



Afrobis Group Pty LTD (T/A PayCheap)
Registration: 2015/338021/07
PayCheap, 8 Section Street, Paarden Eiland, Cape
Town, 7405
Tel: 087 702 8505

PayCheap Franchise Operator Contract

The contract has been designed to give direction and perspective to all store owners referred to here as Franchisees or operators and will serve as the main document with guiding principles on how franchisees will relate with Afrobis Group Pty Ltd (T/A PayCheap) referred to here as PayCheap. The idea is to have a consistent atmosphere and way of doing business with our franchisees. A store according to this manual refers to both online and offline stores operated by the franchisees.

The operational manual serves as an extension to the contract entered between the store owners and Afrobis Group Pty Ltd (T/A PayCheap) and is legally binding. This means going against the rules set in this contract could lead to a warning and an eventual termination of your contract. So it is very important that the store owner manages all its subjects very well so that the subjects going against the instructions of the manager/owner can be called to order immediately.

1. Things that should never be done in the store

- i. Smoking is completely prohibited in the store
- ii. Alcohol consumption is completely prohibited.
- iii. Offensive language or the use of vulgar words is not allowed in the store.
- iv. Any other behaviour that may be deemed inappropriate by management will be critically examined and action taken immediately.
- v. All items sold in the store and online must be sourced and supplied by Afrobis Group Pty Ltd (T/A PayCheap) at all times. Except in special occasions where Afrobis Group Pty Ltd is not able to source the product at that particular time or the item is out of stock. Prior arrangements need to be made with the procurement manager before proceeding with such transactions.
- vi. Conducting any form of business either inside the store or within its premises that is not directly related to the business of Afrobis Group Pty Ltd (T/A PayCheap) and its subsidiaries without obtaining prior permission will lead to the immediate termination of your contract.
- vii. Never communicate with a customer of Afrobis Group Pty Ltd (T/A PayCheap) or its subsidiary out of business hours unless you have been granted permission to do so.

2. Franchise stores terms and conditions

- i. All stores must be fully branded as PayCheap stores and this branding should be clearly visible to customers in the invoices, store displays, banners, stickers, boxes etc. Any other branding found in the stores without prior authorisation from PayCheap management will be going against the terms and conditions.
- ii. In the event where a franchisee has been delegated a unique product line or category for which they can import, the imported products will be supplied to the franchise at a cost per unit that will be agreed upon between the franchisor and the franchisee and loaded on the system. Such products will be distributed solely by Afrobis Group Pty Ltd.
- iii. All franchisees will have access to the entire PayCheap catalogue as well as the unique product line or product category imported by other franchisees.
- iv. All the services rendered and sales made in the stores must be done through the point of sales system provided to the franchisee by Afrobis Group Pty Ltd. Any store owner found to be rendering services or making sales that are not made through the dedicated POS will be prosecuted and stand the chance of losing their license.

- v. Afrobis Group Pty Ltd will be given access to all online channels operated by the franchisee to facilitate account monitoring, sales reporting and to offer assistance where needed.
- vi. All franchisees are expected to pay for the products and services they order from Afrobis Group Pty Ltd. In the event where products are supplied on credit, a purchase invoice (PI) will be generated on the last day of the month and the franchisee will be given 7 business days to settle the invoice. Failure to which Afrobis Group may take the following actions:
 - a) Stop any supplies to such stores and such store owners could be handed over to debt collectors.
 - b) Assets of such stores could be confiscated and sold to cover cost and settle suppliers
 - c) The eventual termination of such a store owner's contract and expulsion from the franchise network.

2. Joint partnership stores

In certain instances where Afrobis Group Pty Ltd (T/A PayCheap) enters into a partnership with a store owner, all the terms of this contract will remain the same and these additional conditions will need to be adhered to:

- i. The profit will be shared based on the percentage contribution of each partner.
- ii. Both partners will have access to the store bank account to ensure transparency and accountability.
- iii. In case of insolvency, the losses resulting from the insolvency will be incurred by both partners.
- iv. Afrobis Group Pty Ltd (T/A PayCheap) remains the sole supplier of products to the store except agreed otherwise.

