbank.com/rates](http://www.rbcroyalbank.com/rates) as a reference rate for determining interest rates on Canadian dollar commercial loans in Canada;

"**Promotional Interest Rate**" means a special low Interest Rate that may be offered to Cardholders periodically after an Account has been opened;

"**Purchase**" means a purchase of goods or services (or both) that is charged to an Account. A Purchase may be made with or without the use of a Card;

"**Purchase Interest Rate**" means the annual interest rate that applies to Purchases made on an Account. The Purchase Interest Rate is shown on each Account Statement;

"**Service Administrator**" means any individual an Owner or Signing Authority has designated as such;

"**Signing Authority**" means any individual (who may or may not be an Owner), designated in the way we require the designation to be made, as being authorized to act and make financial decisions on behalf of the Applicant and the Owners including, but not limited to, opening an Account, asking for additional Cards on an Account or asking for an Account Credit Limit increase; and

"**Statement Date**" means the last date of the Account Statement period for which an Account Statement is produced.

## 2. General Terms of Agreement:

This Agreement applies to each Card, Account and Credit Card Cheque. It also applies if we send you or the Cardholder a renewal or replacement Card. You agree to all of the terms and conditions set out in this Agreement and the terms and conditions in any amended or replacement agreement relating to the Account. You must give a copy of this Agreement, including any amendments to this Agreement, to each Owner.

If a Cardholder signs, activates, or uses their Card or their Card number, it will mean that each Owner has received and read this Agreement and agrees to and accepts all of its terms.

By accepting this Agreement and using the Card, you have requested the benefits and services provided automatically with the Card. Different types of Cards come with different features. Some of these features are highlighted later in this Agreement. The "Welcome Kit" that Cardholders receive with their Cards outlines the benefits and services which Cardholders can enjoy. We may change any of these features at any time. Third parties will provide some of the benefits and services outlined in your "Welcome Kit". These third parties, and not us, are responsible to you and the Cardholders for the services and benefits offered or provided by them. Optional features are available at an additional cost

to you. If you request any of these optional features, we may send you a separate agreement outlining any additional terms and conditions for the optional features.

You confirm that all information provided to us regarding the Applicant's ownership, control and structure is true, complete and accurate in all respects.

You must promptly give us up-to-date credit and financially-related information about you when we ask for it.

The Section and Sub-Section headings in this Agreement are for ease of reference only. They do not form part of this Agreement.

## 3. Account Opening/Card Issuance:

### a. Visa Platinum Avion, Visa Business and Visa Business Gold Accounts

At your request and subject to our approval, we will open an Account and issue a Card to the Cardholder(s) that you designate.

For any Cardholder who is not responsible to pay the Debt, we will only keep a record of the name of the Cardholder. In this situation, you must obtain and record the name, address, telephone number, and date of birth of each Cardholder. You must keep this information for at least seven (7) years after a Card has been cancelled. If we ask, you will give us this information.

### b. CLSB and Cash Back MasterCard Accounts

At your request and subject to our approval, we will open an Account and issue a Card to the Cardholder(s) that you designate. The maximum number of Cardholders for each Account is two (2), and each Cardholder must be an Owner.

## 4. Card Renewal and Replacement:

A renewal or replacement Card will be issued before the expiration date on the Card. Renewal and replacement Cards will continue to be issued to Cardholders in this way until you tell us to stop.

## 5. Account and Card Use:

A Card can only be used by the Cardholder in whose name it has been issued. Cardholders can use their Card and/or Card number for any permitted purpose including, but not limited to:

- making Purchases, whether they buy in person, over the phone, using the internet or by mail order;
- making cash withdrawals at one of our branches, at another financial institution or at an ATM;
- writing cheques using the Credit Card Cheques; and
- taking advantage of a balance transfer offer by transferring all or part of a balance they owe elsewhere to the Account, through our online banking service or by calling 1-800 ROYAL® 1-2 (1-800-769-2512).

A Cardholder must not use their Card for any illegal, improper or unlawful purpose. We may refuse to authorize certain types of transactions as we decide including, but not limited to, internet gambling.

## 6. Debt Incurred Without a Card:

If a Cardholder incurs Debt using their Card number only, without having presented their Card to a merchant (such as for an internet, mail order or telephone Purchase), the legal effect will be the same as if the Cardholder had used their Card and signed a sales draft or receipt or entered their PIN.

**7. If the Card Expires**

The Card expires at the end of the month shown on the Card. Cardholders must not use their Card or Card number if their Card has expired or after this Agreement is terminated. If anything is charged to an Account after the Card has expired or this Agreement is terminated, you are still responsible for and must pay the Debt.

**8. Lost or Stolen Card:**

If a Card is lost or stolen or if any one of you or the Cardholder suspects it is lost or stolen or being used by someone else, you or the Cardholder must tell us immediately.

After we have been told that a Card has been or may have been lost, stolen or misused, we will be able to prevent the use of the Card and Card number. If we suspect unauthorized or fraudulent use of a Card or a Card number, the use of any Card can be blocked or prevented without notice to you.

You will not be liable to us for any Debt resulting from the loss, theft or misuse of a Card that is incurred after the time any one of you or the Cardholder tells us about the loss, theft or misuse of a Card.

Notwithstanding the above, if a Card is lost, stolen or misused, you will be liable to us for:

- i. all amounts owing on the Card, up to a maximum of \$1,000.00, resulting from the loss, theft or misuse of the Card that is incurred before the time any one of you or the Cardholder tells us about that loss, theft or misuse through any one or more transactions on the Card, for which the Card or Card number has been used to complete those transactions; and
- ii. all amounts owing on the Card, resulting from the loss, theft or misuse of the Card that is incurred before the time any one of you or the Cardholder tells us about that loss, theft or misuse through any one or more transactions on the Card, for which the Card and PIN have been used together to complete those transactions.

**9. Credit Limits:****a. Visa Platinum Avion, Visa Business and Visa Business Gold Accounts**

If you have more than one Card, we will set an Account Credit Limit representing the total credit limit for all Cards. We may change the Account Credit Limit from time to time, without notice.

The Debt must not exceed the Account Credit Limit. However, we may (but are not required to, even if we have done so before) permit the Debt to exceed the Account Credit Limit.

A Card Credit Limit will be set for each Card. We may change any Card Credit Limit from time to time, without notice.

We will tell you the Card Credit Limit on the documents accompanying each Card when it is issued, and on each Account Statement.

Each Cardholder must observe their Card Credit Limit. The amounts owing on a Card must not exceed the Card Credit Limit. However, we may (but are not required to, even if we have done so before) permit the amounts owing on a Card to

exceed the Card Credit Limit. We may, at any time, refuse to permit the amounts owing on a Card to exceed the Card Credit Limit and require you to pay any balances which exceed the Card Credit Limit.

When the amounts owing on a Card exceed the Card Credit Limit on the Statement Date, an Overlimit Fee will be charged to the Account.

If you consistently make late payments or no payments, we may reduce the Card Credit Limit for a particular Card and/or the Account Credit Limit, without notice.

**b. CLSB and Cash Back Accounts**

An Account Credit Limit will be set for the Account. We may change the Account Credit Limit from time to time, without notice. We will tell you the Account Credit Limit on the documents accompanying each Card when it is issued, and on each Account Statement.

The Debt must not exceed the Account Credit Limit. However, we may (but are not required to, even if we have done so before) permit the Debt to exceed the Account Credit Limit.

We may, at any time, refuse to permit the Debt to exceed the Account Credit Limit and require you to pay any balances that exceed the Account Credit Limit.

When the Debt exceeds the Account Credit Limit on the Statement Date, an Overlimit Fee will be charged to the Account.

If you consistently make late payments or no payments, we may reduce the Account Credit Limit without notice.

**10. Card Cancellation/Revocation or Suspension of Use:**

The Applicant may cancel a Card by giving us a notice to cancel the Card. Except as otherwise set out in this Agreement, you will be liable to us for all Debt, resulting from the use of the Card from the time we receive the notice of cancellation until the time the Applicant notifies us that the Card has been destroyed.

If the amounts owing on a Card exceed the Card Credit Limit or the Debt outstanding on an Account exceeds the Account Credit Limit, we may suspend the right to use the Card or the Account, and all services we provided under this Agreement until the excess is paid in full.

We may revoke or suspend a Cardholder's right to use their Card or Card number at any time without notice. A Cardholder must give up their Card to you or to us at your (or our) request.

**11. PIN and Other Security Features:**

We will provide each Cardholder with a PIN for their Card or tell them how to select it. We will also tell them how to change their PIN. We will treat a PIN as the Cardholder's authorization whenever it is used with a Card. Any transactions done using the Card with the PIN will have the same legal effect as if the Cardholder signed a written direction to us.

Each Cardholder must protect the security of their Card and the Account by keeping their PIN confidential and separate from their Card at all times. Cardholders must select a PIN which cannot be easily guessed. Cardholders must not select a PIN using a combination of their name, date of birth, telephone numbers, address or social insurance numbers. No one but the Cardholder is permitted to know or use the PIN or

any other security codes such as passwords, access codes and Card numbers that may be used or required for Internet or other transactions. Each Cardholder will keep these security codes confidential and separate as well.

If someone uses a Card and PIN or the Card number with any other security code to make unauthorized purchases or otherwise obtain the benefits of the Card or Account, you will not be responsible for those charges provided that (i) you and the Cardholder are able to establish to our reasonable satisfaction that the Cardholder has taken reasonable steps to protect their Card, Account and/or Credit Card Cheque against loss or theft and to safeguard their PIN and other security codes in the manner set out in this Agreement, or as we may otherwise advise Cardholders from time to time, and (ii) you and the Cardholder cooperate fully with our investigation.

You will however remain fully responsible for all Debt incurred in connection with an unauthorized use if a Cardholder voluntarily discloses their PIN or other security code or otherwise contribute to the unauthorized or fraudulent use of a Card or access to the Account, or you or the Cardholder fail(s) to tell us in a reasonable time that a Card or Credit Card Cheque has been lost or stolen or that you believe someone else may know a Cardholder's PIN or other security code.

You are not responsible for unauthorized use of Card(s) or Card number(s) in transactions in which neither a PIN nor a security code is used as the Cardholder verification method.

For the purposes of this protection, "unauthorized use" of a Card or Card number means use by a person, other than the Cardholder, who does not have actual, implied or apparent authority for such use, and from which neither you nor the Cardholder receives any benefit. In addition to what is set out in this Agreement, we may tell Cardholders other steps they must take to safeguard their PIN or security codes.

#### 12. Liability for Debt:

Except as otherwise set out in this Agreement and, for Visa Platinum Avion, Visa Business and Visa Business Gold Accounts only, except as may otherwise be provided under the Liability Waiver Program, the Applicant, together with each Owner, will be jointly and severally (in Quebec, solidarily) liable to us for all Debt charged to the Account, no matter how it is incurred or who has incurred it and even though we may send Account Statements to Cardholders and not to any of you. However, we will provide Account Statement(s) or other information about that Debt to any of you at the request of any Owner or Signing Authority. The Applicant, together with each Owner, will also be jointly and severally (in Quebec, solidarily) liable to us for everything else you have agreed to with us in this Agreement.

An Owner will continue to be liable for the Debt as long as the Owner's name appears on the Agreement. If there is any change to the ownership or structure of the Applicant including, but not limited to, if an Owner ceases to be an owner, it is your responsibility to notify us as a new Agreement may need to be signed.

We may apply any money the Applicant or an Owner has on deposit with us or any of our affiliates against any Debt you owe us. We can apply the money on deposit against any Debt without notice to you or any of you.

#### 13. Making Payments:

It is your responsibility to ensure that payment on the Account is received by us for credit to the Account by the Payment Due Date shown on each Account Statement.

Even when normal postal service is disrupted, payments must continue to be made on each Account.

Payments can be made on the Account at any time. Payments can be made by mail, at one of our branches, at an ATM that processes such payments, through our telephone, mobile or online banking service or at certain other financial institutions that accept such payments, by registering the Account as a "Bill Payment" for this purpose.

Payments sent to us by mail or made through another financial institution's branch, ATM or online banking service may take several days to reach us. A payment is not credited to the Account and does not automatically adjust the available Card Credit Limit or Account Credit Limit until we have processed the payment. It may take several days to adjust the available Card Credit Limit or Account Credit Limit depending on how payment is made. To ensure that a payment is credited to an Account and automatically adjusts the available Card Credit Limit or Account Credit Limit on the same business day, a payment must be made prior to 6:00pm local time on that business day at one of our branches or our ATMs in Canada or through our telephone, mobile or online banking service.

You can also ask us to process your payments on the Payment Due Date each month as a pre-authorized debit ("PAD") from a deposit account. The account must be with a Canadian financial institution and must be in Canadian dollars.

You may choose to pay the Minimum Payment or your New Balance. If you ask us to automatically process payments as a PAD, you will be bound by the terms and conditions set out in Rule H1 of the Rules of the Canadian Payments Association, as amended from time to time, as well as this Agreement. You also waive any pre-notification requirements that exist where variable payment amounts are being authorized. You may notify us at anytime that you wish to revoke your authorization for a PAD. A PAD may, under certain circumstances, be disputed for up to ninety (90) days. To obtain more information on our rights against you under a PAD, you may contact the financial institution that holds the bank account you have designated for the PAD or review the Rules at [www.cdnipay.ca](http://www.cdnipay.ca).

You are not permitted to make a payment exceeding a Card Credit Limit unless the amounts owing on the Card at the time of payment is more than the Card Credit Limit. You are not permitted to make a payment exceeding the Account Credit Limit unless the Debt at the time of payment is more than the Account Credit Limit. If you do make a payment of more than the Card Credit Limit or the Account Credit Limit, interest will not be paid on the positive balance. Any positive balance is not considered a deposit account for the purpose of insurance given by Canadian Deposit Insurance Corporation.

#### 14. Payment of Debt:

- a. Except as otherwise set out in this Agreement, you may pay the Debt in respect to each Account in full or in part at any time.



- b. Except as otherwise set out in this Agreement, you must make a Minimum Payment, by the Payment Due Date, equal to the lesser of (i) for all Accounts except CLSB, \$10.00, plus interest, plus Fees or, for CLSB, \$100.00, plus interest, plus Fees, and (ii) your New Balance, in order to keep the Account up to date. Each of these amounts will be shown on the Account Statement. Any past-due amounts will be included in your Minimum Payment amount.
- c. You must also pay any amount that exceeds either the Card Credit Limit or Account Credit Limit immediately, even though we may not yet have sent an Account Statement on which that excess appears.
- d. You must keep the Account up-to-date at all times even if we are delayed in or prevented from sending, for any reason, any one or more Account Statements. You must contact one of our branches or our Cards Customer Service at 1-800 ROYAL® 1-2 (1-800-769-2512) at least once a month during such a delay or interruption to obtain any payment information you do not have and need to know in order for you to comply with your obligations under this Section.
- e. If any payment made by you in respect of the Account is not honoured, or if we must return it to you because it cannot be processed, a "Dishonoured Payment Fee" will be charged and Card privileges may be revoked or suspended.
- f. If the New Balance on a previous Account Statement was paid in full by the Payment Due Date, the Grace Period for the current Account Statement will continue to be the minimum number of days applicable to the Card. If the New Balance on the previous Account Statement was not paid in full by the Payment Due Date, the Grace Period for the current Account Statement will be extended to twenty-five (25) days from the last Statement Date. This section 14(f) does not apply to CLSB, which has no Grace Period.

#### 15. Payment Allocation:

When you make a payment, we will apply the amount up to your Minimum Payment, first to any interest and second to any Fees. We will apply the remainder of any Minimum Payment to your New Balance, generally starting with amounts bearing the lowest Interest Rate before amounts bearing a higher Interest Rate.

If you pay more than your Minimum Payment, we will apply the amount over the Minimum Payment to the remainder of your New Balance. If the different amounts that make up your New Balance are subject to different Interest Rates, we will allocate your excess payment in the same proportion as each amount bears to the remainder of your New Balance. If the same Interest Rate is applicable to both a Cash Advance and a Purchase, we will apply your payment against the Cash Advance and the Purchase in a similar proportionate manner.

If you have paid more than your New Balance, we will apply any payment in excess of the New Balance to amounts that have not yet appeared on your Account Statement in the same manner as set out above.

Credits arising from returns or adjustments are generally first applied to transactions of a similar type, second to any interest and Fees, and the remainder to other Debt owing in the same manner as we apply payments in excess of the Minimum Payment.

#### 16. Interest Rates and Charges:

The current Interest Rates are set out on each Account Statement. They are expressed as annual percentage rates. The standard Interest Rates are shown in the chart outlined in the "Standard Annual Fees, Grace Period and Interest Rates" Section of this Agreement. If you are taking advantage of any special offers, the Interest Rates may be different than those on the chart. The Interest Rates may change from time to time.

##### a. All Accounts except CLSB

You can avoid interest on both Purchases and Fees by always paying the New Balance in full on or before the Payment Due Date every month. Your New Balance is shown on your Account Statement and is made up of all Purchases, Cash Advances, interest and Fees incurred up to the Statement Date.

If you do not pay your New Balance in full on or before the Payment Due Date, you will lose your interest-free status for Purchases and Fees. If this happens, you must pay interest on all Purchases and Fees shown on that month's Account Statement as well as interest on all new Purchases and new Fees. Interest is calculated from the transaction date, until the day we process your payment for the total amount you owe. To regain interest-free status on your Purchases and Fees, you must pay your New Balance by the Payment Due Date. Interest on previously billed Purchases and Fees that has accrued since the end of the last Account Statement period to the date payment in full of the New Balance is received, will appear on your next month's Account Statement.

Cash Advances never benefit from an interest-free Grace Period. This means interest is charged from the transaction date.

