

LICENSE AGREEMENT

THIS AGREEMENT made this 22nd day of July, 2020 (the "**Effective Date**"), between Shanghai Zhanhe Industrial Co., Ltd., having a principal place of business at 21f Jiulong Bldg., 188 Nandan Rd. (East), Shanghai 200030, Peoples Republic of China (the "**Licensor**") and Intelligent Fabric Technologies (North America) Inc., having a principal place of business at 525 Denison St, Markham, Ontario, Canada L3R 1B8 (the "**Licensee**").

WHEREAS:

- A. The Licensor owns the intellectual property as described in greater detail in Schedule "A" hereto associated with certain proprietary chemical formulations used, marketed and distributed by the Licensee in the treatment of certain fabric and other materials (the "**Intellectual Property**").
- B. The Licensor and the Licensee desire to enter into an exclusive world-wide perpetual license agreement (the "**Agreement**") for the license of the Intellectual Property.

NOW THEREFORE in consideration of the promises and mutual covenants contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1.0 LICENSE

- 1.1 **Grant of License.** Subject to the terms and conditions contained herein, the Licensor grants to the Licensee a perpetual, irrevocable, royalty-free, fully-paid, exclusive, worldwide license, with no duty to account, to the Intellectual Property for unrestricted use for any purpose, either individually or in combination and both separately and as integrated into other capabilities, including without limitation the right to sublicense or otherwise authorize, implicitly or explicitly, third parties to exercise any or all such rights. As part of the exclusivity rights contained herein the Licensor confirms that it shall not make any of the Intellectual Property or the formulations comprised therein available to any person or entity other than the Licensee without the express written consent of the Licensee.
- 1.2 **Regulatory Approvals.** Where regulatory registrations or approvals are required in any jurisdiction in order to sell products incorporating the Intellectual Property in that jurisdiction, such registrations and/or approvals shall be undertaken by the Licensee in its own name and only the Licensee shall be permitted to utilize such registrations or approvals for its benefit or the benefit of any sublicensee. The Licensee shall be responsible for the cost of such registrations or approvals as applicable. The Licensor shall provide such support to the Licensee as it may reasonably request in connection with the registration/approval process.
- 1.3 **Term.** The term of this Agreement shall commence on the Effective Date and shall continue perpetually without any right of termination or revocation for any reason.



1.4 Irrevocable Grant. In no event will the rights granted in this Section 1.0 be subject to termination, revocation or any further limitation, in whole or in part, for any reason, and all such rights shall remain perpetual, unlimited, and irrevocable under all circumstances.

2.0 OWNERSHIP

2.1 Ownership and Title.

- (a) The Licensee acknowledges and agrees that ownership and title to the Intellectual Property, and all related rights therein, shall remain exclusively with the Licensor. Except for the right to use the Intellectual Property as described herein, this Agreement does not pass to the Licensee any intellectual property or other ownership rights to and in the Intellectual Property. The Licensee agrees that it will not at any time, directly or indirectly, contest the Licensor's ownership of, or interest in, the Intellectual Property, or any intellectual property protection therein, including, without limitation, any patents resulting therefrom, or at any time assist others to do so in any manner.
- (b) The Licensor acknowledges and agrees that ownership and title to the Licensee's Trademarks (as such term is defined in Schedule "A" and as such list may be updated from time to time by the Licensee), whether or not registered, shall remain exclusively with the Licensee. This Agreement does not grant any rights to the Licensor to the Licensee's Trademarks. The Licensor agrees that it will not at any time, directly or indirectly, contest the validity of the Licensee's ownership of, or interest in, the Licensee's Trademarks. The Licensor shall not apply to register or register any of the Licensee's trademarks in any jurisdiction.

2.2 Confidentiality.

- (a) The term "Confidential Information" means, to the extent previously, presently or subsequently disclosed by or for the Licensor to the Licensee or the Licensee to the Licensor, all financial, business, legal and technical information of either party or any of its affiliates, suppliers, customers and employees (including information about research, development, operations, marketing, transactions, discoveries, inventions, methods, processes, materials, specifications, designs, drawings, data, strategies, plans, prospects, know-how and ideas) that is marked or otherwise identified as proprietary or confidential at the time of disclosure, or which by its nature would be understood by a reasonable person to be proprietary or confidential. Confidential Information shall not include any information that (a) was rightfully known by the receiving party without restriction before receipt from the disclosing party, (b) is rightfully disclosed to the receiving party by a third party without restriction, (c) is or becomes generally known to the public without violation of this Agreement, (d) is independently developed by the receiving party without reliance on or reference to such information, or (e) is included within the scope of the Intellectual Property.