3. Share Distribution

Partner 1: Shares:

Partner 2: shares:

Partner 3: Shares:

4. Franchise fees

The franchise fees are charged in order to guarantee the sustainability of the brand as well as to support the business model. The fees are used in maintaining the infrastructure, growing the brand, customer service, customer support and public relation services. The fee structure is summarised below:

- i. There will be a standard 8% monthly commission exclusive of VAT calculated on the gross monthly sales of each store (online & offline). The fee will also be used for continuous improvement and upgrade of the technology and other services needed to power the franchise operations and growth of the brand.
- ii. Monthly marketing fee of R2500 which is used for continuous marketing and promoting the store. This ensures visibility of the store, increases exposure and ensures the store increases its customer base over time. The store owners are also urged to engage in marketing efforts that will help promote their stores.

5. Stores

- i. Before a store location is opened or approved to do business within the PayCheap network, a designated PayCheap team will have to inspect the store and surroundings to ensure it meets the minimum standards to operate as a PayCheap store.
- ii. In case a proposed store is rejected, the store owner is given the reasons why the store is not suitable to run such a business.
- iii. Every store needs to have a minimum of 2 staff members including the store owner. The minimum number of staff required per store is decided on a case by case basis depending on the size of the store, depth of its catalogue as well as the traffic coming to the store.
- iv. The initial and on-going training of the staff members and the store owners regarding store operations will be provided by PayCheap.
- v. There will be random unannounced visits to the store by PayCheap management to ensure that the stores are in compliance at all times to the terms and conditions agreed upon between the store owners and Afrobis Group Pty Ltd. If a store is found to be non-compliant in any way, appropriate measures will be taken against the store which could range from a fine to a warning or even the termination of the operator's license.
- vi. Every store needs to have an active internet connection, a dedicated phone line, a receipt printer, document printer, PCs (depending on the number of point of sales), a manager's office.
- vii. There should be visible PayCheap signage in front of the store and inside the store.
- viii. The interior design, partitioning and décor of the store need to be approved by the dedicated team at PayCheap to ensure consistency in the look and feel of the stores.
- ix. There will be no more than one store within 2KM to limit competition between stores except in special situations where an exception has been made.
- x. The stores are expected to take business insurance to limit any losses that may be suffered in the event of a fire, looting, theft, vandalism, natural disaster or any other forms of losses.
- xi. The store owners are encouraged to be actively involved in finding ways of promoting their stores to increase their chances of success.
- xii. Store design will vary based on the shape and structure of the store but every store will need to meet certain minimum features as described below:
 - a. A neat front counter to accommodate at least 2 tellers.
 - b. A well designed PayCheap logo behind the counter and visible to the customers at all times.
 - c. A TV in the store with plugs around the TV unit to assist customers and store assistance to test the customer's device for display issues.
 - d. A dedicated area in the back office for temporal stock holding and to temporarily keep returned and damaged goods.
 - e. Display shelves to hold stock for display.
 - f. In store security cameras connected to a DVR to record all events in the store.
 - g. Proper lightning in the store to ensure that the store is well illuminated.
 - h. All store designs will need to be approved by PayCheap design team before any work commences.

6. Repair Services in the store

- a. Every store is expected to have at least one repair technician in the store as this forms part of the modus operandi of the franchise.
- b. The store owner and technician will agree on a small fee payable by the technician to the store owner to help with store maintenance and utility but this will not be considered as rent. The recommended amount is between R1000 to R2000 depending on the size of the store and traffic.

- c. The store owner and technician will agree on how to share the revenue generated by the in store technician. It is recommended that the technician pays to the store owner about 30% (this should never exceed 40%) of all the revenue that they generate. This will be 30% of the labour cost excluding parts supplied by the store of all the jobs that have been completed and collected by the customer.
- d. Repairs booked in by store A and sent to store B. Store A keeps 20% of the revenue generated from the labour cost involved in repairing the device while store B keeps the remaining 80%.
- e. All devices booked in as “pick up, repair and deliver”, a delivery fee will be charged to pick up the device and a fee will be charged to deliver the working device back to the customer.

7. Accounting and human resource management

- a. All the accounting operations of each store will be handled by an appointed accounting firm. The details of the firm will be communicated to the store owner when signing the contract. The fees for such accounting services will be paid by the store.
- b. The accounting firm will be required to provide periodic reports to the store owners on the performance of their store.
- c. The supervision of the staff and hiring of new staff is at the sole discretion of the store owners. However, PayCheap may assist with HR requirements and contracting at a cost that will be discussed with the store owner when signing the contract.
- d. All stores need to ensure their operations meet the HR and tax obligations of the country of operation at all times.
- e. PayCheap will from time to time provide advice to the owners through its contracted firms on the best accounting and HR principles to follow.