##### b. Applicable to CLSB Account only

The Interest Rate(s) in effect for the entire period covered by an Account Statement is calculated by taking our Prime Interest Rate in effect on the first business day of the month in which we prepare your Account Statement and adding the interest rate premium (fixed percentage) applicable to the Account. We will tell you what your interest rate premium is in a document accompanying each Card. Your Interest Rate changes as our Prime Interest Rate changes. We will review the Account and Interest Rates from time to time, and may decrease or increase your interest rate premium at any time. If we change your interest rate premium, we will give you thirty (30) days written notice of the change.

We will charge you interest on the amount of each Purchase, Cash Advance and Fee from (and including) the transaction date recorded for them on the Account Statement, where they appeared for the first time, to the day we receive payment in full of the Debt.

##### c. Applicable to all Accounts

Fees are treated in the same manner as Purchases for the purpose of charging interest. The transaction date for a Fee is the date that the Fee is posted to the Account.

We do not charge interest on interest.

We calculate interest daily, however we only add it to the Account monthly. The amount of interest we charge is calculated as follows:

- We add the amount you owe each day, and divide that total by the number of days in the Account Statement period. This is your average daily balance; and
- We multiply the average daily balance by the applicable daily Interest Rate(s) (obtained by taking the annual Interest Rate(s) and dividing by the number of days in the year). We then multiply this value by the total number of days in the Account Statement period to determine the interest we charge you.

If there is more than one applicable Interest Rate, we calculate the amount of interest you owe based on the average daily balances that apply to each Interest Rate.

The Account Statement will show your New Balance, Payment Due Date, transaction and posting dates, and your Interest Rate(s), including any Introductory Interest Rate or Promotional Interest Rate.

**17. Cash Advances**

Interest is always charged on a Cash Advance from the day the Cash Advance is made. "Cash Advance Fees" or "Promotional Rate Fees" also apply to certain Cash Advances. These fees are set out in the "Other Fees" Section of this Agreement. All of the following types of transactions are treated as Cash Advances:

- When a Cardholder makes a cash withdrawal from the Account at an RBC Royal Bank branch or ATM, or at any other financial institution's branch or ATM;
- When a Cardholder uses a Credit Card Cheque;
- When a Cardholder takes advantage of a balance transfer offer by transferring all or part of a balance they owe elsewhere to the Account, through our online banking service or by calling 1-800 ROYAL® 1-2 (1-800-769-2512);
- When a Cardholder makes bill payments from the Account or transfers funds from the Account to another RBC Royal Bank bank account, at one of our branches or ATMs, or through our online banking or telephone banking service (1-800 ROYAL® 1-1) (bill payments made by pre-authorized charges to the Account that a Cardholder sets up with a merchant will usually be treated as Purchases, not as Cash Advances, and we will not charge interest from the transaction date); and
- When a Cardholder makes Cash-Like transactions.

If you are uncertain as to whether a particular transaction will be treated as a Cash Advance or as a Purchase, you should contact us.

**18. Standard Annual Fees, Grace Period and Interest Rates:**

The following provides some guidance with respect to standard non-refundable annual fees, Grace Periods and standard Interest Rates for our Cards. Your annual fee may be different from that shown in this Agreement if the terms and conditions for other banking and related services you have with us provide otherwise. Annual fees are charged on the first day of the month following the Account opening (whether or not the Card is activated) and annually thereafter on the first day of that same month.

	First Card	Each Additional Card		Purchase Interest Rate	Cash Advance Interest Rate
Business Cash Back MasterCard	\$0	\$0	21	19.99%	21.99%
Visa Business Gold*	\$40.00	\$40.00	21	19.99%	21.99%

\*We no longer accept applications for this Card.

**19. Other Fees:**

**Cash Advance Fee:**

<p>No additional charge for a Cash Advance obtained from one of our ATMs in Canada.</p> <p>\$3.50 for a Cash Advance obtained from any other designated ATM located in Canada or for a Cash-Like Transaction made in Canada.</p> <p>\$5.00 for a Cash Advance obtained from an ATM located outside Canada or for a Cash-Like Transaction made outside Canada.</p>	<p>When a Cardholder obtains the following types of Cash Advances at the standard Interest Rate or at an Introductory Interest Rate, a \$3.50 fee for each transaction will be charged to the Account, unless otherwise stated:</p> <p>(i) cash withdrawals from an Account at one of our branches or ATMs, or at any other financial institution's ATM, in Canada;</p> <p>(ii) bill payments from an Account (that are not pre-authorized charges that a Cardholder sets up with a merchant) or when a Cardholder transfers funds from the Account to another RBC Royal Bank bank account at one of our branches or ATMs, or through our online banking or telephone banking service;</p>
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	(iii) when a Cardholder makes Cash-Like Transactions, in Canada.
	If the cash withdrawal or Cash-Like Transaction occurs outside Canada, a \$5.00 fee will be charged to the Account each time.
	There is no fee if a Credit Card Cheque is used at the standard Cash Advance Interest Rate or Introductory Interest Rate.

**Promotional Rate Fee:** If a Cardholder takes advantage of a Promotional Interest Rate offer during the promotional period by writing a Credit Card Cheque or making a balance transfer through our online banking service or by calling 1-800 ROYAL® 1-2 (1-800-769-2512), a fee representing up to 3% of the Credit Card Cheque or balance transfer amount will be charged to the Account. The exact Promotional Rate Fee will be disclosed at the time the offer is made to you.

**Overlimit Fee:** If the New Balance shown on your Account Statement exceeds the Card Credit Limit or Account Credit Limit, a \$25.00 fee will be charged to the Account on the Statement Date.

**Dishonoured Payment Fee:** If a payment is not processed because a financial institution returns a cheque or refuses a pre-authorized debit, a \$40.00 fee will be charged to the Account on the date the payment reversal is posted. This fee is in addition to any fee charged by your financial institution for insufficient funds in the account.

**Additional Account Statement Copy:** For an additional copy of an Account Statement, a \$5.00 fee will be charged. For each Account Statement update obtained from one of our branches in Canada or at an ATM that provides Account Statement updates, a \$1.50 fee will be charged.

**Transaction Receipt Copy Fee:** For a copy of any transaction receipt that relates to a transaction on the current Account Statement, no fee will be charged. Otherwise, a \$2.00 fee for each copy will be charged each time the situation occurs. Receipt copies are not always available for Purchases made using a Card with a PIN.

You must pay all Fees. Fees are charged within three (3) business days from when the transaction is posted. Fees may change and if they do, we will tell you in advance.

## 20. Foreign Currency Transactions:

We will bill you in Canadian currency. If a Cardholder uses a Card and/or the Card number outside Canada or charges amounts to the Account in a foreign currency, we will convert the charges into Canadian dollars no later than the date we post the transaction to the Account at our exchange rate which is 2.5% over a benchmark rate set by the payment card network that is in effect and that we pay on the date of the conversion.

We will show the exchange rate for each transaction on the Account Statement. If you are paying interest on the Account, interest will also be charged on the full value of the foreign transactions, as determined using our exchange rate.

## 21. RBC Rewards Program:

If a Card allows Cardholders to earn RBC Rewards points which can be redeemed for merchandise, travel and other rewards, you and the Cardholders acknowledge that you and their participation in the RBC Rewards program is subject to the RBC Rewards Terms and Conditions, which are available for review at [www.rbc rewards.com](http://www.rbc rewards.com). The RBC Rewards Terms and Conditions are subject to change without notice. Paper copies are available upon request, by calling 1-800 ROYAL® 1-2 (1-800-769-2512).

## 22. RBC Cash Back Program:

If a Card allows Cardholders to earn back a certain percentage of the total amount of eligible net Purchases charged to the Account annually, as a credit to the Account, you and the Cardholders acknowledge that you and their participation in the program is subject to the RBC Cash Back Terms and Conditions, which are available for review at [www.rbc.com/businesscashback](http://www.rbc.com/businesscashback). The RBC Cash Back Terms and Conditions are subject to change without notice. Paper copies are available upon request, by calling 1-800 ROYAL® 1-2 (1-800-769-2512).

## 23. Special Offers:

We may make special offers to any Cardholder from time to time including, but not limited to, Introductory Interest Rate and other Promotional Interest Rate offers that temporarily lower the Interest Rate applicable to portions of the Debt, such as certain types of Cash Advances.

We sometimes make Introductory Interest Rate offers that apply to new Accounts only. For example, we could offer a low Introductory Interest Rate for certain transactions for a limited period of time, such as a 3.9% Introductory Interest Rate on all Cash Advances for 9 months.

A Promotional Interest Rate offer is an offer we may periodically make to any Cardholder and that applies to their Card after an Account has been opened. For example, we could offer any Cardholder a low Promotional Interest Rate for certain transactions for a limited period of time, such as a 3.9% Promotional Interest Rate on Credit Card Cheques for 9 months.

If we make any Cardholder a special offer, we will explain its scope and duration and any additional terms that apply to it. If a Cardholder accepts the special offer by using the Credit Card Cheques or otherwise taking advantage of the special offer, both you and the Cardholder will be bound by this Agreement and any additional terms we set out in the offer. When the promotion expires, the special offer terms will end and the terms and conditions of this Agreement will continue to apply, including, but not limited to, those related to the Interest Rate and payments. The Account Statement will set out any Introductory Interest Rate(s) or Promotional Interest Rate(s) that apply to the Cardholder's New Balance, any remaining balances associated with those rates, and when those rates expire. If any expiry date falls on a date for which we do not process Account Statements (for example, weekends and certain holidays), we will continue to provide the Cardholder with the benefit of the Introductory Interest Rate or Promotional Interest Rate until the next statement processing day.

## 24. Credit Vouchers

If a store or merchant issues a credit voucher or otherwise gives us a refund, we will reduce the balance you owe by the amount of the refund. However, if interest has been charged as a result of the transaction, we will not refund the interest.

If a Cardholder uses their Card or their Card number for a transaction in a foreign currency, and the merchant gives them a credit voucher or refund, the two transactions (the charge and the credit) will not exactly balance because of the exchange rate and currency fluctuations.

#### **25. Recurring Payments:**

You are responsible for any recurring payments Cardholders have authorized merchants to charge to an Account, even after you or we cancel this Agreement. If you wish to discontinue any recurring payment, you must contact the merchant in writing and then check the Account Statement to ensure that the payments have, in fact, stopped. If the payments have not stopped despite your instructions to a merchant, we may be able to help you if you give us a copy of the written request to the merchant.

#### **26. Problems With a Purchase:**

We are not responsible for any problem you or the Cardholder has with any Purchase. If you or the Cardholder have a problem with anything purchased using a Card or Card number, you must still pay all Debt as required by this Agreement. You must settle the problem or dispute directly with the store or merchant.

In some circumstances, we may be able to help you resolve disputed transactions. If you wish to discuss a dispute, contact us toll-free during regular business hours at 1-800 ROYAL® 1-2 (1-800-769-2512).

We will not be responsible if a Card is not honoured by a merchant at any time and for any other problem or dispute you or a Cardholder may have with a merchant.

#### **27. Account Statement, Verification and Disputes:**

Each month, we will provide an Account Statement. We will not provide an Account Statement if there has been no activity on the Account in that month and no Debt is owing.

We prepare the Account Statement at approximately the same time each month. Unless you have opted and consented to electronic Account Statements, we will send the Account Statement to you, directed to the Applicant's address last provided to us by any of you or the Signing Authority or, in the case of Visa Platinum Avion, Visa Business and Visa Business Gold Accounts, directly to Cardholders at your request. If the date on which we would ordinarily prepare the Account Statement falls on a date for which we do not process statements (for example, weekends and certain holidays), we will prepare the Account Statement on the next statement processing day. The Payment Due Date will be adjusted accordingly.

When available, you may choose to receive the Account Statement and Account Documentation through Electronic Means. In that case, the Account Statement and Account Documentation will only be made available to the Applicant and will not be sent directly to Cardholders.

Each month, you will ensure that you promptly examine the Account Statement and each transaction, Interest Rate, charge and fee recorded in it. You will notify us in writing of any errors, omissions, or objections to an Account Statement, or an entry or balance recorded in it, within thirty (30) days from the Statement Date recorded on that Account Statement.

If you do not notify us as required, we are entitled to treat the Account Statement entries and balances as complete, correct and binding on you and we will be released from all claims by you in respect of those Account Statement, entries and balances.

We may use scanning and microfilm, electronic or other reproduction of any Purchase or Cash Advance draft or other document evidencing Debt to establish your liability for that Debt. Upon request, we will provide a microfilm, electronic or other reproduction within a reasonable time frame of any Purchase or Cash Advance draft or other document evidencing the Debt. Original records of Purchases may not be available in paper form. Digital and microfilm records are valid to establish the accuracy of our records.

#### **28. Transfer of Rights:**

We may, at any time, sell, transfer or assign any or all of our rights under this Agreement. If we do so, we can share information concerning the Account with prospective purchasers, transferees or assignees. In such case, we will ensure that they are bound to respect your privacy rights in the same way that we are.

#### **29. Electronic Communication:**

You acknowledge and agree that we may provide Account Statements, this Agreement or Account Documentation through Electronic Means, with your consent. Any documents sent through Electronic Means will be considered "in writing" and to have been signed and delivered by us as though it were an original document. We may rely on and consider any document received through Electronic Means from the Applicant, an Owner or any Signing Authority, as applicable, or which appears to have been received from either one of you as authorized and binding on you, as though it were an original document. In order to communicate with us by Electronic Means, you agree to comply and require each Cardholder to comply with certain security protocols that we may establish from time to time and to take all reasonable steps to prevent unauthorized access to any Account Statement and any other documents exchanged through Electronic Means.

#### **30. Service Administrator:**

A Service Administrator is a person you or a Signing Authority designate in the manner we have prescribed for this purpose, as eligible to perform non-financial transactions on an Account on behalf of the Applicant such as, but not limited to, redeeming RBC Rewards points if your Card(s) earn RBC Rewards points under the RBC Rewards program. A Service Administrator is not authorized to perform financial transactions on behalf of the Applicant such as opening an Account, asking for additional Cards on an Account or for an Account Credit Limit increase.

#### **31. Amending this Agreement:**

We may change the Interest Rates and Fees for each Account periodically. Except as otherwise set out in this Agreement, we may also change this Agreement at any time. If we do, you will be given at least thirty (30) days prior notice of each change. We will notify you of any change in any one or more of the following ways: by sending you a notice (written or through Electronic Means, with your consent), by adding a notice on your Account Statement, by posting a notice in all of our branches, by displaying a notice at our ATMs or by posting notice on our website. If we send you a written notice, we will direct it to the Applicant's address last appearing on our records. If any Card or Card number is used or any Debt remains unpaid after the effective date of a change, it will mean that you have accepted the amendment made to the Agreement.

The benefits and services we provide to any of you and the Cardholders are subject to terms and conditions which may be amended by us from time to time, without notice to you or any Cardholder.

### 32. Limitations on Our Liability:

We try to ensure that your Card and Card number are accepted when presented. However, we will not be liable to you or any Cardholder for damages (including, but not limited to special, indirect or consequential damages) that may result if, for any reason, a Card or Card number is not accepted or a Cardholder is unable to access the Account.

### 33. Termination:

- a. We or any one of you may terminate this Agreement at any time by giving notice of termination to the other party(ies) in writing. We will direct it to the Applicant's address last appearing on our records. Your notice must be directed to our address appearing on your last Account Statement.
- b. If any one of the following events occurs, it will mean you are in default. We may terminate this Agreement immediately and without giving you any notice, if:
  - i. any one of you becomes insolvent or bankrupt;
  - ii. someone files a petition in bankruptcy against any one of you;
  - iii. any one of you makes an unauthorized assignment for the benefit of your creditors;
  - iv. any one of you or someone else institutes any proceedings for the dissolution, liquidation or winding up of your affairs;
  - v. any one of you or someone else institutes any other type of insolvency proceeding involving your assets under the Bankruptcy and Insolvency Act or otherwise;
  - vi. the Applicant ceases or gives notice of its intention to cease to carry on business or makes or agrees to make a bulk sale of its assets without complying with applicable laws or any one of you commits an act of bankruptcy;
  - vii. you fail to pay any Debt or to perform any other obligation to us as required under this Agreement;
  - viii. any one of you makes any statement or representation to us that is untrue in any material respect when made; or
  - ix. there is, in our opinion, a material adverse change in the financial condition of any one of you.
- c. If this Agreement is terminated, you must immediately pay all Debt and ensure that each Cardholder destroys their Card and any unused Credit Card Cheques.
- d. If you fail to comply with your obligations to us under this Agreement, you will be liable to us for:
  - i. all costs and expenses if we use a collection agency to collect or attempt to collect the Debt;
  - ii. all court costs and reasonable legal fees and expenses (on a solicitor-client basis) we incur through any legal process to recover any Debt, and
  - iii. all costs and expenses we incur in reclaiming any Card and Credit Card Cheque.

### 34. Exchange of Information Between You and Us:

Information about a Cardholder's use of their Card or Account, and pertinent information about any reimbursement of Debt received by the Cardholder from the Applicant (or any Owner), Cardholder employment status and location, and any other related Cardholder tracking information may be exchanged between you and us.

### 35. Liability Waiver Program:

If you have a Visa Platinum Avion, Visa Business or Visa Business Gold Account, the Liability Waiver Program is made available at no cost. You may request us to waive, in accordance with the Liability Waiver Program, your liability for certain unauthorized charges posted to the Account, as set out in this Agreement.

You will abide by the provisions of the Liability Waiver Program as in effect from time to time.

### 36. Governing Law:

This Agreement shall be interpreted and governed in accordance with the laws of the province or territory in which the Applicant resides (or the laws of the Province of Ontario if the Applicant resides outside Canada) and the applicable laws of Canada. In the event of a dispute, you agree that the courts in the province or territory where the Applicant resides (or the courts in the Province of Ontario if the Applicant resides outside of Canada) shall be competent to hear such dispute and you agree to be bound by any judgment of that court.