- (b) The Licensor and the Licensee agree (a) not to copy or use Confidential Information except and only for the purposes of this Agreement, but not for any other purpose, (b) to maintain it as confidential, and exercise reasonable precautions to prevent unauthorized access, use or disclosure and (c) not to disclose the Confidential Information to any third party other than its employees, contractors and sublicensees who have a legitimate need to know for the purposes contemplated by this Agreement and who are bound by written agreements that are at least as protective of the Confidential Information as the restrictions herein. To avoid uncertainty, the obligations set forth in this Section 2.2(b) shall not apply to amend, limit, alter or abridge in any way the rights of the Licensee under Section 1.1. The confidentiality obligations of this Agreement, as they apply to Confidential Information disclosed prior to termination, will survive termination for a period of three years; provided, however, that each party's obligations hereunder shall survive and continue in effect thereafter with respect to any Confidential Information that is a trade secret under applicable law. As soon as reasonably practicable upon the disclosing party's request at any time, the receiving party shall return to the disclosing party or destroy all then existing originals and copies of any Confidential Information provided to the other party solely in connection with the performance of this Agreement and destroy all information, records and materials developed therefrom.
- (c) These restrictions will not prevent either party from complying with any law, regulation, court order or other legal requirement that purports to compel disclosure of any Confidential Information or the terms and conditions of this Agreement. The receiving party will promptly notify the disclosing party upon learning of any such legal requirement, and cooperate with the disclosing party in the exercise of its right to protect the confidentiality of the Confidential Information before any tribunal or governmental agency. Each party may provide a copy of this Agreement or otherwise disclose its terms and conditions in connection with any financing transaction or due diligence inquiry, subject to obligations of confidentiality applicable to the recipient. Prior to any disclosure of the Agreement or its terms and conditions to a third party, the party planning such disclosure shall notify the other party and allow the other party an opportunity to recommend redactions of certain information, which recommendations shall not be unreasonably refused.

3.0 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Licensor. As of the date hereof, the Licensor represents and warrants to the Licensee as follows:

- (a) it is a corporation duly incorporated and validly existing under the laws of the Peoples Republic of China;
- (b) it has the legal power, authority and right to grant this exclusive license and, when signed, this Agreement will be binding and enforceable against it in accordance with the terms contained herein;

- (c) it has not granted and will not grant any licenses or other rights that would restrict, impair, conflict with or prevent the full and complete exercise of the licenses and rights granted to the Licensee hereunder;
- (d) there are no liens, conveyances, mortgages, assignments, encumbrances, or other agreements that would prevent or impair the full and complete exercise of the licenses and rights granted to the Licensee under this Agreement
- (e) the execution, delivery and performance by it of its obligations hereunder will not result in any violation of or default of (i) its certificate of incorporation or by-laws (or the equivalent thereof), (ii) any contract to which it or any of its subsidiaries is a party or, with respect to the Licensor, by which any Intellectual Property is bound;
- (f) it owns all rights, title, and interest in and to the Intellectual Property and no other third party owns any right to recover for infringement of or to assert any right in or to the Intellectual Property;
- (g) the Intellectual Property was not derived from or based upon, directly or indirectly, any patents or patent applications, trade secrets or intellectual property of any third parties; and
- (h) it is not party to or bound by any document, agreement, instrument, court order, decree, ruling, statute, ordinance, regulations, or by any other means, that would be violated, breached or contravened by the execution, delivery and performance of this Agreement.

3.2 Representations and Warranties of the Licensee. As of the date hereof, the Licensee represents and warrants to the Licensor as follows:

- (a) it is a corporation duly incorporated and validly existing under the laws of the Province of Ontario, Canada;
- (b) it has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations hereunder;
- (c) this Agreement constitutes a valid and binding obligation of the Licensee enforceable against it in accordance with the terms contained herein; and
- (d) it is not party to or bound by any document, agreement, instrument, court order, decree, ruling, statute, ordinance, regulations, or by any other means, that would be violated, breached or contravened by the execution and delivery of this Agreement.