8. Store Details

Registered business name:

Registration number:.....

Store address.....

Main contact name:.....

Main contact email:.....

Main store phone number:.....

Alternative store phone number/store owner phone number:.....

9. Checks (By manager)

i. Daily opening Checks

- a. Store opens at 8:30am
- b. Manager opens up the store and checks to ensure all is in order.
- c. Ensures all staff members are in the store and on time by checking the time off schedule.
- d. Check the staff to ensure that they all have their uniforms on and clean.
- e. Checks the store to ensure that products are organised on the shelves
- f. Test the phone lines by making a test call
- g. Test the internet to ensure all computers are connected
- h. Ensure all the display monitors are switched on and the adverts are running

- i. Ensure the store is clean and organised – check cleaning roaster to see who is responsible
- j. Manager to ensure that product shelves are cleaned at least once a week to avoid dust settling on the shelves.
- k. Ensure that products on the shelves are well organised.
- l. Ensure that all products in the store are barcoded.

ii. Daily closing checks

- a. Ensure all doors are locked
- b. Ensure all the PCs are shut down and switched off
- c. Ensure all monitors are switched off.
- d. Search all employees on their way out as a matter of routine to ensure items belonging to the store are not taken out either willingly or accidentally.
- e. Perform cash up and ensure the sales and amount received is correct and record any inconsistencies.
- f. Ensure to arm the alarm if there is one.

iii. Store Cleaning

The store will be cleaned daily following a cleaning roaster that will be designed and monitored by the manager. It is very important that the roaster is adhered to and followed very strictly as we cannot be working and serving the customers in a dirty environment. Failure to follow the cleaning roaster can lead to suspension and subsequent termination of your contract.

iv. Stock Counting

There will be a monthly stock counting whereby all the products in all the categories will be counted and this will be distributed to the various members in order to speed up the counting. After the counting, the system will be updated. This is to avoid under selling as well as over selling. This also ensures stock is accounted for at all times.

10. Stock Management

- i. It will be the duty of the store manager to ensure that the stock is always accurate and up to date. The manager will also ensure that there is no theft in the store.
- ii. Manager should report incidents of theft or suspected theft to management.
- iii. Manager needs to record all items sold on a daily basis and this will be sent to a designated person in charge of inventory monitoring.
- iv. Once a week (Friday) the manager is expected to generate a weekly sales report and compare this to the level of inventory left to ensure any inaccuracy in inventory level is resolved in a timely manner.
- v. Monthly stock taking to ensure stock accuracy in the store and this will be supervised by the store manager.

11. Sales & Returns

- i. No customer should leave the store without a receipt. Every customer should be issued a receipt after purchasing an item.
- ii. All daily sales record should be sent to management
- iii. All items sold carry a 7 day guaranty and 6 months warranty.
- iv. If a customer comes into the store to return an item, the returned item should be evaluated by the sales agent and if the sales agent has any doubt, they should consult the manager for confirmation.

- v. If the item is returned within 7 days and the customer asks for a cash refund, this should be affected after confirming that the item belongs to the store, it is in the original packaging and there have been no physical damage caused by the customer.
- vi. Exchanges will be possible within 30 days given that the original item is still in a resalable condition and in its original packaging.
- vii. If an item is faulty within 6 months, we will repair the item and give it back to the customer. A new item will be given to the customer if the store cannot repair the faulty item.

12. Processing of returns

- i. The store manager needs to ensure that all returned products are processed and made ready to be taken to the supplier within 7 days of return.
- ii. Faulty products that have been returned should be clearly labelled as “faulty” and the fault summarised on the sticker.
- iii. Returned products that are not in a resalable condition should be separated from the working stock.
- iv. Returned products that are not working should be taken to the suppliers or sent back to the main branch on a bi-weekly basis to avoid dead stock and products going out of warranty. This process is to be supervised by the manager and strictly adhered to.