### 37. Complete Agreement, etc.:

This Agreement constitutes the complete agreement between you and us with respect to the Account and Card(s) and related matters. No failure on your part to exercise, and no delay by us in exercising, any right under this Agreement will operate as a waiver thereof; nor will any single or partial exercise by us of any right under this Agreement preclude any other or further exercise thereof, or the exercise of any other right, by us under this Agreement.

### 38. No Assignment:

Neither the Applicant, nor any Owner, Cardholder or Signing Authority has the right to assign or transfer this Agreement, any Card or Account, to anyone else. If a transfer or assignment takes place, this Agreement will be terminated unless we state, in writing, that it is not terminated.

### 39. Your Choice of Language

When you applied for an Account, you indicated whether you wanted us to communicate with you in English or French. We will respect your choice in all our correspondence with you. If you would like a copy of this Agreement in the other language or would otherwise prefer to deal with us in the other language, you will let us know.

### 40. In Quebec:

You have expressly requested that this Agreement and all related documents, including, but not limited to, notices, be drawn up in the English language. *Vous avez expressément demandé que ce contrat et tout document y afférent, y compris tout avis, soient rédigés en langue anglaise.*

### 41. How to Contact Us

If you need help or have questions about the Account, call us toll-free at 1-800 ROYAL® 1-2 (1-800-769-2512) during regular business hours.

**42. Additional Access to Account:**

We authorize any individual holding a business client card or business client identification number (B.C.I.N.), issued by us in the name of the Applicant, to obtain advances from the Account, to transfer and deposit funds to the Account and to obtain information about the Account and transactions on the Account by using such business client card or B.C.I.N. in accordance with the terms of the agreements governing the use of such business client card or B.C.I.N.

**43. Protecting Your Privacy:****a. Collecting Your Personal Information**

We may from time to time collect financial and other information about you such as:

- i. information establishing your identity (for example: name, address, phone number, date of birth, etc.) and your personal background;
- ii. information related to transactions arising from your relationship with and through us, and from other financial institutions;
- iii. information you provide on an application for any of our products and services;
- iv. information for the provision of products and services; and
- v. information about financial behavior such as your payment history and credit worthiness.

We may collect and confirm this information during the course of our relationship. We may obtain this information from a variety of sources, including from you, from service arrangements you make with or through us, from credit reporting agencies and financial institutions, from registries, from references you provide to us and from other sources, as is necessary for the provision of our products and services.

You acknowledge receipt of notice that from time to time reports about you may be obtained by us from credit reporting agencies.

**b. Using Your Personal Information**

This information may be used from time to time for the following purposes:

- i. to verify your identity and investigate your personal background;
- ii. to open and operate your account(s) and provide you with products and services you may request;
- iii. to better understand your financial situation;
- iv. to determine your eligibility for products and services we offer;
- v. to help us better understand the current and future needs of our clients;
- vi. to communicate to you any benefit, feature and other information about products and services you have with us;
- vii. to help us better manage our business and your relationship with us;
- viii. to operate the payment card network;
- ix. to maintain the accuracy and integrity of information held by a credit reporting agency; and
- x. as required or permitted by law.

For these purposes, we may:

- i. make this information available to our employees, our agents and service providers, who are required to maintain the confidentiality of this information;
- ii. share this information with other financial institutions; and
- iii. give credit, financial and other related information to credit reporting agencies who may share it with others.

In the event our service provider is located outside of Canada, the service provider is bound by, and the information may be disclosed in accordance with, the laws of the jurisdiction in which the service provider is located.

Upon your request, we may give this information to other persons.

We may also use this information and share it with RBC companies (i) to manage our risks and operations and those of RBC companies, (ii) to comply with valid requests for information about you from regulators, government agencies, public bodies or other entities who have a right to issue such requests, and (iii) to let RBC companies know your choices under "Other Uses of Your Personal Information" for the sole purpose of honouring your choices. *If we have your social insurance number, we may use it for tax related purposes if you hold a product generating income and share it with the appropriate government agencies, and we may also share it with credit reporting agencies as an aid to identify you.*

**c. Other Uses of Your Personal Information**

- i. We may use this information to promote our products and services, and promote products and services of third parties we select, which may be of interest to you. We may communicate with you through various channels, including telephone, computer or mail, using the contact information you have provided.
- ii. We may also, where not prohibited by law, share this information with RBC companies for the purpose of referring you to them or promoting to you products and services which may be of interest to you. We and RBC companies may communicate with you through various channels, including telephone, computer or mail, using the contact information you have provided. You acknowledge that as a result of such sharing they may advise us of those products or services provided.
- iii. If you also deal with RBC companies, we may, where not prohibited by law, consolidate this information with information they have about you to allow us and any of them to manage your relationship with RBC companies and our business.

You understand that we and RBC companies are separate, affiliated corporations. RBC companies include our affiliates which are engaged in the business of providing any one or more of the following services to the public: deposits, loans and other financial services; credit, charge and payment card services; trust and custodial services; securities and brokerage services; and insurance services.

You may choose not to have this information shared or used for any of these "Other Uses" by contacting us as set out below, and in this event, you will not be refused credit or other services just for that reason. We will respect your choices and, as mentioned above, we may share your choices with RBC companies for the sole purpose of honouring your choices regarding "Other Uses of Your Personal Information".

**d. Your Right to Access Your Personal Information**

You may obtain access to the information we hold about you at any time and review its content and accuracy, and have it amended as appropriate; however, access may be restricted as permitted or required by law. To request access to such information, to ask questions about our privacy policies or to request that the information not be used for any or all of the purposes outlined in "Other Uses of Your Personal Information" you may do so now or at any time in the future by:

- i. contacting your branch; or
- ii. calling us toll-free at 1-800 ROYAL® 1-1 (1-800-769-2511).

**e. Our Privacy Policies**

You may obtain more information about our privacy policies by asking for a copy of our "Financial fraud prevention and privacy protection" brochure, by calling us at the toll-free number shown above or by visiting our web site at [www.rbc.com/privacysecurity/ca/](http://www.rbc.com/privacysecurity/ca/).

Signed as of the 4th day of June, 2014  
Month Year

**HEAVEN FRESH CANADA INC.**

Applicant's legal business name (Name of the sole proprietor, partnership or corporation)

Per:  \*

Name of Owner: **MOHAMMAD KAMAL ANWAR**

Title: \_\_\_\_\_

Per:  \*

Name of Owner: **IMRAN BASHIR**

Title: \_\_\_\_\_

Per: \_\_\_\_\_ \*

Name of Owner: \_\_\_\_\_

Title: \_\_\_\_\_

(\*I/WE have authority to bind the Applicant.)

(\*I/WE agree to be jointly and severally (in Quebec, solidarily) liable with the Applicant and the Owner(s))

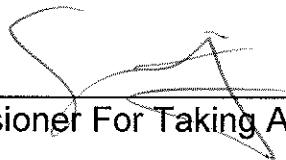
®/™ Trademark(s) of Royal Bank of Canada. RBC and Royal Bank are registered trademarks of Royal Bank of Canada.

‡ All other trademarks are the property of their respective owners.

# Tab I



This is Exhibit "I" referred to  
in the Affidavit of **Imran Bashir**  
sworn before me, this  
**27<sup>th</sup>** day of **July, 2017**



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Commissioner For Taking Affidavits



## Loan Agreement Page 1 of 4

This loan agreement (the "Agreement") is hereby entered into by and between Thinking Capital Financial Corporation, having its registered address at 4200 boulevard Dorchester, Suite 300, Montreal, Quebec H3Z 1V4 (the "Lender") and the borrower identified below (the "Borrower"), on \_\_\_\_\_.

BORROWER INFORMATION					
Business Legal Name HEAVEN FRESH CANADA INC.		Business Name (DBA) HEAVEN FRESH CANADA INC		Years Under Current Owner 11-13 Years	
Commercial Mailing Address #5 - 1600 Aimco Blvd.			Physical Location Address #5 - 1600 Aimco Blvd.		Number of Locations 1
City Mississauga	Province ON	Postal Code L4W 1V1	City Mississauga	Province ON	Postal Code L4W 1V1
Email Address (Mandatory) kamal@heavenfresh.ca		Business Phone (416) 298-2023	Business Fax (416) 352-1857	Current Payment Processor Other	

OWNER/PARTNER/OFFICER 1				
First Name Kamal	Last Name Anwar	Date of Birth 1971-07-11	SIN	Ownership Percentage 34%
Home Address #217 - 5030 HEATHERLEIGH AVE.		Home Phone Number (416) 293-0951	Mobile Phone Number (Mandatory) (416) 704-1857	
City MISSISSAUGA	Province ON	Postal Code L5V 2G7	Personal Email Address (Mandatory) kamal@heavenfresh.ca	

OWNER/PARTNER/OFFICER 2				
First Name Imran	Last Name Bashir	Date of Birth 1974-11-28	SIN	Ownership Percentage 45%
Home Address 303 Pinetree Way		Home Phone Number (416) 312-1857	Mobile Phone Number (Mandatory) (416) 312-1857	
City Mississauga	Province ON	Postal Code L5G 2R4	Personal Email Address (Mandatory) imran@heavenfresh.ca	

EMERGENCY CONTACT		
Emergency Contact Benish Kamal	Emergency Contact Phone Number/Email (416) 706-0951	Relation Spouse
Landlord Company Name Davpart Inc.	Landlord Contact Name Shraga Zlotnick	Landlord Phone Number/Email (416) 222-3010
Key Supplier Company Name Indoor Purification Systems Inc.	Key Supplier Contact Name Casey Fisher	Key Supplier Phone Number/Email (801) 547-1162
Franchisor Company Name	Franchisor Contact Name	Franchisor Phone Number/Email

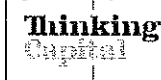
SUMMARY OF LOAN TERMS			
Approved Amount	\$141,669	Term of Loan	12 months
Requested Amount	\$141,669	Initiation Fee	\$1,416.69
Daily Reimbursement Amount	\$676.71	Rate of Interest (Term)	18.46%



OWNER 1 INITIALS



OWNER 2 INITIALS



## SCHEDULE "A" TERMS AND CONDITIONS

1. **Loan.** The Approved Amount set out in the Summary of Loan Terms is the maximum amount that the Lender has agreed to lend to Borrower (the "Loan"). The initial advance of the Loan, being the Requested Amount set out in the Summary of Loan Terms, will be disbursed in one (1) single advance, less the Initiation Fee, on a non-revolving basis. Once this loan amount is repaid it cannot be reborrowed (with the exception of Top-Up Advances, if any, pursuant to Section 8 below). In no event shall the sum of the outstanding portion of the Requested Amount and the aggregate amount of all outstanding Top-Up Advances and other permitted borrowings hereunder exceed the Approved Amount. All advances will be made by the Lender to the Borrower in the form of an EFT (electronic funds transfer) directed to the Deposit Account.
2. **Term.** This Agreement will remain in force for the period specified in the Summary of Loan Terms, unless terminated earlier in accordance with the terms of this Agreement (including for an Event of Default). Notwithstanding the foregoing, the Loan is repayable at all times and from time to time, on demand.
3. **Interest.** The interest rate that applies to the Loan is set out in the Summary of Loan Terms (the "Interest Rate"). The Interest Rate is not an annual rate, but the rate of interest to be paid based on the Term of the initial Loan advance. The method for determining the annual rate of interest to which such Interest Rate is equivalent is set forth in Section 26 below. Interest on the Loan will be calculated daily based on the Term of the Loan and payable daily, both before and after demand, default and judgment. The Borrower acknowledges and agrees that the payments of interest, fees and other amounts set out in this Agreement to Lender are fair based on the business terms of the Loan.
4. **Initiation Fee.** The Borrower will pay the Lender the loan initiation fee set out in the Summary of Loan Terms amongst other things, to defray the Lender's administrative costs associated with the Loan. The Initiation Fee will be deducted from the initial disbursement of the Loan.
5. **Repayment of Loan.** The Borrower will repay the Loan, at the election of the Lender, either (i) through daily debiting ("Daily Debiting") of the Borrower's Deposit Account (as defined below in Section 5) of the Daily Reimbursement Amount set forth in the Summary of Loan Terms, or (ii) by having such Daily Reimbursement Amount paid directly to the Lender in accordance with the split settlement mechanism ("Split Settlement") described in the payment processing agreement between the Borrower and a single payment processor or bank approved by Lender (an "Approved Processor"). Notwithstanding the amortization option specified by the Lender as applicable to the Loan, the Loan will in all respects be and remain a demand loan, and nothing in this Agreement will in any way limit the ability of the Lender to demand repayment of the Loan at any time and for any reason. The Lender may elect at any time without notice to the Borrower to change repayment of the Loan from Daily Debiting to Split Settlement or from Split Settlement to Daily Debiting. Any such change shall not affect or change the amortization of the Loan or the Daily Reimbursement Amount. In addition, and without limiting its other rights and remedies hereunder, upon the occurrence of an Event of Default, the Lender may at its sole option require that repayment of the Loan be switched to Split Settlement by way of the greater of the Daily Reimbursement Amount and a fixed percentage of the Borrower's Daily Receipts, with such percentage to be determined by the Lender in its sole discretion. In the event that the Loan has not been repaid in full by the end of the Term, the Borrower will pay to the Lender on the first business day following the last day of the Term, by way of liquidated damages, an amount equal to 5% of the outstanding principal balance of the Loan on such date. In the event the Borrower requests to change the amortization or repayment frequency in respect of the Loan, and the Lender agrees to such change (which it may refuse in its sole discretion) the Borrower shall pay to the Lender a payment change fee equal to the lesser of (i) 5% of the outstanding principal balance of the Loan on the date of such change, and (ii) \$4,000. The Borrower may voluntarily prepay the Loan prior to the end of term, subject to a prepayment fee of 5% of the principal amount prepaid.
6. **Deposit Account.** (i) The bank account in which Borrower's debit and credit card receipts are deposited (the "Deposit Account") will be the exclusive account into which the Approved Processor remits all credit card or debit card receivables, (ii) the Borrower will not direct or authorize the Approved Processor to make any payments relating to the credit card or debit card receivables to any account other than the Deposit Account, (iii) all Deposit Account agreements may be amended or terminated only with the prior written consent of the Lender. Upon request by Lender, Borrower will enter into a similar account agreement with a new banking institution acceptable to the Lender to move the Deposit Account to an alternative institution. Borrower assumes all liabilities in respect of Deposit Accounts and agreements with banks in respect thereof. Borrower will, upon demand from Lender, provide Lender with current bank statements for the Deposit Account and any other account maintained and used by Borrower.
7. **Daily Remittances.** The Borrower will cause the Approved Processor to deliver to Lender, on a daily basis, in a format acceptable to Lender, a record from the Approved Processor reflecting the total gross dollar amount of the preceding day's debit and credit card transactions processed by Approved Processor for Borrower, irrespective of whether such amount consists of sales, taxes or other amounts collected by the Borrower from its customers ("Daily Receipts"); Daily Receipts processed on Saturday and Sunday and Monday will be collected upon on Tuesday. In the event that the Borrower changes the Approved Processor without the Lender's prior approval or the Borrower ceases, for any reason whatsoever, to process debit and credit cards payment with the Approved Processor while remaining in business, the Lender will be entitled to debit the Borrower's Deposit Account (or any other account of the Borrower) on any day thereafter for an amount equal to the greater of the Daily Reimbursement Amount set out in the Summary of Loan Terms (subject to adjustment for any Top-Up Advances) and five percent (5%) of the balance outstanding on the Loan on such day.
8. **Top-Up Advances.** The Borrower may be eligible for additional advances (the "Top-Up Advances") from time to time in the sole discretion of the Lender once the Borrower has repaid a certain percentage of the Loan, as specified in the Summary of Loan Terms. When the Lender has approved the Borrower for a Top-Up Advance, the Borrower will be notified thereof (the "Top-Up Notice"). Upon the Borrower's acceptance of the Top-Up Notice or, where Borrower has opted-in for automatic Top-Up Advances by selecting the "Opt-In" option in the Summary of Loan Terms, such Top-Up Advance(s) will be deposited in the Deposit Account within [x] business days. All Top-Up Advances are subject to an additional Initiation Fee and the other terms and conditions to be specified in the Top-Up Notice. The Borrower will have 14 days following the deposit of the Top-Up Advance to contact the Lender and request that the Top-Up Advance be debited back to the Lender. In such event, provided such Top-Up Advance is in fact debited back to the Lender within one business day of such notification, the Borrower will not incur the additional Initiation Fee associated with such Top-Up Advance and any interest accrued on such Top-Up Advance will be waived. Once advanced, the Top-Up Advances will be treated as Loans under this Agreement and subject to all of these terms and conditions.
9. **Representations and Warranties of the Borrower.** The Borrower hereby represents and warrants to Lender as follows on the date hereof and continuously so long as any amount is owing from the Borrower to Lender hereunder: (i) All of the information provided by or on behalf of the Borrower to Lender on its application and in connection with this Agreement and all other documents, certificates and instruments delivered in connection herewith, is true and correct; (ii) the Borrower is in compliance with all applicable laws, rules, regulations, permits, licenses, approvals, consents and other authorizations necessary to conduct its business; (iii) the Borrower, and the individual(s) signing this Agreement on behalf of the Borrower, have full power and authority to enter into and perform the obligations of the Borrower under this Agreement, all of which have been duly authorized by all necessary and proper action and are not in contravention of the Borrower's articles or by-laws and other constituting documents (including any shareholder or partnership agreement); (iv) There is no claim, action, suit, demand, enforcement, arbitration or other proceeding or investigation pending or, to the Borrower's knowledge, threatened against the Borrower, involving a dispute of more than \$5,000; (v) the Borrower is the owner of its business premises and has presented documentation verifying ownership to Lender, or occupies its business premises pursuant to a valid and enforceable lease or sublease, a true and complete copy of which has been furnished to Lender; (vi) the Borrower has not entered into an agreement similar to this Agreement with another company or person for which any sums are still outstanding; (vii) the Borrower is not bankrupt, has not declared bankruptcy in the past 2 years and is not an undischarged bankrupt; (ix) There are no security interests, liens, hypothecs or any encumbrances whatsoever against the Deposit Account or the Borrower's receivables; (x) the Borrower and the Guarantor (as defined hereinafter) are not insolvent, do not have any outstanding payables past thirty (30) days and have no knowledge of any potential or real material changes to the Borrower, the Guarantor or their respective businesses pending in the next six (6) months, including any demands, executions, enforcement, crystallization of security or insolvency; and (xi) the execution and delivery by the Borrower and the performance of its obligations under this Agreement will not constitute a breach or event of default under any other agreement between the Borrower and third parties or any law or regulation applicable to the Borrower.
10. **Conditions.** Lender may at any time and for any reason refuse to make advances, Top-Up Advances (including Automatic Top-Up Advances), including, without limitation, based on its own underwriting guidelines or, if (i) Lender, is not satisfied with the Borrower's debit and credit cards transactions history received from the Approved Processor; (ii) Lender is not satisfied with any information received regarding the Borrower; or (iii) the Borrower is in default under this agreement
11. **Default.** The following will constitute an "Event of Default" under this Agreement: (i) the Borrower changes debit or credit card processor, adds a second debit or credit card processor or uses a debit or credit card processor other than an Approved Processor; (ii) the Borrower fails to direct all payments relating to the debit and credit card receivables exclusively to a Deposit Account or changes the Deposit Account without consent of the Lender and having provided Lender with a copy of a new "void" cheque; (iii) the Borrower terminates or otherwise closes the Deposit Account; (iv) the Borrower refuses to accept a debit or credit card as a form of payment regardless of the amount of the sale; (v) the Borrower commits fraud or accepts an advance of the Loan hereunder with the intent to immediately or in the following twelve (12) months terminate its business; (vi) the Borrower obtains additional financing or advances or sells or margins any receivables without the express prior written consent of Lender; (vii) the Borrower disposes of all or part business assets or any of the shares or other interests in the Borrower are sold or transferred without the express prior written consent of Lender or the Borrower ceases to carry business in the ordinary course; (viii) the Borrower sells or hypothecates or grants a security interest on or otherwise encumbers its assets to another person, company or entity; (ix) any of the representations and warranties contained in this Agreement are not true and correct at all times; (x) the Borrower fails to make any remittance or payment provided for hereunder or pursuant to any settlement, arrangement or payment plan agreed upon by the parties in connection with this Agreement, or breaches any other covenants contained in this Agreement; (xi) the Borrower permits or suffers to exist any lien, security interest or hypothec against a Deposit Account or its receivables; (xii) a bankruptcy or insolvency order or receivership of either the Borrower or Guarantor is made or a general assignment or petition in bankruptcy of the Borrower or any Guarantor occurs; (xiii) the Loan or any fees or charges or any part thereof has not been paid in full to Lender on or prior to the end of the Term of the Loan or following a demand for repayment by Lender; (xiv) the Borrower relinquishes control of the day to day operations of the business however caused; or (xv) the Borrower's Deposit Account is frozen, suspended, garnished or cancelled for any reason whatsoever. Any act or omission carried out by an affiliate, shareholder, director, officer, employee or agent of the Borrower that, if carried out by the Borrower itself, would be an Event of Default, will be deemed to be an Event of Default hereunder.
12. **Remedies.** Upon the occurrence of an Event of Default, the Lender will be entitled to all remedies available at law and in equity (including in its capacity as a secured creditor under applicable personal property security law or otherwise), as well as the right to terminate this Agreement and recover by EFT, by Split Settlement, by Daily Debiting or via other means acceptable to the Lender from the Deposit Account or any other account maintained by the Borrower the balance owing under the Loan, plus any accrued interest. In any action for breach of the agreement, the Lender will be entitled to damages equal to the aggregate amount outstanding under the Loan, plus interest accrued, less the amount received by the Lender from remittances to the said date, together with legal costs and a fee amounting to the greater of \$500 or 2% of the amount outstanding at the time of such Event of Default, which shall be paid as liquidated damages. In the event that any payment to be made by the Borrower hereunder, whether by cheque, credit card or pre-authorized debit, is refused for insufficiency of funds or for any other reason whatsoever (an "NSF Payment"), the Lender will be entitled to charge to Borrower, for the first NSF Payment, no charge, and for each subsequent NSF Payment, an NSF fee of \$50, provided that in no event will the Lender accept more than three (3) NSF Payments during the Term of the Loan.