4.0 RESPONSIBILITIES OF THE PARTIES

4.1 Licensor's Responsibilities. The Licensor shall:

- (a) be responsible for providing the Licensee with the specifications regarding the formulations comprising the Intellectual Property and any changes made thereto from time to time;
- (b) provide such technical assistance as may be requested by the Licensee from time to time in respect of the integration of the Intellectual Property into the products manufactured and sold by the Licensee or any of its sublicensees, provided that reasonable notice is given by the Licensee to the Licensor for the provision of such services;
- (c) comply with all Licensor obligations set forth in this Agreement and all requests made by the Licensee in relation to the protection of the Confidential Information; and
- (d) carry out all research and development in respect of the Intellectual Property and provide necessary information to the Licensee in respect of the license granted hereunder.

4.2 Licensee's Responsibilities. Notwithstanding any other obligations and responsibilities of the Licensee referred to herein, the Licensee shall:

- (a) comply with all Licensee obligations set forth in this Agreement and all requests made by the Licensor in relation to the protection of the Confidential Information;
- (b) be solely responsible and liable in respect of any products it imports, develops, makes or has made, markets, offers for sale, sells or distributes incorporating the Intellectual Property; and
- (c) not infringe upon or misappropriate the rights of others in any manner whatsoever.

4.3 Remedies. Notwithstanding anything to the contrary in this Agreement, the exclusive remedy for the Licensor with respect to any breach, alleged breach or threatened breach of this Agreement by the Licensee shall be limited to monetary damages.

5.0 INDEMNIFICATION

5.1 Intellectual Property. The Licensor will defend, indemnify, and hold harmless the Licensee Released Parties (as defined below), from and against any and all third-party claims, actions, demands, and legal proceedings (collectively "Claims") and any and all liabilities to third parties for damages, losses, judgments, authorized settlements, costs and expenses including, without limitation, reasonable attorneys' fees (collectively "Damages"), arising out of or in connection with an allegation by a third party claiming any interest in, or any right to recover under, or assert any right in or to the Intellectual Property. For the purposes of this Agreement the term "Licensee Released Parties" shall mean the Licensee and each of its affiliated entities together with all of their respective current and former predecessors, successors, agents, distributors, retailers, resellers, manufacturers, suppliers, employees, officers, directors and customers.

5.2 Indemnification Procedures. The following procedures will apply with respect to indemnification for Claims arising in connection with this Agreement:

- (a) Promptly after receipt by the Licensee of written notice of the assertion or the commencement of any Claim, whether by legal process or otherwise, with respect to any matter within the scope of this Section 6.0, the Licensee will give written notice thereof to the Licensor and will thereafter keep the Licensor reasonably informed with respect thereto; provided, however, that the failure of the Licensee to give the Licensor such prompt written notice will not relieve the Licensor of its obligations hereunder except to the extent such failure results in prejudice to the Licensor's defense of such Claim. Within thirty (30) days following receipt of written notice from the Licensee relating to any Claim, but no later than ten (10) days before the date on which any response to a complaint or summons is due, the Licensor will notify the Licensee in writing that the Licensor will assume control of the defense and settlement of such Claim (the "Notice").
- (b) If the Licensor delivers the Notice relating to any Claim within the required notice period, the Licensor will be entitled to have sole control over the defense and settlement of such Claim; provided, however, that the Licensee will be entitled to participate in the defense of such Claim and to employ legal advisers at its own expense to assist in the handling of such Claim. After the Licensor has delivered a Notice relating to any Claim in accordance with the preceding paragraph and provided the Licensor assumes control of the defense of the Claim, the Licensor will not be liable for any legal expenses subsequently incurred by any Licensee Released Party in connection with the defense of such Claim.
- (c) If the Licensor fails to assume the defense of any such Claim within the prescribed period of time, then the Licensee may assume the defense of any such Claim, the reasonable costs and expenses of which shall be deemed to be damages. The Licensor will not be responsible for any settlement or compromise made without its consent, unless the Licensee has tendered notice and the Licensor has then failed to provide Notice and it is later determined that the Licensor was liable to assume and defend the Claim.
- (d) The Licensee will provide reasonable assistance to the Licensor (at the Licensor's expense), including reasonable assistance from the Licensee's employees, agents, independent contractors and affiliates, as applicable. Notwithstanding any provision of this Section 5.2 to the contrary, the Licensor will not consent to the entry of any judgment or enter into any settlement that provides for injunctive or other non-monetary relief affecting the Licensee without the prior written consent of the Licensee, which consent will not be unreasonably withheld or delayed.