13. Afrobis Group Pty Ltd Return Policy

- v. Afrobis Group Pty Ltd or its partners will not accept any returns after the 6 months have elapsed.
- vi. All returns will be processed on a case by case basis
 - a. Items returned within 7 days of purchase in their original working condition and packaging will qualify for a full cash refund.
 - b. Faulty products will be replaced with a new product if returned within 30 days. Such faults need to be a manufacturing fault and not due to negligence or fault caused by the customer.
 - c. If products are returned after 30 days, they will be repaired and returned back to the buyer. A replacement will only be provided if such products cannot be repaired.
- vii. All franchisees are responsible for collecting returns from customers both for online orders and store sales. Such returns will be processed by Afrobis Group Pty Ltd to validate the franchisees claim. Thereafter an exchange, repair or replacement will be issued following the terms and conditions of returns already stated above.
- viii. If the product being returned by a partner was supplied by another franchise partner, Afrobis Group Pty Ltd (T/A PayCheap) will facilitate the return. This means the buyer will deal directly with the partner who supplied the product to exchange the products. If there are any cash refunds to be made for sales facilitated by PayCheap, then PayCheap will facilitate the cash refund by debiting the seller’s account and crediting the buyer’s account for all sales that were facilitated by PayCheap or asking the seller to refund the buyer directly.

14. In-store product repairs

- i. All new repair jobs should be recorded by the sales agent and a job card given to the customer.
- ii. The technician will then evaluate the faulty item booked in for repair and provide the customer with the parts needed to repair the faulty item.
- iii. The sales agent needs to clearly explain the “diagnostic fee” and the cost of the faulty items and how the repair process works to the customer.
- iv. All the repair parts needed will only be sourced from Afrobis Group Pty Ltd (T/A PayCheap).
- v. The diagnosis of the faulty electronic item will only commence once the diagnostic fee has been paid.

- vi. In cases where the item has been booked in for repairs, the sales agent & technician will communicate with the customer to explain what is wrong and the cost of the parts that will be needed. If the customer accepts the cost, then the technician will source them from the store through the sales agent and replace the parts on the device.
- vii. All repair jobs should be completed in less than 3 days except in cases where we need to wait for the parts to arrive. The repairs need to be closely monitored by the manager and the customer contacted at every stage.
- viii. All repairs will carry a 3 months warranty except stated otherwise.
- ix. For repairs where the item to be repaired needs to be taken to a third party technician, the customer is expected to pay the amount for such a repair before the device is delivered to the technician for repair.
- x. The technician is expected to make a recording of the initial issue before repair and another video after the issue has been fixed and all these videos have to be shared with the customer using WhatsApp/email or any other video sharing technology approved by Afrobis Group Pty Ltd (T/A PayCheap).
- xi. If the technician discovers another problem after resolving the initial issue, then the cost of fixing the second problem needs to be communicated to the customer and an agreement reached before the repair commences.

15. Purchasing of stock for the store

- i. The manager needs to keep track of stock movement for the store and ensure placing orders for products which are low in stock through the designated procurement team in the main branch.
- ii. The store manager will place order for all the stock using the PayCheap website and such orders will be processed from the head office and the stock is released once payment has been received.
- iii. The procurement manager will purchase these products from the suppliers if there is no stock at Afrobis Group Pty Ltd (T/A PayCheap) warehouses.
- iv. The store is then required to pick up the stock from the warehouse.
- v. When the requested PO is delivered, the manager is expected to receive the stock using the inventory management software and check the stock to ensure that what was ordered is received and any adjustments made.

16. PayCheap Credit Facility (Company Credit)

PayCheap may from time to time issue a credit line to certain partners. This credit is issued on a case by case basis and not a must. The amount of credit issued to each partner will depend on the credit worthiness of the partner at the time of evaluation. The credit system will work as stipulated below:

- i. A credit limit (this is the maximum amount of credit the partner can use) will be set based on the partner's credit worthiness.
- ii. A credit worthiness check maybe performed on the partner seeking for credit by the underwriting company that partner with PayCheap to issue this credit to partners.
- iii. The credit facility is primarily used to pay for products ordered from the PayCheap website and may not be used for any other purpose.
- iv. Whenever the partner uses a certain amount within the credit limit to pay for their order, the partner will be given a certain amount of time (grace period) to pay for the used credit without paying any interest.
- v. After the grace period has elapsed, the partner will be charged interest on the outstanding credit used. This interest rate will be communicated with the partner and may change from time to time based on the market volatility and as set by the South African Reserve Bank.