13. **Access.** Borrower hereby acknowledges and agrees that, in order to verify the Borrower's compliance hereunder, the Lender's representatives will have a right of access to any premises where the Borrower conducts business and to be provided with any data, report or documentation pertaining to the Borrower's credit and debit cards processing. In the event that such on-site inspection is made by the Lender in accordance with the foregoing, the Borrower hereby agrees to pay to the Lender a \$400 charge for reimbursement of Lenders' out-of-pocket expenses for each site visited by the Lender's representatives.
14. **CONSENT AS TO PERSONAL BACKGROUND INFORMATION. BORROWER AND GUARANTOR AUTHORIZE LENDER, AS OF THE DATE HEREOF, TO CONDUCT ANY BACKGROUND AND FINANCIAL EXAMINATIONS OF BORROWER THAT LENDER MAY DEEM NECESSARY. SUCH BACKGROUND AND FINANCIAL EXAMINATIONS MAY, AT THE DISCRETION OF LENDER, EXTEND TO BORROWER'S OWNERS AND ANY GUARANTOR AND MAY INCLUDE THE LENDER OBTAINING CREDIT AND OTHER BACKGROUND INFORMATION FROM THIRD PARTIES, INCLUDING WITHOUT LIMITATION, CREDIT AGENCIES. LENDER MAY ALSO REQUIRE ADDITIONAL INFORMATION, DOCUMENTS OR CONSENTS IN ORDER TO CONDUCT SUCH BACKGROUND AND FINANCIAL EXAMINATIONS AND BORROWER UNDERTAKES TO PROVIDE LENDER WITH SAME, UPON DEMAND. THE INFORMATION CONCERNING BORROWER AND ITS AFFILIATES GATHERED UNDER THIS PROVISION SHALL BE USED FOR THE PURPOSES HEREOF OR FOR ANY OTHER LEGITIMATE COMMERCIAL PURPOSES AS LENDER MAY DEEM APPROPRIATE. BORROWER AND GUARANTOR FURTHER ACKNOWLEDGE THAT SUCH INFORMATION, INCLUDING ANY PERSONAL INFORMATION, MAY BE SHARED WITH LENDER'S PARTNERS, SERVICE PROVIDERS AND OTHER THIRD PARTIES FOR PURPOSES RELATING TO BORROWER'S APPLICATION, PROVIDED, HOWEVER, THAT ANY SUCH THIRD PARTY SHALL COVENANT IN WRITING OR BE BOUND BY LAW TO PROTECT THE CONFIDENTIALITY THEREOF.**
15. **Governing Law.** With the exception of Section 19 of this Agreement which is to be governed by the laws of the Province of Quebec, this Agreement, and any documents contemplated by or delivered hereunder, or in connection with the Agreement are governed by, and are to be construed in accordance with the laws of the Province of Ontario, without regard to the principles of conflicts of law. It is agreed and understood by the Parties to this Agreement that all disputes and matters arising under, or in connection with the Agreement (whether arising under contract, tort, statute, or other legal theories) will be determined in accordance with the laws of the Province of Ontario to the exclusion of the laws of any other jurisdiction. The Parties to this Agreement hereby irrevocably and unconditionally attorn to the jurisdiction of the courts of the Province of Ontario and all courts competent to hear appeals therefrom. In the event any dispute or matter arising under, or in connection with this Agreement results in a formal order or judgment of the court (the "Order"), the Parties to this Agreement hereby irrevocably consent to an order, if necessary, domesticating the Order to whatever jurisdiction is proper to enforce the terms of the Order.
16. **Entire Agreement.** This Agreement consists of the Summary of Loan Terms, these terms and conditions and all Schedules attached hereto. This Agreement represents the entire understanding between Borrower, Lender and Guarantor with respect to the matters contained herein, without any verbal or collateral representations which do not form part of this agreement, and it may be amended only by the consent of all parties hereto.
17. **Granting of Security.** As continuing and collateral security for the due and punctual payment and performance of all present and future obligations and liabilities of Borrower to Lender under this Agreement, Borrower hereby grants a security interest to Lender in all of Borrower's present and after-acquired personal property (excluding 'Consumer Goods' as defined under the *Personal Property Security Act* (Ontario) and the last day of any lease). The Borrower acknowledges that value has been given and that the time of attachment of this security interest has not been postponed. The Borrower consents to the registration and perfection of such security interest by the Lender in any applicable registry as the Lender deems necessary or desirable.
18. **Granting of Hypothec.** As continuing and collateral security for the due and punctual payment and performance of all present and future obligations and liabilities of Borrower to Lender under this Agreement, Borrower hereby hypothecates in favour of Lender all of Borrower's rights, title and interests in and to the universality of all Borrower's moveable property of every nature whatsoever, both present and future, corporeal and incorporeal for an amount equal to 125% of the original amount of the Loan. Borrower hereby authorizes the registration of the hypothec granted herein at the Quebec Register of Personal and Moveable Real Rights (RPMRR) by Lender or any affiliate or subsidiary thereof, or any assignee or designee thereof and/or record such other document or instrument as Lender may deem necessary or desirable to perfect, protect and preserve the hypothec hereby granted.
19. **Borrower Not A Consumer.** In entering into this Agreement, Borrower is acting in its capacity as a business enterprise and not as a consumer.
20. **Further Assurances.** Borrower will promptly execute, acknowledge and deliver any further assignments, conveyances and other assurances, documents and instruments of transfer, reasonably requested by Lender or necessary for Borrower to comply with the obligations, representations, warranties and covenants contained herein and will take any action consistent with the terms of this Agreement that may reasonably be requested by Lender.
21. **Notices.** Any notice to Lender required or permitted under this Agreement will be in writing and may be given by personal service, registered or first class mail, postage prepaid, to the address of Lender as it appears above, or as changed through written notice to Borrower. Any notice to the Borrower required or permitted under this Agreement will be in writing and may be given by personal service, registered or first class mail, postage prepaid, through electronic means or through the customer portal, to the address of the Borrower as it appears in the Loan application or to the email of the Borrower provided at the time of the making of the Loan application, or as changed through written notice to the Lender.
22. **Attorneys' Fees.** Lender will be entitled to recover from Borrower and Borrower will indemnify and hold Lender harmless from all legal costs associated with and/or resulting from the enforcement of its rights and remedies under this Agreement or at law.
23. **Severability, Assignment.** If any provision of this Agreement is found illegal, invalid or unenforceable, such finding will not affect any other provision of the Agreement. This Agreement will be deemed modified to the extent necessary to render enforceable the provisions hereunder. Notwithstanding anything in this Agreement to the contrary, the obligations, rights and liabilities of Borrower or Guarantor under this Agreement may not be assigned by Borrower or Guarantor without the prior written consent of Lender in its sole discretion. Lender will have the right to assign its rights and obligations pursuant to this Agreement to any third party without Borrower's consent.
24. **Indemnification and Limitation of Liability of Lender.** Borrower hereby agrees to indemnify, defend and hold harmless Lender from and against any claim, demand, loss, financial or otherwise, damage, liability or cost, including legal fees and expenses, caused by or from: (i) any intentional, negligent or innocent misrepresentation by Borrower; (ii) a breach of the terms hereof; (iii) an Event of Default; (iv) negligence, fraud or intentional wrongdoing by Borrower or any of its affiliates. Under no circumstances will the liability of Lender hereunder exceed the amount of the Loan. Under no circumstances will Lender be liable hereunder for any indirect, punitive or consequential damages.
25. **Interest Act.** For the purposes of this Agreement, whenever interest is calculated on the basis of a period less than or greater than the actual number of days in a calendar year, each rate of interest determined pursuant to such calculation expressed as an annual rate for the purpose of the *Interest Act* (Canada) is equivalent to such rate so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days used as the basis of such calculation.
26. **Counterparts.** This Agreement may be executed electronically in one or more counterparts. Each counterpart will be deemed an original for all purposes, and all counterparts will together constitute one and the same instrument. This Agreement will be executed and delivered electronically, and electronic transmission of this Agreement evidencing execution will be effective as a valid and binding instrument for all purposes.
27. **Language.** The parties have requested that this Agreement be drawn in English language. *Les parties ont exigé que la présente entente soit rédigée en langue anglaise.*

## **LENDER**

### **THINKING CAPITAL FINANCIAL CORPORATION**

#### **INTERNAL USE ONLY**

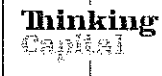
By: \_\_\_\_\_

(Signature)

Date: \_\_\_\_\_

Print Name: Peter Mazoff

Title: President



**BORROWER**

The individuals signing below declare and represent that: (i) they have read and understood the TERMS AND CONDITIONS set out in this Agreement, (ii) they have the signing authority to bind Borrower to all terms and conditions stipulated in this Agreement and (iii) Borrower has taken all corporate or other proceedings necessary to authorize the execution and delivery of this Agreement by Borrower and Borrower's performance of its obligations hereunder.

Box 1: Owner 1	
Print Name Kamal Anwar	Title Owner
DocuSigned by: <i>Kamal Anwar</i>	12/23/2016
2F06807B96414AA... OWNER 1 SIGNATURE	DATE
Box 2: Owner 2	
Print Name Imran Bashir	Title Owner
DocuSigned by: <i>Imran Bashir</i>	12/23/2016
F93BF496DDA0452... OWNER 2 SIGNATURE	DATE
Box 3: Owner 3	
Print Name	Title
OWNER 3 SIGNATURE	DATE

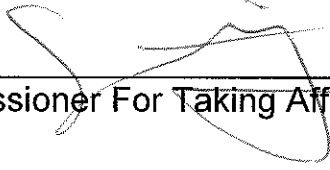
**PERSONAL GUARANTEE**

THE UNDERSIGNED ("GUARANTOR(S)"), AFTER HAVING REVIEWED AND UNDERSTOOD THE PRESENT AGREEMENT AND HAVING HAD THE OPPORTUNITY TO OBTAIN INDEPENDENT LEGAL ADVICE WITH RESPECT THERETO, GUARANTEE(S) THE FULL PAYMENT OF ALL AMOUNTS OWING BY, AND LIABILITIES AND OBLIGATIONS OF, BORROWER TO LENDER AND ASSUME(S) AND GUARANTEE(S) THE PERFORMANCE AND SATISFACTION OF ALL OF BORROWER'S COVENANTS, OBLIGATIONS AND LIABILITIES UNDER THIS AGREEMENT, INCLUDING WITHOUT LIMITATION THE OBLIGATION OF BORROWER TO INDEMNIFY LENDER. THIS GUARANTEE IS UNLIMITED, ABSOLUTE, UNCONDITIONAL AND IRREVOCABLE, AND IS BINDING UPON GUARANTOR AND ITS HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS. IF THERE IS MORE THAN ONE GUARANTOR, GUARANTOR AGREES THAT OBLIGATIONS HEREUNDER WILL BE JOINT AND SEVERAL WITH ANY OTHER GUARANTOR(S). GUARANTOR AGREES THAT LENDER MAY COLLECT AMOUNTS OWING TO IT HEREUNDER FROM IT INDEPENDENT AND IRRESPECTIVE OF LENDER'S REMEDIES AGAINST BORROWER OR THE EXERCISE THEREOF. GUARANTOR(S) AUTHORIZE(S) LENDER TO OBTAIN GUARANTOR(S) CREDIT REPORT AND/OR OTHER INVESTIGATIVE REPORTS ABOUT IT. GUARANTOR(S) GRANT(S) LENDER A PRE-AUTHORIZED RIGHT TO DEBIT AMOUNTS OWING BY IT HEREUNDER TO LENDER, FROM (I) THE BANK ACCOUNT APPEARING ON MY VOIDED CHEQUE ATTACHED HERETO AND (II) THE CREDIT CARD ACCOUNT IDENTIFIED ON THE ATTACHED AUTHORIZATION, SO LONG AS THERE IS ANY AMOUNT OWING FROM BORROWER TO LENDER HEREUNDER. IF THE GUARANTOR IS RESIDING IN THE PROVINCE OF QUEBEC, GUARANTOR ACKNOWLEDGES THAT THIS PERSONAL GUARANTY CONSTITUTES A "SURETYSHIP" BY VIRTUE OF SECTIONS 2333 AND FOLLOWING OF THE CIVIL CODE OF QUEBEC AND GUARANTOR WAIVES ANY RIGHT OF DIVISION AND/OR DISCUSSION AND SPECIFICALLY RENOUNCES TO THE APPLICATION OF SECTIONS 2362 AND 2363 OF THE CIVIL CODE OF QUEBEC. GUARANTOR HEREBY WAIVES, TO THE MAXIMUM EXTENT PERMITTED BY LAW, DEMAND, PRESENTMENT, PROTEST AND NOTICE OF PROTEST. IN THE EVENT THE LIABILITIES OR OBLIGATIONS OF THE BORROWER ARE FOUND TO BE UNENFORCEABLE, VOID, VOIDABLE, ULTRA VIRES OR OTHERWISE AVOIDABLE BY THE BORROWER (AN "INDEMNIFIABLE CIRCUMSTANCE") THEN THE GUARANTOR SHALL AS A SEPARATE AND DISTINCT OBLIGATION INDEMNIFY THE LENDER FOR ANY LOSSES SUFFERED BY THE LENDER AS A RESULT OF THE EXISTENCE OF SUCH INDEMNIFIABLE CIRCUMSTANCE.