5.3 Additional Obligations. If any Intellectual Property becomes the subject of a claim of infringement, the Licensor will use reasonable efforts to (a) obtain for the Licensee the right to continue using such Intellectual Property or (b) replace or modify such Intellectual Property so that it becomes non-infringing without substantially compromising its principal function.

5.4 Limitation on Indemnification. The Licensor shall have no liability or obligation to the Licensee or any other Licensee Released Party under this Section 6.0 to the extent that any claim, action or suit arises out of or results from (i) modifications, combinations or extensions of the Intellectual Property not created by or on behalf of the Licensor, (ii) Licensee's or any other Licensee Released Party's continuing allegedly infringing activity after being notified thereof or its continuing use of any Intellectual Property after being provided modifications that would have avoided the alleged infringement, or (iii) any intellectual property right in which the Licensee or any other Licensee Released Party has an interest obtained otherwise than through this Agreement.

5.5 Continuing Obligation. The indemnity in Section 5.0 is continuing and irrevocable and the obligations of the Licensor under this Agreement shall not be released, discharged, impaired or affected by:

- (a) any extensions of time or variations of obligations which the Licensee Indemnified Parties may grant or permit in respect of the observance or performance of any of the obligations of the Licensor;
- (b) any waiver by or neglect or failure of Licensee to enforce any of the terms, covenants and conditions in respect of the Agreement; or
- (c) any amendment to the Agreement.

5.6 Further Action. No action or proceedings brought or instituted under the above-mentioned indemnity and no recovery of insurance thereof shall be a bar or defence to any further action or proceeding which may be brought under this Agreement by reason of any further default hereunder or in the performance and observance of the covenants and agreements of the Licensor contained in this Agreement.

6.0 GENERAL PROVISIONS

6.1 Entire Agreement. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement. There are no warranties, conditions, or representations (including negligent misrepresentations and any that may be implied by statute) and there are no promises, covenants or agreements (including collateral contracts) in connection with such subject matter except as specifically set forth or referred to in this Agreement. No reliance is placed on any warranty, representation (including negligent misrepresentation), promise, covenant, agreement, opinion, advice or assertion of fact made either prior to, contemporaneous with, or after entering into this Agreement, or any amendment or supplement thereto, by either party to this Agreement or its directors, officers, managers, partners, trustees, employees or agents or any affiliate of any of the foregoing, to any other party to this Agreement or its directors, officers, managers, partners, employees, trustees or agents or any affiliate of any of the foregoing, except to the extent that the same has been reduced to writing and included as a term of this Agreement, and none of the parties to this Agreement has been induced to enter into this Agreement or any amendment or supplement by reason of any such warranty, representation (including negligent misrepresentation), promise, covenant, agreement,

opinion, advice or assertion of fact. Accordingly, there shall be no liability, either in tort (including negligence and negligent misrepresentation) or in contract, assessed in relation to any such warranty, representation (including negligent misrepresentation), promise, covenant, agreement, opinion, advice or assertion of fact, except to the extent contemplated above.. To the extent that there is a conflict between the terms of this Agreement and the terms of any purchase orders or any other agreement between the parties, to the extent that such purchase order or agreement does not specifically amend the terms of this Agreement, this Agreement shall govern.