- vi. Partners who do not settle their used credits on time may have this credit facility revoked from them and such partners could be handed over to credit collectors and eventually prosecuted in the court of law.

17. Click & Collect

Customers will from time to time order products online and select to pick up their order in the store. So the store manager needs to ensure that the process is as smooth as possible for the customer by using the designated Click & Collect software to search for the order and hand it over to the customer. The manager will be responsible for the following:

- i. Train and designate a staff member to handle all Click & Collect orders.
- ii. Receive and arrange all Click & Collect orders delivered from the main PayCheap warehouse to be collected in that location.
- iii. Phone the customers to notify them that their order is available for collection in the store.
- iv. When the customer arrives to pick up their order, the customer needs to present their order number which is usually delivered to their email after placing the order.
- v. The order will be checked against Click & Collect orders and the correct order handed over to the customer.
- vi. The store attendant will then mark the order as completed in the system.

18. Marketplace Deliveries & Returns

In order to streamline operations and delivery of orders received from the various marketplaces, the procedure below will be followed.

- i. All orders received via the PayCheap marketplace are expected to be shipped to PayCheap and PayCheap will ensure such orders are delivered to the customer on time.
- ii. PayCheap will pick up all items returned by customers who placed their orders using the PayCheap marketplace and there will be a fee to pick up such returns which will be communicated with the partners who are sellers on the PayCheap marketplace. The fee may change from time to time depending on the current rate charged by the courier services.
- iii. Partners are liable for shipping all orders received from other marketplaces to the customers. PayCheap may offer to handle the shipping but there will be a separate cost which will be agreed between the partner and PayCheap. In such a case, PayCheap will be acting as a delivery facilitator (facilitating the pickup & delivery of processed packages from partners by the courier) and not a delivery service. If such an agreement is reached for PayCheap to facilitate the deliveries, the concerned partner agrees to the terms and conditions below:
 - a. The partner agrees to pay the cost of the facilitation service on time once the invoice is issued to the partner otherwise PayCheap reserves the right to stop offering the facilitation service to the partner until all payments are received. This is because as part of the facilitation service, PayCheap covers the delivery expenses charged by the courier for delivering the parcels of the partner.
 - b. The partner agrees that Afrobis Group Pty Ltd (T/A PayCheap) and its partners will not be held responsible in case a parcel gets damaged during transport or missing due to theft, riots, strikes, war, terrorism or other unforeseen circumstances. Afrobis Group Pty Ltd (T/A PayCheap) will do its best to investigate the issue with any partner couriers if a parcel gets missing and the results of such investigations will be communicated to the partner concerned.

- c. It is the responsibility of the partners to ensure Takealot orders are booked on time following all Takealot operational requirements. PayCheap will not be held responsible for any late bookings or orders rejected by Takealot due to poor barcoding, wrong booking, late orders or any other reason.
- d. It is the responsibility of the partners to process their Takealot orders and hand over to PayCheap a complete order. PayCheap will then ensure the delivery of the order as handed to PayCheap without any alteration.
- e. If a partner missed a delivery to Takealot because the order arrived the PayCheap warehouse late due to the fault of the intermediary courier or the partner concerned then the partners agree not to hold PayCheap liable for any loss. The partner also agrees to reschedule such delivery from their Takealot portal and provide PayCheap with the new booking details for PayCheap to reschedule the delivery.

19. Indemnity agreement

Afrobis Group Pty Ltd (T/A PayCheap) will try the best it can to advise store owners on the best locations and best operation standards. PayCheap will also do its best to provide the store owners with tools as well as marketing for the stores to succeed but Afrobis Group Pty Ltd (T/A PayCheap) will not be held liable for any losses suffered by any of its franchisees either during business or out of business. In the event of insolvency, Afrobis Group Pty Ltd (T/A PayCheap) will not be held liable for any losses suffered by its franchisees or other stakeholders.

20. Signature

I sign below fully aware of the fact that this contract is legally binding and going against any of the points raised in this document could lead to my suspension and immediate termination of my license.

Afrobis Group Pty LTD (Franchisor)

Signed By _____ Capacity _____ Date _____

Franchisor witness

Full Name _____ Signature _____ Date _____

Store Owner (Franchisee)

Signed By _____ Capacity _____ Date _____

Franchisee witness

Full Name _____ Signature _____ Date _____