Box 4: Guarantor 1				
Print Name Kamal Anwar	Home Telephone (416) 293-0951	Mobile Telephone (416) 704-1857	Date of Birth 1971-07-11	
Home Address #217 - 5030 HEATHERLEIGH AVE.	City MISSISSAUGA	Postal Code L5V 2G7	Province ON	SIN
DocuSigned by: <i>Kamal Anwar</i>	12/23/2016			
2F06807B96414AA... GUARANTOR 1 SIGNATURE	DATE			
Box 5: Guarantor 2				
Print Name Imran Bashir	Home Telephone (416) 312-1857	Mobile Telephone (416) 312-1857	Date of Birth 1974-11-28	
Home Address 303 Pinetree Way	City Mississauga	Postal Code L5G 2R4	Province ON	SIN
DocuSigned by: <i>Imran Bashir</i>	12/23/2016			
F93BF496DDA0452... GUARANTOR 2 SIGNATURE	DATE			
Box 6: Guarantor 3				
Print Name	Home Telephone	Mobile Telephone	Date of Birth	
Home Address	City	Postal Code	Province	SIN
GUARANTOR 3 SIGNATURE	DATE			

Tab J

This is Exhibit "J" referred to  
in the Affidavit of **Imran Bashir**  
sworn before me, this  
**27<sup>th</sup>** day of **July, 2017**



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Commissioner For Taking Affidavits


In the Matter of the Proposal of  
 Heaven Fresh Canada Inc.  
 Statement of Projected Weekly Cash Flow for the 13 weeks ended October 6, 2017  
 In Canadian \$

Week Ending	21-Jul-17	28-Jul-17	04-Aug-17	11-Aug-17	18-Aug-17	25-Aug-17	01-Sep-17	08-Sep-17	15-Sep-17	22-Sep-17	29-Sep-17	06-Oct-17	13-Oct-17	Total
	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	
<b>Receipts</b>														
Cash Sales	1,500	1,500	1,500	1,750	1,750	1,750	1,750	1,800	1,800	1,800	1,800	1,800	1,800	21,250
AR Collections	3,000	3,000	3,000	5,181	5,181	5,181	7,965	7,965	7,005	7,005	7,005	7,005	10,456	75,205
<b>Total Receipts</b>	4,500	4,500	4,500	6,931	6,931	6,931	9,715	9,765	8,805	8,805	8,805	8,805	11,206	96,455
<b>Disbursements</b>														
Inventory Purchases	-	7,500	-	-	-	14,700	-	-	-	18,050	-	-	-	40,250
Advertising and promotion	500	500	500	500	500	500	500	500	500	500	500	500	500	6,500
Business software, licenses and memberships	800	-	-	800	-	-	-	-	800	-	-	-	-	3,200
Commissions	1,500	-	-	1,500	-	-	-	-	2,000	-	-	-	-	5,000
Credit card charges	2,000	-	-	2,000	-	-	-	-	2,000	-	-	-	-	6,000
Insurance	-	-	1,089	-	-	-	1,089	-	-	-	-	1,089	-	3,267
Warehousing/Shipping & Freight / Fulfillment	-	10,000	-	-	-	10,000	-	-	-	-	10,000	-	-	30,000
Professional Fees	-	-	17,500	-	-	-	23,333	-	-	-	-	23,333	-	64,166
Sub-contractors	-	800	6,000	-	-	-	6,000	-	-	-	-	6,000	-	18,000
Telecommunications	-	800	-	-	-	800	-	-	-	-	800	-	-	2,400
<b>Total Disbursements</b>	4,800	18,800	25,089	500	4,800	26,000	30,922	500	5,300	18,550	11,300	30,922	1,300	178,783
<b>Net Cash Flow</b>	(300)	(14,300)	(20,589)	6,431	2,131	(19,069)	(23,991)	8,315	3,505	(9,745)	(2,495)	(22,117)	9,906	(82,327)
<b>Cash, Opening</b>	(1,500)	(1,500)	(1,500)	(36,689)	(30,258)	(28,226)	(47,195)	(71,186)	(62,881)	(59,376)	(59,121)	(71,616)	(93,733)	(1,500)
<b>Cash, Closing</b>	(1,800)	(16,100)	(36,689)	(30,258)	(28,126)	(47,195)	(71,186)	(62,871)	(59,376)	(69,121)	(71,616)	(93,733)	(83,827)	(93,733)

This statement of projected cash flow is prepared by the debtor in accordance with s. 506(a) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on Cash Flow

MNP Ltd.  
 acting in re: the Proposal of Heaven Fresh Canada Inc.

Heaven Fresh Canada Inc.

Per:   
 Matthew Leen, B.T.  
 Senior Vice President

Per:   
 Imran Bashir



Tab K

This is Exhibit "K" referred to  
in the Affidavit of **Imran Bashir**  
sworn before me, this  
**27<sup>th</sup>** day of **July, 2017**



---

Commissioner For Taking Affidavits



Danby Products Limited, PO Box 1778, 5070 Whitelaw Road, Guelph, Ontario, Canada, N1H 6Z9

Tel: 519-837-0920

Fax (Sales): 519-837-0449

Fax (Administration): 519-837-9320

www.danby.com

**Interim Financing / DIP Loan Term Sheet  
Debtor-in-Possession Interim Loan to Heaven Fresh Canada Inc.**

<b>Borrower:</b>	Heaven Fresh Canada Inc. (" <b>Borrower</b> ")
<b>Lender:</b>	Danby Products Limited (" <b>DIP Lender</b> ").
<b>Loan:</b>	<p>Subject to the terms and conditions set out herein, the DIP Lender shall make available the following loan ("<b>DIP Loan</b>") to the Borrower within the context of a proposal proceeding ("<b>Proposal Proceeding</b>") under the Bankruptcy and Insolvency Act, to be commenced or that has been commenced, by the Borrower :</p> <p>a principal amount of up to and not exceeding one hundred thousand Canadian dollars (CAD \$100,000), which loan may be advanced in parts, but which shall be a non-revolving demand loan;</p> <p>In consideration for the DIP Lender advancing the DIP Loan, the Borrower agrees to execute and deliver to the DIP Lender any further DIP documents as may reasonably be requested by the DIP Lender</p>
<b>Purpose:</b>	<p>The proceeds of the DIP Loan shall be used and applied by the Borrower solely and directly to pay: (i) any prepaid interest or charges in respect of this DIP Loan; (ii) payroll; (iii) suppliers, not including any pre-filing amounts that may be owed to them, unless with the consent of the Proposal Trustee herein; (iv) professional fees; and, (v) any other costs and expenses of the DIP Lender or Borrower.</p> <p>The Borrower shall provide written authorization to the DIP Lender in respect of any amounts to be advanced directly by the DIP Lender to the Borrower's payroll services provider and any other suppliers or intended recipients of any funds herein.</p>
<b>Repayments:</b>	The DIP Loan shall be repayable on demand and in accordance with the terms of any court order that may be made in the Proposal Proceeding.
<b>Commitment Fee:</b>	Following the approval and advancement of the DIP Loan, or any portion thereof, the Borrower shall pay the DIP Lender a commitment

	fee in an amount equal to one thousand Canadian dollars (CAD \$1,000), to be paid from the initial advance of funds.
<b>Costs and Expenses:</b>	The Borrower shall pay all costs and expenses of the DIP Lender incurred in connection with the DIP Loan, this term sheet and any other documents related hereto (including the fees and expenses of its legal counsel), which costs may be paid from the proceeds of the DIP Loan herein.
<b>Interest:</b>	Interest on the Loans will accrue at 6% per annum, compounded monthly, and payable monthly in advance.  On the date of the approval of the DIP Loan, the Borrower shall pay \$250 (the first month's interest charge) to the DIP Lender on account of interest for the period starting on the first draw down of the DIP Loan, and ending October 15, 2017.
<b>Financial Advisor and Sale and Investment Solicitation Procedures:</b>	The approval of the DIP Lender will be a condition to (i) any engagement by the Borrower of any financial adviser and (ii) the implementation of any sale and investment solicitation or similar process.
<b>Security:</b>	All obligations of the Borrower to the DIP Lender in connection with the DIP Loan shall be secured by a first-ranking charge over all of the Borrower's assets (the " <b>DIP Charge</b> "), to be granted by the Court (as defined below) in this Proposal Proceeding, which DIP Charge shall not be required to be registered in any personal property registry system.
<b>Court Approval:</b>	Prior to the DIP Lender advancing any funds under or in respect of the DIP Loan, the Borrower shall have obtained the approval of the Court of the DIP Loan and the DIP Charge, and the authority of the Court to enter into the DIP Loan herein and execute this DIP Loan Agreement.
<b>Governing Law:</b>	Province of Ontario and the federal laws of Canada applicable therein.
<b>Jurisdiction:</b>	Ontario Superior Court of Justice (Commercial List) (" <b>Court</b> ").

[The remainder of this page is intentionally left blank]



Danby Products Limited, PO Box 1778, 5070 Whitelaw Road, Guelph, Ontario, Canada, N1H 6Z9

Tel: 519-837-0920

Fax (Sales): 519-837-0449

Fax (Administration): 519-837-9320

www.danby.com

The DIP Lender and the Borrower have agreed to the above terms and conditions this th day of July, 2017.

**Dated** as of the date first set out above.

**DANBY PRODUCTS LIMITED**

Per: \_\_\_\_\_

Name: James Estill

Title: CEO & President

I have the authority to bind the corporation

Accepted this \_\_\_\_\_ day of \_\_\_\_\_, 2017

**HEAVEN FRESH CANADA INC.**

Per: \_\_\_\_\_


Name:

Title:

I have the authority to bind the corporation

# Tab L

This is Exhibit "L" referred to  
in the Affidavit of **Imran Bashir**  
sworn before me, this  
**27<sup>th</sup>** day of **July, 2017**



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Commissioner For Taking Affidavits

## SALE PROCESS

1. Commencement of Sale Process. Within five (5) Business days of an Order being issued by the Ontario Superior Court of Justice [Commercial List] (the “**Court**”) (the “**Sales Process Order**”) approving and authorizing, inter alia, the marketing and sale process for all or part of the business and assets (the “**Property**”) of Heaven Fresh Canada Inc. (the “**Company**”) (the “**Sale Process**”), the Company shall commence the Sale Process (the “**Commencement Date**”)
2. Contacting Interest Parties. Commencing on the Commencement Date (a) the Proposal Trustee shall, on behalf of the Company, contact such initial parties previously identified by the Company as potential purchasers of the business and/or assets of the Company (or known to have expressed such an interest) and advise such parties of the opportunity to acquire the business and/or assets (the “**Opportunity**”); and, (b) distribute “teaser” documentation to other parties identified as potentially interested parties with respect to the Opportunity.
3. Advertisement. Within five (5) Business Days of the Commencement Date, the Proposal Trustee shall have an advertisement of the Opportunity published in The Globe and Mail (National Edition), and may, but not required, further advertise the Opportunity in such other industry and trade publications or media sources as determined appropriate by the Company, in consultation with the Proposal Trustee.
4. Due Diligence. Commencing on the Commencement Date, the Proposal Trustee shall make available to prospective purchasers (collectively, the “**Prospective Purchasers**”), upon receipt of an executed confidentiality agreement and non-disclosure agreement, in the prescribed form, from a Prospective Purchaser, (a) a confidential information memorandum, prepared by the Company with the assistance of the Proposal Trustee, describing the Property and Opportunity in sufficient detail as is reasonably required by Prospective Purchasers to consider submitting an offer for the Property and facilitate the conduct of due diligence by the Prospective Purchasers; and, if necessary, (b) access to an electronic data room, created and maintained by the Proposal Trustee on behalf the Company, containing documents and information pertaining to the Opportunity.
5. Offer Deadline. Any offers to purchase the Property must be submitted in writing to and received by the Company care of the Proposal Trustee at 111 Richmond Street West, Suite 300, Toronto, ON, M5H 2G4, attention: Sheldon Title, by no later than 5:00 pm (Toronto time) on thirtieth (30<sup>th</sup>) day following the Commencement Date (the “**Offer Deadline**”). Should the Offer Deadline not fall on a Business Day, it will be extended to the next Business Day.
6. Qualifying Offers. The Company, in consultation with the Proposal Trustee, shall determine whether any offers are “Qualifying Offers”. Qualifying Offers must, among other things, meet the following minimum criteria:
  - (a) the offer must be for a purchase price that the Company, in consultation with the Proposal Trustee, would accept (subject to such further negotiation as may take place in accordance with this sales process);



- (b) the offer must be accompanied by a deposit in the form of certified cheque or bank draft payable to the Proposal Trustee in Trust which is equal to at least fifteen (15%) percent of the aggregate purchase price payable under the offer;
  - (c) the offer must be irrevocable and open for acceptance for fifteen (15) Business Days;
  - (d) the offer must not contain any contingency relating to due diligence or financing or any other material conditions precedent to the offeror's obligation to complete the transaction;
  - (e) the offer must contain written evidence satisfactory to the Company of the ability to consummate the transaction; and
  - (f) the offer must be on such terms and conditions as are typical in the context of sales in the context of restructuring and insolvency proceedings, which terms shall include without limitation: (i) the sale of the Property on an "as is, where is" basis, without any representations, warranties or conditions made or granted in connection therewith; (ii) that the completion of the transaction is conditional on the granting of an approval and vesting Order by the Court (the "**Approval and Vesting Order**"); and, (iii) a closing of the transaction to occur within three (3) Business Days of the Approval and Vesting Order being issued by the Court.
7. Negotiation of Qualifying Offers. The Proposal Trustee may, in consultation with the Company, enter into negotiations on the Company's behalf with the offerors in respect of one or more of the Qualifying Offers in an effort to ascertain the highest and best offer. Additionally, it is open to the Company, in consultation with the Proposal Trustee, to elect not to accept any of the Qualifying Offers, whether before or after negotiation of the same.
8. Winning Offer. Within five (5) Business Days of the Offer Deadline, the Company shall, in consultation with the Proposal Trustee, determine the highest and best offer with respect to the Property (the "**Winning Offer**"), at which point the Company shall proceed to enter into a definitive agreement of purchase and sale in connection therewith (the "**Sale Agreement**"), subject to Court approval.
9. Court Approval of the Winning Offer. Within three (3) Business Days following the fully execution of Sale Agreement, the Company or the Proposal Trustee will direct its counsel to set a Court date for a motion for the approval of the Winning Offer and the Sale Agreement, and an approval and vesting order in respect of the same.
10. Return of Deposits. All deposits received (except such deposit forming part of the Winning Offer) shall be held by the Proposal Trustee in Trust until the execution of the Sale Agreement and, thereafter, returned to the respective Prospective Purchasers thereafter. The deposit forming part of the Winning Offer shall be dealt with in accordance with the Sale Agreement.

Modifications. Subject to the Sales Process Order or other order of the Court, the Company, in consultation with the Proposal Trustee, shall have the right to adopt such other rules for the Sale Process, that, in its sole discretion, will better promote the goals of the Sale Process.

# Tab 3

Court File No. 32-2274873  
Estate File No. 32-2274873

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(IN BANKRUPTCY AND INSOLVENCY)**

THE HONOURABLE ) FRIDAY, THE 4<sup>th</sup> DAY  
 )  
JUSTICE ) OF AUGUST, 2017

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF HEAVEN FRESH CANADA INC.**

**ORDER**

(Approval of DIP, SISP, Stay Extension  
returnable August 4, 2017)

**THIS MOTION**, made by the Applicant, Heaven Fresh Canada Inc. ("**Heaven Fresh**"), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") for approval of certain interim financing, a Sale and Investor Solicitation Process and for an extension of the automatic stay period in respect of the Notice of Intention to Make a Proposal herein, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notion of Motion, the Affidavit of Imran Bashir, sworn July 27, 2017, and the exhibits attached hereto (the "**Bashir Affidavit**"), the Report of MNP Ltd., in its capacity as proposal trustee (the "**Proposal Trustee**") of Heaven Fresh, and on being advised that the secured creditors who are likely to be affected by the charges created herein were

provided notice of the within motion, and on hearing submissions of counsel for Heaven Fresh, and submissions of the Proposal Trustee, no one appearing for any other person on the Service List, although duly served as it appears from the Affidavit of Service of \_\_\_\_\_ sworn July 31, 2017, filed,

### **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record in respect of this Motion is hereby abridged and service is validated such that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which appears on the Commercial List website at the following link: <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. This Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure* (the “**Rules**”). Subject to Rule 3.01(d) of the *Rules* and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission.

3. **THIS COURT ORDERS** that the E-Service List Keeper (as defined in the Protocol) for the purpose of this proceeding shall be the Proposal Trustee.

### **DIP FINANCING**

4. **THIS COURT ORDERS** that Heaven Fresh is hereby authorized and empowered to obtain and borrow under an interim financing facility (the “**DIP Facility**”) granted by Danby

Products Limited (in such capacity, the “**DIP Lender**”) to be used for the purposes described in the interim financing agreement attached as Exhibit “K” to the Bashir Affidavit (the “**DIP Agreement**”), provided that the total borrowings under the DIP Facility shall not exceed \$100,000.00 as specified in the DIP Agreement, unless permitted by further Order of this Court.

5. **THIS COURT ORDERS** that the DIP Facility shall be on the terms and subject to the conditions set forth in the DIP Agreement.

6. **THIS COURT ORDERS** that Heaven Fresh is authorized and empowered to execute and deliver such other documents as may be contemplated by the DIP Agreement or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and Heaven Fresh is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Agreement as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

7. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a super-priority charge (the “**DIP Charge**”), as more particularly set out below, which shall not exceed an aggregate amount of \$100,000.00, on Heaven Fresh’s current and future properties, assets and undertakings of every nature and kind whatsoever and wherever situated, including all proceeds thereof (collectively, the “**Property**”). The DIP Charge shall not secure any obligation that exists before this Order is made.

8. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order or the *BIA*:

- (a) upon the occurrence of an event of default under the DIP Agreement, the DIP Lender, upon three (3) business days' notice to Heaven Fresh and to the Proposal Trustee, may exercise any and all of its rights and remedies against Heaven Fresh or the Property under or pursuant to the DIP Agreement, and the DIP Charge, including, without limitation, to cease making advances to Heaven Fresh, and exercise any and all of its rights and remedies against Heaven Fresh and the Property under or pursuant to the DIP Agreement and the DIP Charge, including without limitation, set off and / or consolidate any amounts owing by the DIP Lender to Heaven Fresh against the obligations of Heaven Fresh to the DIP Lender under the DIP Agreement, or the DIP Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against Heaven Fresh and for the appointment of a trustee in bankruptcy of Heaven Fresh; and,
- (b) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of Heaven Fresh or the Property.

9. **THIS COURT ORDERS AND DECLARES** that that the DIP Lender shall be treated as an unaffected creditor in any proposal filed by Heaven Fresh under the *BIA* with respect to any advances made pursuant to the DIP Agreement.

10. **THIS COURT ORDERS** that: (a) pending expiry of the time for filing a notice of appeal or application for leave to appeal in respect of this Order and the disposition of any motions to review, rescind or vary this Order, applications for leave to appeal or appeals from this Order (collectively, “**Challenges**”), Heaven Fresh is authorized to borrow funds under the DIP Facility in accordance with the DIP Agreement; (b) irrespective of the disposition of any Challenges, the DIP Lender shall have the benefit of the DIP Charge and all other provisions of this Order in respect of all amounts so advanced; and (c) this Order is subject to provisional execution to the extent necessary to give effect to the foregoing.

#### **SUPER-PRIORITY OF THE DIP CHARGE**

11. **THIS COURT ORDERS** that the filing, registration or perfection of the DIP Charge shall not be required, and that the DIP Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the DIP Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

12. **THIS COURT ORDERS** that the DIP Charge shall constitute a charge on the Property and the DIP Charge shall rank in priority to all other security interests, trusts, liens, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”), in favour of any individual, firm, corporation, governmental body or agency (except statutory deemed trusts that, at law, rank in priority to all other charges), or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”).

13. **THIS COURT ORDERS** that, except as otherwise expressly provided for herein or as may be approved by this Court, Heaven Fresh shall not grant any Encumbrances over any

Property that ranks in priority to, or *pari passu* with, the DIP Charge, unless Heaven Fresh also obtains the prior written consent of the Proposal Trustee and the DIP Lender, or further Order of this Court.

14. **THIS COURT ORDERS** that the DIP Charge and the DIP Agreement shall not be rendered invalid or unenforceable, and the rights and remedies of the DIP Lender entitled to the benefit of the DIP Charge and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declaration of insolvency of Heaven Fresh; (ii) any application(s) for bankruptcy order(s) issued pursuant to the *BIA*, or any bankruptcy order made pursuant to such applications; (iii) the filing or deemed filing of any assignments for the general benefit of creditors made pursuant to the *BIA*; (iv) the provisions of any federal or provincial statutes; or (v) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which bind Heaven Fresh, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the DIP Charge, nor the execution, delivery, or performance of the DIP Agreement, shall create or be deemed to constitute a breach by Heaven Fresh of any Agreement to which it is a party;
- (b) the DIP Lender shall not have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from Heaven Fresh entering into the DIP Agreement, or the creation of the DIP Charge; and,



- (c) the payments made by Heaven Fresh pursuant to this Order, or the DIP Agreement, and the granting of the DIP Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

#### **SALE AND INVESTOR SOLICITATION PROCESS**

15. **THIS COURT ORDERS** that the Sale and Investor Solicitation Process (the “SISP”) as set out in Exhibit “L” to the Bashir Affidavit and attached as Schedule “A” hereto, be and hereby is approved.

16. **THIS COURT ORDERS** that Heaven Fresh and the Proposal Trustee be and are hereby authorized and empowered to take such steps as are necessary or desirable to carry out and perform their obligations under the SISP, provided that any definitive agreement to be executed by Heaven Fresh in respect of the sale of all or part of the Property shall require further approval of the Court.

#### **EXTENSION OF PROPOSAL PERIOD**

17. **THIS COURT ORDERS** that, pursuant to subsection 50.4(9) of the *BIA*, the time for filing a proposal with the Official Receiver in the proceedings of Heaven Fresh, including the stay of proceedings, is hereby extended to and including October 4, 2017.

#### **GENERAL**

18. **THIS COURT ORDERS** that both Heaven Fresh and the Proposal Trustee shall be at liberty, and are authorized and empowered, to apply to any court, tribunal, regulatory or

administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Proposal Trustee is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in any jurisdiction outside Canada.

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# Tab 4

Court No.: 32-2274873  
Estate No.: 32-2274873

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**  
**(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
HEAVEN FRESH CANADA INC.  
OF THE CITY OF MISSISSAUGA,  
IN THE PROVINCE OF ONTARIO**

**FIRST REPORT TO THE COURT  
SUBMITTED BY MNP LTD.,  
IN ITS CAPACITY AS TRUSTEE UNDER THE  
NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
HEAVEN FRESH CANADA INC.**

**JULY 31, 2017**

**I. INTRODUCTION**

1. On July 21, 2017, Heaven Fresh Canada Inc. (“HFC” or the “Company”) filed a Notice of Intention to Make a Proposal (“NOI”) pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”), wherein MNP Ltd. was named as proposal trustee (the “Proposal Trustee”) of HFC. A copy of the NOI is attached hereto and marked as **Exhibit “A”**.
2. Notice of the NOI as prescribed by the BIA was sent on July 25, 2017 to all of HFC’s known creditors. A copy of such notice is attached hereto and marked **Exhibit “B”**.
3. Information regarding the proceedings has been posted to the Proposal Trustee’s website at <http://mnpdebt.ca/en/corporate/Engagements/heaven-fresh-canada-inc>.

4. The primary purpose of these proceedings is to provide stability to HFC's business while HFC, with the assistance of the Proposal Trustee, facilitates the marketing and sale of HFC's business assets and undertakings, and works on formulating and presenting a viable proposal to its creditors.

## II. RESTRICTIONS

5. In preparing this Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, the Bashir Affidavit (as defined below), HFC books and records, discussions with employees and management of HFC and information from other third-party sources (collectively, the "**Information**"). Except as described in this Report, the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards of the Chartered Professional Accountants of Canada.
6. The Proposal Trustee also bases its report on the Company's cash flow projections and underlying assumptions and notes that its review and commentary thereon were performed in accordance with the requirements set out in the Canadian Association of Insolvency and Restructuring Professionals' Standards of professional Practice No. 99-5 (Trustee's Report on Cash Flow Statement). Certain of the information referred to in this report consists of financial forecasts and/or projections. An examination or review of financial forecasts and projections and procedures, in accordance with standards set by Chartered Professional Accountants Canada, has not been performed. Future oriented financial information referred to in this report was prepared based on estimates and assumptions provided by HFC's management. Readers are cautioned that, since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, and such variations could be material.

### III. PURPOSE OF THIS REPORT

7. The purpose of this Report is to:

a. Provide information to the Court with respect to the administration of HFC's proposal proceedings, including:

- i. background information regarding the Company's operations, historical financial results and the circumstances leading to the filing of the NOI;
- ii. the marketing and sale process (the "**Sale Process**") for all or part of HFC's business and assets; and
- iii. HFC's application seeking an order pursuant to s.50.6 of the BIA, authorizing the borrowing of interim financing and providing a charge in priority for such financing.

b. Provide the Court with the Proposal Trustee's recommendation for an Order, *inter alia*:

- i. Approving interim financing (the "**DIP Loan**") from Danby Products Limited (the "**DIP Lender**") for the purpose of funding HFC's activities;
- ii. authorizing and directing the HFC, in consultation with the Proposal Trustee, to carry out the Sale Process;
- iii. extending the time for filing a proposal to September 4, 2017; and
- iv. approving the activities of the Proposal Trustee as set out in this Report.

### IV. BACKGROUND INFORMATION

8. HFC is an Ontario corporation carrying on business out of its registered office located in Mississauga, Ontario. HFC is a distributor of small appliances, including air purifiers and humidifiers, which products were manufactured for HFC under contracts with a third parties.

9. HFC advises that the causes of its financial difficulties are attributable to a failure to grow its client base as a result of being undercapitalized. A summary of the Company's historical financial results is set out below:

Year Ended June 30	F2014	F2015	F2016	YTD May 2017
(CAD \$)	Unaudited			
Revenue	\$1,379,428	\$1,077,684	\$970,237	\$799,599
% Growth	N/A	-22%	-10%	-18%
Cost of Goods Sold	685,399	815,121	741,756	644,560
Gross Margin	694,029	262,563	228,481	155,039
Gross Margin (%)	50%	24%	24%	19%
Management Fee Income	104,500	130,800	15,790	-
Operating Expenses	489,434	589,688	416,869	350,206
Operating Expenses (%)	35%	55%	43%	44%
EBITDA	309,095	-196,325	-172,598	-195,168
EBITDA (%)	22%	-18%	-18%	-24%

10. Additional information in respect of the HFC, including its assets and liabilities, is set out in the affidavit of Imran Bashir, affirmed on July 27, 2017 (the "**Bashir Affidavit**"), filed separately in these proceedings. The Proposal Trustee has not repeated such details in this Report.

## V. ASSETS

11. The assets of the Company consist primarily of the inventory of small appliances. HFC's other assets include its intellectual property (trademarks, proprietary technology), accounts receivable and amounts due from related parties. Further details on the Company's assets are detailed in paragraphs 11 to 15 of the Bashir Affidavit.

## VI. CREDITORS

12. HFC's NOI lists creditors with claims of \$1,217,277.

13. A search of the Ontario *Personal Property Security Act* registry, as of June 7, 2017, and the Company's records, indicate the following parties are the only known secured creditors of the Company:

Creditor	Estimated Amount Owed at the Filing Date
Royal Bank of Canada ("RBC")	\$100,000
Thinking Capital Financial Corporation ("Thinking Capital")	82,013
Ricoh Canada Inc. (leased equipment)	Unknown

14. The Proposal Trustee has not yet sought an independent legal opinion on the validity and enforceability of RBC's and Thinking Capital's security.

## VII. CASH FLOW PROJECTIONS

15. To date, HFC has provided the Proposal Trustee with its full co-operation and unrestricted access to its premises, and books and records.
16. In accordance with the provisions of the BIA, the Company filed with the Official Receiver a projected cash flow statement dated July 21, 2017, which was reviewed by the Proposal Trustee for reasonableness and signed by the Proposal Trustee and the Company (the "Cash Flow Projections"). A copy of the Cash Flow Projection, and related reports, is attached hereto as **Exhibit "C"**.
17. The Proposal Trustee has implemented procedures for monitoring the Company's receipts and disbursements and has kept in close contact with HFC's management to ensure that operations are continuing in the normal course of business and in accordance with the Cash Flow Projection.
18. The principal assumptions of the Cash Flow Projection are that:
- a. the Company's operations will continue in the normal course;



- b. Accounts receivable are forecasted to be collected in 30 days on average;
  - c. Post filing purchases will be on C.O.D. terms and all other post filing operating expenses will be paid on a current basis. Forecasted occupation costs and other overhead expenses are forecasted to be lower than in prior periods on the assumption that the Company's level of activity has decreased and the Company's commercial lease expired on June 30, 2017. The Company entered into a Warehousing Service Agreement, dated June 19, 2017, with Danby Products Inc. as a further measure to reduce overhead expenses; and
  - d. The Company's cash shortfall will be covered by borrowings under the DIP Loan.
19. The Cash Flow Projections reflect that HFC is expected to require funding of approximately \$83,827 through to the period ending October 13, 2017.
20. As set out in the Bashir Affidavit, the DIP Lender has agreed to provide interim financing in the maximum amount of \$100,000 in order to facilitate the continued operation of HFC during these proceedings and the Sales Process discussed herein.
21. Based on the Proposal Trustee's review of the Cash Flow Projections, there are no material assumptions which seem unreasonable in HFC's circumstances. Based on the Cash Flow Projections and the assumption that the DIP Loan will be advanced, HFC will have sufficient funding through to the end of the requested extension of the NOI.

#### **VIII. INTERIM FINANCING**

22. As set out in the Cash Flow Projection, absent additional financing, the Company does not have the ability to continue to fund operations and the cost of these proceedings. Considering the Sale Process contemplated, and in order to preserve the value of the business, the DIP Lender has agreed to provide debtor-in-possession financing to fund HFC's on-going cash flow shortfalls pursuant to an interim financing agreement (the "**DIP Agreement**"). A summary of the DIP Agreement's significant terms are as follows:
- a) Principal Amount: \$100,000 on a non-revolving basis;

- b) Term: Repayable on demand and in accordance with the terms of any court order within the BIA proceedings;
- c) Security and Priority: The DIP Loan is conditional on the DIP Lender being granted a priority charge over all other security interests and encumbrances (the “**Interim Financing Charge**”);
- d) Interest: Interest shall accrue at the annual rate of 6% per annum and be payable in cash, in advance, and compounded monthly;
- e) Expenses: HFC shall pay the DIP Lender a commitment fee in an amount of \$1,000, together with all costs and expenses of the DIP Lender incurred in connection with the DIP Loan, the term sheet and all security documents and/or any other documents related thereto (including the fees and expenses of its legal counsel); and
- f) Conditions: Prior to advancing any funds under or in respect of the DIP Loan, HFC shall have obtained the approval of the Court of the DIP Loan and the Interim Financing Charge, and the authority of the Court to enter into the DIP Loan and execute the DIP Agreement.

A copy of the DIP Agreement is attached hereto this Report as **Exhibit “D”**.

#### **IX. INTERIM FINANCING RECOMMENDATION**

23. The Proposal Trustee has considered the factors set out in Section 50.6(5) of the BIA with respect to the granting of a Court order for interim financing and the Interim Financing Charge. The Proposal Trustee respectfully recommends that the Court make the order sought by the Company for the following reasons:
- a) HFC is of the view that the Sale Process will allow the Company to fully assess its restructuring options and potentially enhance the recoveries for the stakeholders. The DIP Agreement enhances the prospects of the Company running the Sale Process and identifying a strategic partner or purchaser;
  - b) the Company is facing an immediate liquidity crisis. It is without liquidity to fund operations. The Company’s operations will cease and the Company will have

virtually no prospect of completing the Sale Process and a viable proposal without interim financing;

- c) no creditor of the Company appears to be materially prejudiced by the borrowings under the DIP Agreement, and the Interim Financing Charge, and the risks of material prejudice to certain creditors are outweighed by the potential benefits that would be derived from the Sale Process and/or a successful restructuring. The Proposal Trustee contacted representatives of RBC and Thinking Capital to determine if each was interested in meeting with representatives of the Proposal Trustee and HFC. Thinking Capital advised IIFC that it plans on pursuing other collection remedies available to it and RBC has not accepted the offer to meet; and
- d) the terms of the borrowings appear to be reasonable in the circumstances and consistent with the terms of debtor in possession financing facilities in similar proceedings.

## X. SALES PROCESS

24. HFC, in consultation with the Proposal Trustee, seeks to conduct the Sale Process for all or part of the business and/or assets of HFC as set out in **Exhibit "E"** attached. In summary, the Sale Process contemplates the sale of the business assets of HFC on an "as is, where is" basis, subject to Court approval, and will proceed on the following timetable:

- a. Within five (5) business days of an Order being issued by the Court approving and authorizing the Sale Process, the Company shall commence the Sale Process (the "**Commencement Date**");
- b. commencing on the Commencement Date, the Proposal Trustee is to (i) identify and contact prospective purchasers directly and with "teaser" mail-outs, (ii) distribute to those interested a confidentiality agreement and non-disclosure ("**NDA**") and (iii) distribute to those that have signed the NDA, the confidential information memorandum, prepared by the Company with the assistance of the Proposal Trustee, and, if necessary, (iii) establish and provide access to an electronic data room to those parties having signed a NDA;

- c. Within five (5) business days of the Commencement Date, the Proposal Trustee is to place an advertisement for the acquisition opportunity in the National Edition of the Globe & Mail and, if appropriate, such other trade and industry publications identified by the Company, in consultation with the Proposal Trustee;
  - d. Offers shall be due by no later than the thirtieth day (30<sup>th</sup>) at 5:00pm (Toronto time) following the Commencement Date (the “**Offer Deadline**”);
  - e. HFC, in consultation with the Proposal Trustee will evaluate all bids received, and will determine which bid is the most favourable. Within five (5) business days of the Offer Deadline, the Company, shall in consultation with the Proposal Trustee, negotiate one or more of any qualifying offers in order to obtain the highest and best offer for the assets. Thereafter, the Company will notify the successful party that it has been selected as having the most favourable bid (the “**Winning Bidder**”);
  - f. After identifying the Winning Bidder, the Company is to enter into definitive agreement of purchase and sale with successful offeror;
  - g. Within three (3) business days following the full execution of the Sales Agreement, the Company or Proposal Trustee will direct its counsel to set a Court date for a motion for an Approval and Vesting order; and
  - h. The parties will then seek to close the transaction.
25. The Sale Process contemplated by the Company provides a means for testing the market, and determining whether a transaction that would result in realizations greater than liquidation value is available. HFC was engaged in research and development activities aimed at developing internally generated software (the “**Technology IP**”) for HFC’s new product offerings, permitting many of HFC’s products to be connected to and controllable via the internet. HFC is under-capitalized and could not afford to exploit the technology in a profitable manner. The Sale Process permits HFC to carry on its business in the ordinary course while seeking to identify a strategic purchaser or investor who is interested in acquiring the Technology IP, with the view of enhancing recoveries for stakeholders.

26. The Sale Process envisions submissions of offers within the period of the extension contemplated in paragraphs 28 to 30 below.

27. The Proposal Trustee recommends the Sale Process be approved as it is consistent with insolvency industry practices in such proceedings and in like circumstances, and will maximize value for all stakeholders, including secured and unsecured creditors.