- 6.2 Non-Exclusivity.** This Agreement does not create any form of exclusive relationship between the Licensor and the Licensee and, notwithstanding anything herein to the contrary, the Licensor and the Licensee remain free, at its sole discretion, to engage in any business or other activity independently or with any third party and to exercise any and all rights granted pursuant to this Agreement in connection with any such activity. the Licensor and the Licensee are independent contractors and neither party is an employee, agent, servant, representative, partner, or joint venturer of the other party.
- 6.3 Headings.** *The inclusion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation hereof.*
- 6.4 Priority.** In the event that there is a discrepancy a between the terms contained herein and the terms contained in the schedules hereto, as such terms relate to the Agreement contemplated herein, the terms set forth herein shall rank in priority to the terms of any schedules hereto.
- 6.5 Further Assurances.** The parties agree that they will, from time to time, do all things, and execute and deliver such further documents as are reasonably required to carry out the terms and intent of this Agreement.
- 6.6 Public Notices.** No press release or other announcement concerning the contents of this Agreement shall be made by a party without the prior written consent of the other party (such consent not to be unreasonably withheld or delayed), provided, however, that a party may, without such consent, make such disclosure if the same is required by applicable laws or any stock exchange on which any of the securities of such party or any of its affiliates are listed or by any securities commission or other similar governmental authority having jurisdiction over such party or any of its affiliates, and if such disclosure is required, the party making the disclosure shall use reasonable efforts to give prior oral or written notice to the other party, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure.
- 6.7 Assignment.** The Licensee shall not sublicense, transfer, pledge, offer as security, mortgage or otherwise encumber, in any manner whatsoever, the whole or any part of this Agreement or any of its interest, rights or obligations hereunder, without the prior written consent of the Licensor, which consent may be arbitrarily or unreasonably withheld. Notwithstanding the foregoing, the Licensee shall be entitled to assign this Agreement or the benefits hereunder to an affiliate of the Licensee.

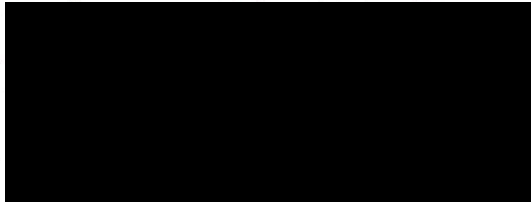
For the purposes of this Agreement an "affiliate" of a party shall mean any and all entities, now or in the future and for so long as the following ownership and control exists, that: (i) own or control, directly or indirectly, the party; (ii) are owned or controlled by, or under common control with, directly or indirectly, the party; or (iii) are owned or controlled, directly or indirectly, by a Parent Company. For purposes of the preceding sentence, "own or control" shall mean (a) if the entity has voting shares or other voting securities, ownership or control (directly or indirectly) of more than fifty percent (50%) of the outstanding shares or securities entitled to vote for the election of directors or other similar managing authority for such entity; or (b) if the entity does not have voting shares or other voting securities, ownership or control (directly or indirectly) of more than fifty percent (50%) of the ownership interest representing the right to make decisions for such entity. For the purposes of this agreement "control" means (a) the legal or beneficial ownership, directly or indirectly, of (i) at least 50% of the aggregate of all equity securities of an entity or (ii) equity securities having the right to at least 50% of the profits of an entity or, in the event of dissolution, to at least 50% of the assets of an entity; (b) the right to appoint, directly or indirectly, a majority of the board of directors (or other comparable managers); or (c) the right to control, directly or indirectly, the management or policies of the entity, whether through the ownership of voting securities, by contract or otherwise.

- 6.8 Independent Contractor.** This Agreement does not and shall not be construed to create any partnership or agency whatsoever as between the Licensor and the Licensee, and the Licensee shall not, by reason of any provision herein contained, be deemed to be the partner, agent or legal representative of the Licensor and shall not have the ability, right or authority to assume or create, in writing or otherwise, any obligation of any kind, express or implied, in the name of or on behalf of the Licensor.
- 6.9 Amendment and Waiver.** No supplement, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the party to be bound. No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provision (regardless of whether similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.
- 6.10 Preparation of Agreement.** The terms and conditions of this Agreement are the result of negotiations between the parties and the parties agree that this Agreement shall not be construed in favour of or against any party by reason of the extent that any party or its partners or its or their affiliates or its or their respective representatives participated in the preparation of this Agreement.
- 6.11 Severability.** Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of applicable law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties shall engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a

valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces..

- 6.12 Notices.** Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by e-mail or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if sent by e-mail or other means of electronic communication, shall be deemed to have been received on the Business Day following the sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this Section 7.8. Notices and other communications shall be addressed as follows::

to the Licensor at: Shanghai Zhanhe Industrial Co., Ltd.,



to the Licensee at: Intelligent Fabric Technologies (North America) Inc.,
525 Denison St.
Markham, Ontario, Canada
L3R 1B8

Attention: MR. GIANCARLO BEEVIS
e-mail: • gc@iftna.com

For the purposes of this Agreement the term Business Day means any day, other than Saturday, Sunday or any day on which banking institutions in Toronto, Ontario, Canada are not open for business or Shanghai, China.