#### **XI. REQUEST FOR AN EXTENSION OF TIME FOR FILING A PROPOSAL**

28. In order to allow HFC sufficient time to market its business assets for sale, negotiate a sale, and work towards filing a proposal to its creditors, HFC seeks a forty-five (45) day extension of the time for filing of a proposal to September 4, 2017.

29. The Proposal Trustee is of the opinion that, given the nature of the business, the likelihood of a going concern sale is enhanced while HFC remains in possession and control of, and carry on their businesses. To fully carry out the Sale Process, an extension is required.

30. In view of the foregoing, the Proposal Trustee supports HFC's request for an extension and has also considered:

- a. that HFC is acting in good faith and with due diligence;
- b. that the extension should not adversely affect or prejudice creditors as HFC is projected to have sufficient funds to pay post-filing services and supplies in the amounts contemplated in the Cash Flow Forecast;
- c. it is contemplated that the Sale Process will be completed during the extension period; and
- d. that creditors would not be prejudiced by an extension of time for HFC to file its proposal.

#### **XII. CONCLUSION AND RECOMMENDATION**

31. Based on the foregoing, the Proposal Trustee respectfully recommends that the Court make an order granting the relief detailed in paragraph 7.

All of which is respectfully submitted on this 31<sup>st</sup> day of July, 2017.

**MNP Ltd.,**  
in its capacity as Trustee under  
the Notice of Intention to Make a Proposal of  
Heaven Fresh Canada Inc.  
Per:

A handwritten signature in black ink, appearing to read 'M. Lem', is written over a horizontal line.

Matthew E. Lem, CIRP, LIT  
Senior Vice President

**Exhibit "A"**

District of: Ontario  
Division No. 09 - Mississauga  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the matter of the proposal of  
Heaven Fresh Canada Inc.  
of the City of Mississauga  
in the Province of Ontario

Take notice that:

1. We, Heaven Fresh Canada Inc., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that we intend to make a proposal to my creditors.
2. MNP LTD. of 300 - 111 Richmond Street West, Toronto, ON, M5H 2G4, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against us are stayed as of the date of filing of this notice with the official receiver in our locality.

Dated at the City of Toronto in the Province of Ontario, this 21st day of July 2017.



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Heaven Fresh Canada Inc.  
Insolvent Person

To be completed by Official Receiver:

---

Filing Date

---

Official Receiver



District of: Ontario  
 Division No. 09 - Mississauga  
 Court No.  
 Estate No.

- FORM 33 -  
 Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of  
 Heaven Fresh Canada Inc.  
 of the City of Mississauga  
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Alive Pro	126 Upper Post Rd Vaughan ON L6A 4J9		22,374.79
Allseen Alliance	Box 743461, LosAngeles CA 90074-3461		5,284.56
BDC	4310 Sherwoodtowne Blvd. # 100 Mississauga ON L4Z 4C4	36213	223,434.00
Commerce Hub	23736 Network Place Chicago IL 60673-1257		536.38
Danby	5070 Whitelaw Rd \Box 1778 Guelph ON N1H 6Z9		108,475.13
Delmar	6399 Cantay Rd Mississauga ON L5R 0G4	85932 40RM0001	251.20
DHL	18 Parkshore Dr Brampton ON L6T 5M1	287394	1,290.57
Future Mgmt	176-4-5694 Hwy 7 E Markham ON L3P 1B4		919.46
Glory Plaza	1759 Halifax St Regina SK S4P 1T2		36,000.00
Greatest Dragon	8 Java Road, North point, HONG KONG,		245,542.57
Huron	4311 Village Ctr Court Suite 201 Mississauga ON L4Z 1S2		1,163.90
Imran Bashir	303 Pinetree Way Mississauga ON L5B 2R4		2,949.00
Indoor Purification Systems	334 N. Marshall Way, Suite C Layton UT 84041		189,869.89
Javald Khan	124 Mountainberry Rd Brampton ON L6R 2L7		21,834.00
Lodestar	1155 Appleby Line Unit E4 Burlington ON L7H 5H9		570.40

District of: Ontario  
 Division No. 09 - Mississauga  
 Court No.  
 Estate No.

- FORM 33 -  
 Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of  
 Heaven Fresh Canada Inc.  
 of the City of Mississauga  
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Master Card	Box 4016, Stn A Toronto ON M5W 2E6	(2) 6456 and 6464	4,566.91
RBC CANADA	25 Milverton Drive Mississauga ON L5R 3G2	101841	14,019.66
RBC Line of Credit	36 York Mills Rd 4th Floor Toronto ON M2P 0A4	677399320001	100,000.00
Seyed Miri	3555 Don Mills Road, Unit 18-107 Toronto ON M3M 1H6		20,000.00
Shanghai Neo Tec	4501 Hu Qing Ping Highway, Hong Cheng Zone Shanghai, China		17,075.76
Siber Circuits	145 Riviera Dr, Units 2, 3, 4 Markham ON L3R 5J6		1,084.80
Softech Systems	955 L phase 3 Johar Town Lahore, Pakistan 54770		24,731.74
T D Canada Trust	1900 Ellesmere Scarborough ON M1H 2V6	0239-5211274	9,874.02
Tariq Malik	2067 Eringate Blvd 2067 EringGate Blvd Pickering ON L1V 2V4		6,000.00
Thinking Capital	4200 Blvd Dorchester Montreal QC H3Z 1V4		82,013.95
Visa 1842	Box 4016, Stn A Toronto ON M5W 2E6	2(1842)(8163)	14,066.50
Visa1867	Box 4016, Stn A Toronto ON M5W 2E6	2(1867)(8148)	3,913.01
Wells Fargo	Box 6782 Stn A, Toronto ON M5W 1X5	5478-0203-0393-2883	39,966.38
Wires Law	1600-2300 Yonge St Toronto ON M4P 1E4		826.84

District of: Ontario  
 Division No. 09 - Mississauga  
 Court No.  
 Estate No.

- FORM 33 -  
 Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of  
 Heaven Fresh Canada Inc.  
 of the City of Mississauga  
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Xiaoqing Sheng	170 Esna Park Dr Mississauga ON L3R 1E3		9,321.00
Zhaohui Tang	170 Esna Park Dr Mississauga ON L3R 1E3		9,321.00
<b>Total</b>			<b>1,217,277.42</b>

  
 Heaven Fresh Canada Inc.  
 Insolvent Person

**Exhibit "B"**



July 25, 2017

To the Creditors of Heaven Fresh Canada Inc. ("HFC" or the "Company")

Please take notice that on July 21, 2017, HFC filed a Notice of Intention to Make a Proposal (the "NOI") pursuant to s.50.4(1) of the *Bankruptcy and Insolvency Act (Canada)*("BIA"). Please find enclosed the following:

1. The NOI, filed on July 21, 2017;
2. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims;
3. The consent of the Trustee to act in these matters; and
4. The Certificate of Filing.

Please note this is not a bankruptcy, but rather protection has been sought under the BIA pending the filing of a proposal to creditors.

Pursuant to the BIA:

- All proceedings by creditors are stayed (stopped) as of July 21, 2017;
- The Company is required to file a Proposal within 30 days of filing the NOI, subject to an extension from the Court; and
- A meeting of creditors to consider the Proposal is to be held within 21 days of the filing of a Proposal, and notice of the meeting will be sent to all known creditors at least 10 days prior to the date of the meeting.


All documents relating to this Estate are located on our website, which will be updated throughout the administration of this Estate. The website address is

<http://mnpdebt.ca/en/corporate/Engagements/heaven-fresh-canada-inc>

There is no need for any creditor to file a Proof of Claim at this time. If you have any questions concerning the foregoing or require any additional information please contact Echa Odeh at 416-515-5066 or by email at [Echa.Odeh@mnp.ca](mailto:Echa.Odeh@mnp.ca).

Yours truly,

**MNP LTD.**  
Trustee acting in re: the Proposal of  
Heaven Fresh Canada Inc.  
Per:

  
\_\_\_\_\_  
Sheldon Title, CPA, CA, CIRP, LIT

Encl.



**INSOLVENCY & RESTRUCTURING PROFESSIONALS**  
300 - 111 RICHMOND STREET WEST, TORONTO, ON M5H 2G4  
1.877.251.2922 P: 416.596.1711 F: 416.596.7894 [MNPdebt.ca](http://MNPdebt.ca)

District of: Ontario  
Division No. 09 - Mississauga  
Court No.  
Estate No.

- FORM 33 -  
Notice of Intention To Make a Proposal  
(Subsection 50.4(1) of the Act)

In the matter of the proposal of  
Heaven Fresh Canada Inc.  
of the City of Mississauga  
in the Province of Ontario

Take notice that:

1. We, Heaven Fresh Canada Inc., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that we intend to make a proposal to my creditors.
2. MNP LTD. of 300 - 111 Richmond Street West, Toronto, ON, M5H 2G4, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against us are stayed as of the date of filing of this notice with the official receiver in our locality.

Dated at the City of Toronto in the Province of Ontario, this 21st day of July 2017.



Heaven Fresh Canada Inc.  
Insolvent Person

To be completed by Official Receiver:

\_\_\_\_\_  
Filing Date

\_\_\_\_\_  
Official Receiver

District of: Ontario  
 Division No. 09 - Mississauga  
 Court No.  
 Estate No.

## - FORM 33 -

Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of  
 Heaven Fresh Canada Inc.  
 of the City of Mississauga  
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Alive Pro	126 Upper Post Rd Vaughan ON L6A 4J9		22,374.79
Allseen Alliance	Box 743461, LosAngeles CA 90074-3461		5,284.56
BDC	4310 Sherwoodtowne Blvd. # 100 Mississauga ON L4Z 4C4	36213	223,434.00
Commerce Hub	23736 Network Place Chicago IL 60673-1257		536.38
Danby	5070 Whitelaw Rd \Box 1778 Guelph ON N1H 6Z9		108,475.13
Delmar	6399 Cantay Rd Mississauga ON L5R 0G4	859321-40RM0001	251.20
DHL	18 Parkshore Dr Brampton ON L6T 5M1	287394	1,290.57
Future Mgmt	176-4-5694 Hwy 7 E Markham ON L3P 1B4		919.46
Glory Plaza	1759 Halifax St Regina SK S4P 1T2		38,000.00
Greatest Dragon	8 Java Road, North point, HONG KONG,		245,542.57
Huron	4311 Village Ctr Court Suite 201 Mississauga ON L4Z 1S2		1,163.90
Imran Bashir	303 Pinetree Way Mississauga ON L5B 2R4		2,949.00
Indoor Purification Systems	334 N. Marshall Way, Suite C Layton UT 84041		189,869.89
Javaid Khan	124 Mountainberry Rd Brampton ON L6R 2L7		21,834.00
Lodestar	1155 Appleby Line Unit E4 Burlington ON L7H 5H9		570.40

District of: Ontario  
 Division No. 09 - Mississauga  
 Court No.  
 Estate No.

- FORM 33 -  
 Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of  
 Heaven Fresh Canada Inc.  
 of the City of Mississauga  
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Master Card	Box 4016, Stn A Toronto ON M5W 2E6	(2) 6456 and 6464	4,566.91
RBC CANADA	25 Milverton Drive Mississauga ON L5R 3G2	101841	14,019.66
RBC Line of Credit	36 York Mills Rd 4th Floor Toronto ON M2P 0A4	677399320001	100,000.00
Seyed Miri	3555 Don Mills Road, Unit 18-107 Toronto ON M3M 1H6		20,000.00
Shanghai Neo Tec	4501 Hu Qing Ping Highway, Hong Cheng Zone Shanghai, China		17,075.76
Siber Circuits	145 Riviera Dr, Units 2, 3, 4 Markham ON L3R 5J6		1,084.80
Softech Systems	955 L phase 3 Johar Town Lahore, Pakistan 54770		24,731.74
T D Canada Trust	1900 Ellesmere Scarborough ON M1H 2V6	0239-5211274	9,874.02
Tariq Malik	2067 Eringate Blvd 2067 Eringate Blvd Pickering ON L1V 2V4		6,000.00
Thinking Capital	4200 Blvd Dorchester Montreal QC H3Z 1V4		82,013.95
Visa 1842	Box 4016, Stn A Toronto ON M5W 2E6	2(1842)(8183)	14,066.50
Visa1867	Box 4016, Stn A Toronto ON M5W 2E6	2(1867)(8148)	3,913.01
Wells Fargo	Box 6782 Stn A, Toronto ON M5W 1X5	5478-0203-0393-2883	39,966.38
Wires Law	1600-2300 Yonge St Toronto ON M4P 1E4		826.84



District of: Ontario  
 Division No. 09 - Mississauga  
 Court No.  
 Estate No.

- FORM 33 -  
 Notice of Intention To Make a Proposal  
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of  
 Heaven Fresh Canada Inc.  
 of the City of Mississauga  
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Xiaoqing Sheng	170 Esna Park Dr Mississauga ON L3R 1E3		9,321.00
Zhaohui Tang	170 Esna Park Dr Mississauga ON L3R 1E3		9,321.00
<b>Total</b>			<b>1,217,277.42</b>



Heaven Fresh Canada Inc.  
 Insolvent Person

- Proposal Consent -


In the matter of the proposal of  
Heaven Fresh Canada Inc.  
of the City of Mississauga  
in the Province of Ontario

To whom it may concern,

This is to advise that we hereby consent to act as trustee under the Bankruptcy and Insolvency Act for the proposal of Heaven Fresh Canada Inc..

Dated at the City of Toronto in the Province of Ontario, this 21st day of July 2017.

MNP LTD. - Licensed Insolvency Trustee

  
300 - 111 Richmond Street West  
Toronto ON M5H 2G4  
Phone: (416) 596-1711 Fax: (416) 323-5242



Industry Canada

Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant  
des faillites Canada

District of        Ontario  
Division No.    09 - Mississauga  
Court No.        32-2274873  
Estate No.      32-2274873

In the Matter of the Notice of Intention to make a  
proposal of:

**Heaven Fresh Canada Inc.**  
Insolvent Person

**MNP LTD / MNP LTÉE**  
Licensed Insolvency Trustee

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Date of the Notice of Intention:                      July 21, 2017

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CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL  
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

---

Date: July 21, 2017, 10:23

E-File/Dépôt Electronique

Official Receiver

Federal Building - Hamilton, 55 Bay Street N, 9th Floor, Hamilton, Ontario, Canada, L8R3P7, (877)376-9902

**Canada**

## Exhibit "C"

In the Matter of the Proposal of  
 Heaven Fresh Canada Inc.  
 Statement of Projected Weekly Cash Flow for the 13 weeks ended October 6, 2017  
 In Canadian \$


Week Ending	28-Jul-17	04-Aug-17	11-Aug-17	18-Aug-17	25-Aug-17	01-Sep-17	08-Sep-17	15-Sep-17	22-Sep-17	29-Sep-17	06-Oct-17	13-Oct-17	Total
	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13
<b>Receipts</b>													
Cash Sales	1,500	1,500	1,500	1,750	1,750	1,750	1,750	1,800	1,800	1,800	1,800	1,800	750
AR Collections	3,000	3,000	3,000	5,181	5,181	5,181	7,805	7,805	7,805	7,805	7,805	7,805	10,456
<b>Total Receipts</b>	<b>4,500</b>	<b>4,500</b>	<b>4,500</b>	<b>6,931</b>	<b>6,931</b>	<b>6,931</b>	<b>9,555</b>	<b>9,605</b>	<b>9,605</b>	<b>9,605</b>	<b>9,605</b>	<b>9,605</b>	<b>11,206</b>
<b>Disbursements</b>													
Inventory Purchases	-	-	-	-	-	14,700	-	-	-	18,050	-	-	40,250
Advertising and promotion	500	500	500	500	500	500	500	500	500	500	500	500	6,500
Business software, licenses and memberships	800	-	-	800	-	-	-	800	-	-	-	-	800
Commissions	1,500	-	-	1,500	-	-	-	2,000	-	-	-	-	5,000
Credit card charges	2,000	-	-	2,000	-	-	-	2,000	-	-	-	-	6,000
Insurance	-	-	1,089	-	-	-	-	-	-	-	-	-	3,267
Warehousing/Shipping & Freight / Fulfillment	-	10,000	-	-	-	10,000	-	-	-	-	10,000	-	30,000
Professional Fees	-	-	17,500	-	-	23,333	-	-	-	-	23,333	-	64,166
Sub-contractors	-	-	6,000	-	-	6,000	-	-	-	-	6,000	-	18,000
Telecommunications	-	800	-	-	-	800	-	-	-	-	800	-	2,400
<b>Total Disbursements</b>	<b>4,800</b>	<b>18,800</b>	<b>25,089</b>	<b>500</b>	<b>4,800</b>	<b>26,000</b>	<b>30,922</b>	<b>500</b>	<b>5,300</b>	<b>18,550</b>	<b>30,922</b>	<b>1,300</b>	<b>178,783</b>
<b>Net Cash Flow</b>	<b>(300)</b>	<b>(14,300)</b>	<b>(20,589)</b>	<b>6,431</b>	<b>2,131</b>	<b>(19,069)</b>	<b>(23,991)</b>	<b>8,305</b>	<b>3,505</b>	<b>(9,746)</b>	<b>(2,495)</b>	<b>(22,117)</b>	<b>9,906</b>
<b>Cash, Opening</b>	<b>(1,500)</b>	<b>(1,800)</b>	<b>(36,689)</b>	<b>(36,689)</b>	<b>(36,258)</b>	<b>(28,126)</b>	<b>(47,195)</b>	<b>(71,186)</b>	<b>(62,881)</b>	<b>(59,376)</b>	<b>(59,121)</b>	<b>(71,616)</b>	<b>(93,733)</b>
<b>Cash, Closing</b>	<b>(1,800)</b>	<b>(16,100)</b>	<b>(56,689)</b>	<b>(30,258)</b>	<b>(28,126)</b>	<b>(47,195)</b>	<b>(71,186)</b>	<b>(62,881)</b>	<b>(59,376)</b>	<b>(59,121)</b>	<b>(71,616)</b>	<b>(93,733)</b>	<b>(93,733)</b>

This statement of projected cash flow is prepared by the debtor in accordance with s. 50(6)(a) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report on Cash Flow

MNP Ltd.  
 acting in re: the Proposal of Heaven Fresh Canada Inc.

Per:   
 Matthew Leung, CIT  
 Senior Vice President

Heaven Fresh Canada Inc.

Per:   
 Imran Bashir

District of: Ontario  
 Division No. 09 - Mississauga  
 Court No.  
 Estate No.

-- FORM 29 --  
 Trustee's Report on Cash-Flow Statement  
 (Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of  
 Heaven Fresh Canada Inc.  
 of the City of Mississauga  
 in the Province of Ontario

The attached statement of projected cash flow of Heaven Fresh Canada Inc., as of the 19th day of July 2017, consisting of Statement of Weekly Projected Cash Flow for the period ending October 13, 2017, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by:  the management and employees of the insolvent person or  the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by:  management or  the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 21st day of July 2017.

MNP LTD. - Licensed Insolvency Trustee  
 Per:



Sheldon Title - Licensed Insolvency Trustee  
 300 - 111 Richmond Street West  
 Toronto ON M5H 2G4  
 Phone: (416) 596-1711 Fax: (416) 323-5242

Matthew  
 Lew

District of: Ontario  
 Division No. 09 - Mississauga  
 Court No.  
 Estate No.

\_FORM 29\_ - Attachment  
 Trustee's Report on Cash-flow Statement  
 (Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of  
 Heaven Fresh Canada Inc.  
 of the City of Mississauga  
 in the Province of Ontario

Purpose:

1. The Statement of Projected Weekly Cash Flow for the 13 weeks ended October 13, 2017 has been prepared solely for the purpose of complying with Part III of the Bankruptcy and Insolvency Act (the "Act").

Projection Notes:

2. Hypothetical Assumptions

Hypothetical assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgment, but are consistent with the purpose of the Statement of Projected Weekly Cash Flow.

3. Probable Assumptions

Probable assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that the Insolvent Person believes reflects the most probable set of economic conditions and planned courses of action, are suitably supported, consistent with the plans of the Insolvent Person and provide a reasonable basis for the Statement of Projected Weekly Cash Flow

Assumptions:

The Statement of Projected Weekly Cash Flow includes the following Hypothetical and/or Probable Assumptions


- AR is forecast to be collected in 30 days on average.
- Pursuant to Section 69(1) of the Act, all creditors' claims are subject to a stay of proceedings.
- No provision has been made for payment of obligations incurred prior to July 19, 2017, the filing date of the Notice of Intention to Make a Proposal.
- Forecasted occupation costs and other overhead expenses are forecast to be lower than in prior period on the assumption that company's level of activity has decreased and the Company's commercial lease expired on June 30, 2017. The Company entered into a Warehouse Servicing Agreement, dated June 19, 2017 with Danby Products Inc. as a means of reducing its overhead expenses.
- No source deduction remittances are forecast, as the Company will only utilize the services of independent contractors during the forecast period.
- No provision for sales tax remittances / refunds has been made, as sales have been reflected net of sales tax, and disbursements have been reflected net of input tax credits.
- No provision for income taxes has been made.
- The Company's cash shortfall will be covered by borrowings under a Debtor-in-Possession borrowing agreement.

Dated at the City of Toronto in the Province of Ontario, this 21st day of July 2017.

MNP LTD. - Licensed Insolvency Trustee

Per:

*Matthew  
Lean*

  
Sheldon Title - Licensed Insolvency Trustee

300 - 111 Richmond Street West

Toronto ON M5H 2G4

Phone: (416) 596-1711 Fax: (416) 323-5242



District of: Ontario  
 Division No. 09 - Mississauga  
 Court No.  
 Estate No.

- FORM 30 -

Report on Cash-Flow Statement by the Person Making the Proposal  
 (Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of  
 Heaven Fresh Canada Inc.  
 of the City of Mississauga  
 in the Province of Ontario

The Management of Heaven Fresh Canada Inc., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 19th day of July 2017, consisting of Statement of Weekly Projected Cash Flow for the period ending October 13, 2017.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 21st day of July 2017.



Heaven Fresh Canada Inc.  
 Debtor

IMRAN BASHIR / DIRECTOR

Name and title of signing officer

\_\_\_\_\_  
 Name and title of signing officer

District of: Ontario  
 Division No. 09 - Mississauga  
 Court No.  
 Estate No.

FORM 30 - Attachment  
 Report on Cash-Flow Statement by the Person Making the Proposal  
 (Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of  
 Heaven Fresh Canada Inc.  
 of the City of Mississauga  
 in the Province of Ontario

Purpose:

1. The Statement of Projected Weekly Cash Flow for the 13 weeks ended October 13, 2017 has been prepared solely for the purpose of complying with Part III of the Bankruptcy and Insolvency Act (the "Act").

Projection Notes:

2. Hypothetical Assumptions

Hypothetical assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgment, but are consistent with the purpose of the Statement of Projected Weekly Cash Flow.

3. Probable Assumptions

Probable assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that the Insolvent Person believes reflects the most probable set of economic conditions and planned courses of action, are suitably supported, consistent with the plans of the Insolvent Person and provide a reasonable basis for the Statement of Projected Weekly Cash Flow

Assumptions:

The Statement of Projected Weekly Cash Flow includes the following Hypothetical and/or Probable Assumptions

- AR is forecast to be collected in 30 days on average.
- Pursuant to Section 69(1) of the Act, all creditors' claims are subject to a stay of proceedings.
- No provision has been made for payment of obligations incurred prior to July 19, 2017, the filing date of the Notice of Intention to Make a Proposal.
- Forecasted occupation costs and other overhead expenses are forecast to be lower than in prior period on the assumption that company's level of activity has decreased and the Company's commercial lease expired on June 30, 2017. The Company entered into a Warehouse Servicing Agreement, dated June 19, 2017 with Danby Products Inc. as a means of reducing its overhead expenses.
- No source deduction remittances are forecast, as the Company will only utilize the services of independent contractors during the forecast period.
- No provision for sales tax remittances / refunds has been made, as sales have been reflected net of sales tax, and disbursements have been reflected net of input tax credits.
- No provision for income taxes has been made.
- The Company's cash shortfall will be covered by borrowings under a Debtor-in-Possession borrowing agreement.

Dated at the City of Toronto in the Province of Ontario, this 21st day of July 2017.

A handwritten signature in black ink, appearing to be 'S. Ma' or similar, written over a horizontal line.

Heaven Fresh Canada Inc.

## Exhibit "D"



Danby Products Limited, PO Box 1778, 5070 Whitelaw Road, Guelph, Ontario, Canada, N1H 6Z9  
 Tel: 519-837-0920 Fax (Sales): 519-837-0449 Fax (Administration): 519-837-9320 www.danby.com

**Interim Financing / DIP Loan Term Sheet  
 Debtor-in-Possession Interim Loan to Heaven Fresh Canada Inc.**

<b>Borrower:</b>	Heaven Fresh Canada Inc. (" <b>Borrower</b> ")
<b>Lender:</b>	Danby Products Limited (" <b>DIP Lender</b> ").
<b>Loan:</b>	<p>Subject to the terms and conditions set out herein, the DIP Lender shall make available the following loan ("<b>DIP Loan</b>") to the Borrower within the context of a proposal proceeding ("<b>Proposal Proceeding</b>") under the Bankruptcy and Insolvency Act, to be commenced or that has been commenced, by the Borrower :</p> <p>a principal amount of up to and not exceeding one hundred thousand Canadian dollars (CAD \$100,000), which loan may be advanced in parts, but which shall be a non-revolving demand loan;</p> <p>In consideration for the DIP Lender advancing the DIP Loan, the Borrower agrees to execute and deliver to the DIP Lender any further DIP documents as may reasonably be requested by the DIP Lender</p>
<b>Purpose:</b>	<p>The proceeds of the DIP Loan shall be used and applied by the Borrower solely and directly to pay: (i) any prepaid interest or charges in respect of this DIP Loan; (ii) payroll; (iii) suppliers, not including any pre-filing amounts that may be owed to them, unless with the consent of the Proposal Trustee herein; (iv) professional fees; and, (v) any other costs and expenses of the DIP Lender or Borrower.</p> <p>The Borrower shall provide written authorization to the DIP Lender in respect of any amounts to be advanced directly by the DIP Lender to the Borrower's payroll services provider and any other suppliers or intended recipients of any funds herein.</p>
<b>Repayments:</b>	The DIP Loan shall be repayable on demand and in accordance with the terms of any court order that may be made in the Proposal Proceeding.
<b>Commitment Fee:</b>	Following the approval and advancement of the DIP Loan, or any portion thereof, the Borrower shall pay the DIP Lender a commitment

	fee in an amount equal to one thousand Canadian dollars (CAD \$1,000), to be paid from the initial advance of funds.
<b>Costs and Expenses:</b>	The Borrower shall pay all costs and expenses of the DIP Lender incurred in connection with the DIP Loan, this term sheet and any other documents related hereto (including the fees and expenses of its legal counsel), which costs may be paid from the proceeds of the DIP Loan herein.
<b>Interest:</b>	Interest on the Loans will accrue at 6% per annum, compounded monthly, and payable monthly in advance.  On the date of the approval of the DIP Loan, the Borrower shall pay \$250 (the first month's interest charge) to the DIP Lender on account of interest for the period starting on the first draw down of the DIP Loan, and ending October 15, 2017.
<b>Financial Advisor and Sale and Investment Solicitation Procedures:</b>	The approval of the DIP Lender will be a condition to (i) any engagement by the Borrower of any financial adviser and (ii) the implementation of any sale and investment solicitation or similar process.
<b>Security:</b>	All obligations of the Borrower to the DIP Lender in connection with the DIP Loan shall be secured by a first-ranking charge over all of the Borrower's assets (the " <b>DIP Charge</b> "), to be granted by the Court (as defined below) in this Proposal Proceeding, which DIP Charge shall not be required to be registered in any personal property registry system.
<b>Court Approval:</b>	Prior to the DIP Lender advancing any funds under or in respect of the DIP Loan, the Borrower shall have obtained the approval of the Court of the DIP Loan and the DIP Charge, and the authority of the Court to enter into the DIP Loan herein and execute this DIP Loan Agreement.
<b>Governing Law:</b>	Province of Ontario and the federal laws of Canada applicable therein.
<b>Jurisdiction:</b>	Ontario Superior Court of Justice (Commercial List) (" <b>Court</b> ").

[The remainder of this page is intentionally left blank]



Danby Products Limited, PO Box 1778, 5070 Whitelaw Road, Guelph, Ontario, Canada, N1H 6Z9  
 Tel: 519-837-0920 Fax (Sales): 519-837-0449 Fax (Administration): 519-837-9320 www.danby.com

The DIP Lender and the Borrower have agreed to the above terms and conditions this \_\_\_\_\_th day of July, 2017.

**Dated** as of the date first set out above.

**DANBY PRODUCTS LIMITED**

Per: \_\_\_\_\_

Name: James Estill

Title: CEO & President

I have the authority to bind the corporation

Accepted this \_\_\_\_\_ day of \_\_\_\_\_, 2017

**HEAVEN FRESH CANADA INC.**

Per: \_\_\_\_\_

Name:

Title:

I have the authority to bind the corporation

**Exhibit "E"**



## SALE PROCESS

1. Commencement of Sale Process. Within five (5) Business days of an Order being issued by the Ontario Superior Court of Justice [Commercial List] (the “**Court**”) (the “**Sales Process Order**”) approving and authorizing, inter alia, the marketing and sale process for all or part of the business and assets (the “**Property**”) of Heaven Fresh Canada Inc. (the “**Company**”) (the “**Sale Process**”), the Company shall commence the Sale Process (the “**Commencement Date**”).
2. Contacting Interest Parties. Commencing on the Commencement Date (a) the Proposal Trustee shall, on behalf of the Company, contact such initial parties previously identified by the Company as potential purchasers of the business and/or assets of the Company (or known to have expressed such an interest) and advise such parties of the opportunity to acquire the business and/or assets (the “**Opportunity**”); and, (b) distribute “teaser” documentation to other parties identified as potentially interested parties with respect to the Opportunity.
3. Advertisement. Within five (5) Business Days of the Commencement Date, the Proposal Trustee shall have an advertisement of the Opportunity published in The Globe and Mail (National Edition), and may, but not required, further advertise the Opportunity in such other industry and trade publications or media sources as determined appropriate by the Company, in consultation with the Proposal Trustee.
4. Due Diligence. Commencing on the Commencement Date, the Proposal Trustee shall make available to prospective purchasers (collectively, the “**Prospective Purchasers**”), upon receipt of an executed confidentiality agreement and non-disclosure agreement, in the prescribed form, from a Prospective Purchaser, (a) a confidential information memorandum, prepared by the Company with the assistance of the Proposal Trustee, describing the Property and Opportunity in sufficient detail as is reasonably required by Prospective Purchasers to consider submitting an offer for the Property and facilitate the conduct of due diligence by the Prospective Purchasers; and, if necessary, (b) access to an electronic data room, created and maintained by the Proposal Trustee on behalf the Company, containing documents and information pertaining to the Opportunity.
5. Offer Deadline. Any offers to purchase the Property must be submitted in writing to and received by the Company care of the Proposal Trustee at 111 Richmond Street West, Suite 300, Toronto, ON, M5H 2G4, attention: Sheldon Title, by no later than 5:00 pm (Toronto time) on thirtieth (30<sup>th</sup>) day following the Commencement Date (the “**Offer Deadline**”). Should the Offer Deadline not fall on a Business Day, it will be extended to the next Business Day.
6. Qualifying Offers. The Company, in consultation with the Proposal Trustee, shall determine whether any offers are “Qualifying Offers”. Qualifying Offers must, among other things, meet the following minimum criteria:
  - (a) the offer must be for a purchase price that the Company, in consultation with the Proposal Trustee, would accept (subject to such further negotiation as may take place in accordance with this sales process);

- (b) the offer must be accompanied by a deposit in the form of certified cheque or bank draft payable to the Proposal Trustee in Trust which is equal to at least fifteen (15%) percent of the aggregate purchase price payable under the offer;
  - (c) the offer must be irrevocable and open for acceptance for fifteen (15) Business Days;
  - (d) the offer must not contain any contingency relating to due diligence or financing or any other material conditions precedent to the offeror's obligation to complete the transaction;
  - (e) the offer must contain written evidence satisfactory to the Company of the ability to consummate the transaction; and
  - (f) the offer must be on such terms and conditions as are typical in the context of sales in the context of restructuring and insolvency proceedings, which terms shall include without limitation: (i) the sale of the Property on an "as is, where is" basis, without any representations, warranties or conditions made or granted in connection therewith; (ii) that the completion of the transaction is conditional on the granting of an approval and vesting Order by the Court (the "**Approval and Vesting Order**"); and, (iii) a closing of the transaction to occur within three (3) Business Days of the Approval and Vesting Order being issued by the Court.
7. Negotiation of Qualifying Offers. The Proposal Trustee may, in consultation with the Company, enter into negotiations on the Company's behalf with the offerors in respect of one or more of the Qualifying Offers in an effort to ascertain the highest and best offer. Additionally, it is open to the Company, in consultation with the Proposal Trustee, to elect not to accept any of the Qualifying Offers, whether before or after negotiation of the same.
  8. Winning Offer. Within five (5) Business Days of the Offer Deadline, the Company shall, in consultation with the Proposal Trustee, determine the highest and best offer with respect to the Property (the "**Winning Offer**"), at which point the Company shall proceed to enter into a definitive agreement of purchase and sale in connection therewith (the "**Sale Agreement**"), subject to Court approval.
  9. Court Approval of the Winning Offer. Within three (3) Business Days following the fully execution of Sale Agreement, the Company or the Proposal Trustee will direct its counsel to set a Court date for a motion for the approval of the Winning Offer and the Sale Agreement, and an approval and vesting order in respect of the same.
  10. Return of Deposits. All deposits received (except such deposit forming part of the Winning Offer) shall be held by the Proposal Trustee in Trust until the execution of the Sale Agreement and, thereafter, returned to the respective Prospective Purchasers thereafter. The deposit forming part of the Winning Offer shall be dealt with in accordance with the Sale Agreement.

Modifications. Subject to the Sales Process Order or other order of the Court, the Company, in consultation with the Proposal Trustee, shall have the right to adopt such other rules for the Sale Process, that, in its sole discretion, will better promote the goals of the Sale Process.

Court No.: 32-2274873  
Estate No.: 32-2274873

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
OF HEAVEN FRESH CANADA INC., OF THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
(IN BANKRUPTCY AND INSOLVENCY)**

**FIRST REPORT TO THE COURT SUBMITTED BY MNP  
LTD., IN ITS CAPACITY AS TRUSTEE UNDER THE  
NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
HEAVEN FRESH CANADA INC.**

**MNP LTD.**  
300-111 Richmond Street West  
Toronto, ON M5H 2G4

**Sheldon Tittle**  
Tel: (416) 263-6945  
Fax: (416) 323-5242  
Email: sheldon.tittle@mnp.ca

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF HEAVEN FRESH CANADA INC.**

Court File No. 32-2274873  
Estate File No. 32-2274873

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

Proceeding Commenced at **Toronto**

**MOTION RECORD**

(Approval of DIP, SISP, Stay Extension returnable August 4, 2017)

**BLANEY McMURTRY LLP**  
Barristers and Solicitors  
2 Queen Street East, Suite 1500  
Toronto, Ontario M5C 3G5

**Mervyn D. Abramowitz** (LSUC #28325R)  
Tel: (416) 597-4887  
Fax: (416) 593-3396  
Email: [mabramowitz@blaney.com](mailto:mabramowitz@blaney.com)

Lawyers for Heaven Fresh Canada Inc.