- 6.13 Time of the Essence.** Time shall be of the essence in all respects for this Agreement.
- 6.14 Force Majeure.** Neither party shall be liable to the other for failure or delay in the performance of a required obligation if such failure or delay is caused by government regulations, terrorist acts, war, acts of God, strike, riot, fire, flood, natural disaster, or other similar cause beyond such party's control, provided that such party gives prompt written notice of such condition and resumes its performance as soon as possible.
- 6.15 Binding Obligation.** This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and shall be binding upon the parties hereto, and upon their respective successors and assigns.

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- 6.16 **Attornment.** For the purpose of all legal proceedings, this Agreement shall be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario shall have jurisdiction to entertain any action arising under this Agreement. Each party hereto attorns to the jurisdiction of the courts of the Province of Ontario.
- 6.17 **Counterparts.** This Agreement may be signed in counterparts and each such counterpart shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument.
- 6.18 **Electronic Execution.** The exchange of copies of this Agreement and of signature pages by facsimile or other electronic transmission shall constitute effective execution and delivery of this Agreement and may be used in lieu of the original Agreement for all purposes. Signatures of the Parties transmitted by facsimile or other electronic means shall be deemed to be their original signatures for all purposes.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the date first above written.

SHANGHAI ZHANHE INDUSTRIAL CO., LTD.

Per

Name:

Title:

SHOUHUA NIU

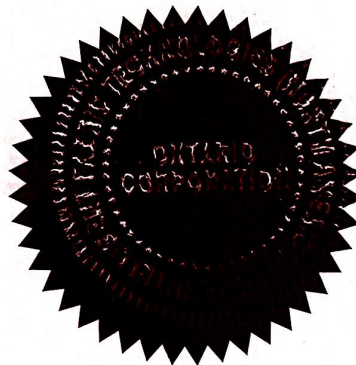
Managing Director

INTELLIGENT FABRIC TECHNOLOGIES
(NORTH AMERICA) INC.

Per

Name: GIANCARLO BEEVIS

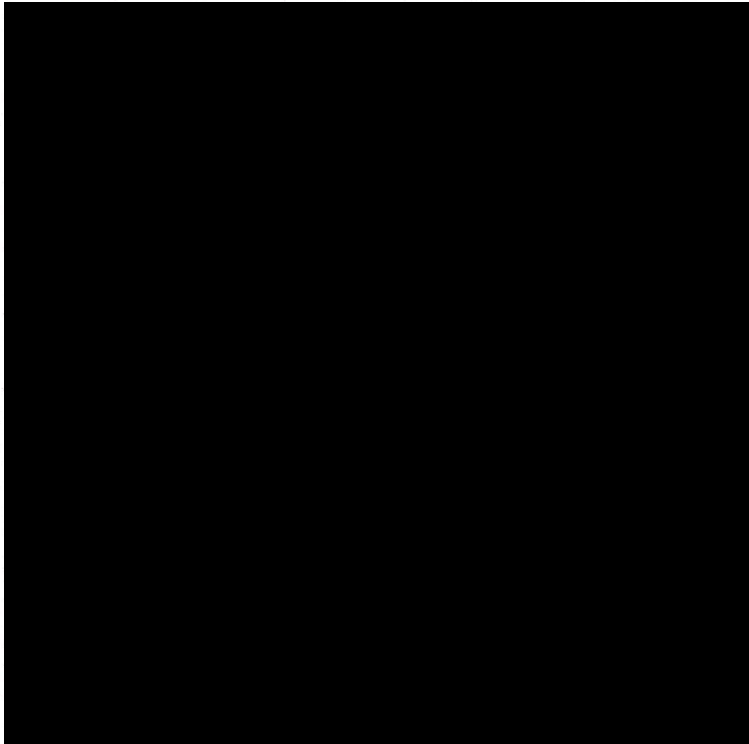
Title: PRESIDENT + CHIEF EXECUTIVE OFFICER



SCHEDULE "A"

Intellectual Property

"Intellectual Property" shall mean any and all intellectual property rights owned or controlled by the Licensor or its affiliates, whether or not perfected and whether or not patentable or copyrightable including, without limitations, all developments, improvements and modifications therein relating to the formulations provided to the Licensee and currently marketed by the Licensee under the following trademarks (the "Licensee Trademarks"):



List of technologies covered by the agreement redacted for competitive reasons.