



Affidavit #2 of Leah Jonak  
Sworn July 20<sup>th</sup> 2018

No. B180261  
Estate No.: 11-254119  
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA  
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE PROPOSAL OF**

**WISTON INTERNATIONAL TRADE CO. LTD.**


**AFFIDAVIT**

I, **LEAH JONAK**, Paralegal, of 1400 – 510 Burrard Street, Vancouver, British Columbia V6C 3A8, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am employed in the office of Burns Fitzpatrick LLP and as such I have personal knowledge of the facts and matters hereinafter deposed to save and except where the same are stated to be made on information and belief and where so stated, I verily believe the same to be true.
2. Attached hereto and marked as **Exhibit "A"** to this my Affidavit is a true copy of a petition filed by Bank of Montreal on May 17, 2018 against Huigang (Andrew) Sun and others.
3. Attached hereto and marked as **Exhibit "B"** to this my Affidavit is a true copy of an article dated April 19, 2018 detailing a lawsuit concerning a building project in Fort McMurray.
4. Attached hereto and marked as **Exhibit "C"** to this my Affidavit is a true copy of a notice of civil claim filed by Bank of Montreal against Viceroy Construction Ltd.
5. Attached hereto and marked as **Exhibit "D"** to this my Affidavit is a true copy of an email dated July 19, 2018 showing the amount owing to 103 creditors.

6. Attached hereto and marked as **Exhibit "E"** to this my Affidavit is a true copy of the translated second report of the trustee and endorsed certificate of accuracy.

SWORN BEFORE ME at the City of Vancouver, in the Province of British Columbia, this 20<sup>th</sup> day of July, 2018.



A Commissioner for Taking Affidavits for  
the Province of British Columbia



LEAH JONAK

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

MAY 17 2018  
BETWEEN:



AND:

BANK OF MONTREAL

PETITIONER

HUI GANG SUN, also known as HUI GANG SUN  
RELIABLE MORTGAGES INVESTMENT CORP.  
SHAN DA LIN  
FENG LUAN  
DIRECTOR OF EMPLOYMENT STANDARDS  
LILI CHENG  
WEICHANG YANG  
ALL TENANTS AND OCCUPIERS OF THE SUBJECT  
LANDS AND PREMISES

This is Exhibit "A" referred to in the  
Affidavit of Leah Jonak sworn  
before me at Vancouver, B.C. this 20  
day of May, 2018

*[Signature]*  
A Commissioner for taking Affidavits  
for British Columbia

RESPONDENTS

**PETITION TO THE COURT**

Form 11  
ENDORSEMENT ON ORIGINATING PROCESS  
FOR SERVICE OUTSIDE BRITISH COLUMBIA  
The petitioner claims the right to serve this Petition on the respondents, or any of them, outside British Columbia on the ground that the proceeding is brought to enforce, assert, declare, or determine proprietary or possessory rights or a security interest in property in British Columbia, pursuant to Rule 4-5(1) and s. 10(a) of the *Court Jurisdiction and Proceedings Transfer Act*.

**ON NOTICE TO:**

HUI GANG SUN, also known as HUI GANG SUN 1922 West 44 <sup>th</sup> Avenue Vancouver, BC V6M 2E7	RELIABLE MORTGAGES INVESTMENT CORP. c/o Registered Office #1 - 15243 - 91 <sup>st</sup> Avenue Surrey, BC V3R 8P8
SHAN DA LIN 315 Esna Park Drive Markham, ON L3R 1H4	FENG LUAN S415 - 5811 Cooney Road Richmond, BC V6M 2E7
DIRECTOR OF EMPLOYMENT STANDARDS Employment Standards Branch #102 - 1690 Powick Road Kelowna, BC V1X 7G5	LILI CHENG c/o Lunny Atmore LLP #900 - 900 West Hastings Street Vancouver, BC V6C 1E5
WEICHANG YANG No. 8 Beisanjie Fucheng Road Haidian District, Beijing China 100048	ALL TENANTS AND OCCUPIERS OF THE SUBJECT LANDS AND PREMISES 1922 West 44 <sup>th</sup> Avenue Vancouver, BC V6M 2E7

**This proceeding is brought for the relief set out in Part 1 below, by:**

**[X] the Petitioner, BANK OF MONTREAL**

If you intend to respond to this petition, you or your lawyer must

- (a) file a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and
- (b) serve on the petitioner(s)
  - (i) 2 copies of the filed response to petition, and
  - (ii) 2 copies of each filed affidavit on which you intend to rely at the hearing.

**Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the response to petition within the time for response.**

**TIME FOR RESPONSE TO PETITION**

A response to petition must be filed and served on the petitioner(s),

- (a) if you were served with the petition anywhere within Canada, within 21 days after that service,
- (b) if you were served with the petition anywhere in the United States of America, within 35 days after that service,
- (c) if you were served with the petition anywhere else, within 49 days after that service, or
- (d) if the time for response has been set by order of the court, within that time.

<b>(1)</b>	<b>The address of the registry is:</b> 800 Smithe Street, Vancouver, B.C. V6Z 2E1
<b>(2)</b>	<b>The ADDRESS FOR SERVICE of the Petitioner is:</b> Lawson Lundell LLP Barristers & Solicitors 1600 – 925 West Georgia Street Vancouver, B.C., V6C 3L2 Attention: William L. Roberts Fax number for service (if any): (604) 669-1620 Email for service (if any): <a href="mailto:wroberts@lawsonlundell.com">wroberts@lawsonlundell.com</a>
<b>(3)</b>	<b>The name and office address of the Petitioner's solicitor is:</b> William L. Roberts Lawson Lundell LLP Barristers & Solicitors 1600 – 925 West Georgia Street Vancouver, B.C., V6C 3L2

## CLAIM OF THE PETITIONER

### Part 1: ORDER(S) SOUGHT

1. A declaration that a mortgage (the "**Mortgage**") dated March 6, 2010, granted to the Petitioner by the Respondent Huigang Sun, also known as Hui Gang Sun ("**Mr. Sun**") as the registered owner of the Lands (as defined below), and registered in the New Westminster Land Title Office on March 12, 2010, under number CA1486265, is a charge on the following lands and premises:
 

CITY OF VANCOUVER  
 PID NO.: 006-486-126  
 LOT 34 OF LOT 9 BLOCK 15 DISTRICT LOT 526 PLAN 5019  
 (the "**Lands**")

ranking in priority to the interests in the Lands of the respondents and the heirs, executors, administrators, successors, and assigns of the respondents, and all persons claiming by, through, or under them;
2. A declaration that the Mortgage is in default;
3. An order requiring redemption of the Lands forthwith or, in the alternative, an order fixing the final date for redemption;
4. A summary accounting of the amount of money due and owing to the petitioner pursuant to the Mortgage and a declaration of the amount of money required to redeem the Lands during the redemption period herein ("**the Amount Required to Redeem**"), which shall be the amount due and owing as at the date payment is received, together with the Petitioner's taxed costs of these proceedings as between solicitor and client;
5. An order that the petitioner be at liberty to apply to the Court or to the District Registrar of this Court for a further summary accounting of any amounts which may become due to the Petitioner for interest, payment of taxes, arrears of taxes, insurance premiums, costs, charges, expenses or otherwise and that such amount be proved by Affidavit;
6. An order that, on the respondents or any of them paying into court or to the solicitors for the Petitioner prior to the pronouncement of an order absolute or an order approving a sale of the Lands, the Amount Required to Redeem, then the petitioner shall reconvey the Lands free and clear of encumbrances in favour of it or by any person claiming by, through, or under it, and shall deliver up all documents in the petitioner's custody relating to the Lands to the respondent or respondents who made payment;
7. An order that if the Lands are not redeemed, the petitioner shall be at liberty to apply for an order absolute, and on pronouncement of an order absolute, then the respondents and the heirs, executors, administrators, successors, and assigns of the respondents and all persons claiming by, through, or under them shall be foreclosed of all right, title, interest,

estate, and equity of redemption in and to the Lands and shall immediately deliver to the petitioner vacant possession of the Lands;

8. An immediate order for sale of the Lands, including that the Lands be listed for sale, and that the Petitioner have exclusive conduct of sale;
9. An Order for forced entry in the event the Lands are found to be abandoned or vacant, or otherwise necessary;
10. Judgment in favour of the Petitioner against Mr. Sun on his covenant to pay;
11. An order for a Certificate of Pending Litigation;
12. Possession of the Lands;
13. Appointment of a Receiver;
14. An order that the petitioner be granted its costs of and in connection with this proceeding; and
15. An order for any further relief that to this Honourable Court may seem just,

each of which may be sought at either the hearing of this Petition itself or by separate application.

**Part 2: FACTUAL BASIS**

16. The Petitioner Bank of Montreal is a chartered bank of Canada with an office in the Province of British Columbia at Mezzanine Level - 595 Burrard Street, in the City of Vancouver.

**The Mortgage**

17. Mr. Sun is the registered and beneficial owner of the Lands.
18. By the Mortgage, Mr. Sun mortgaged the Lands to the Petitioner as security for all present and future indebtedness and liability of Mr. Sun to the Petitioner. The Mortgage was registered in the New Westminster Land Title Office under number CA1486265. A copy of the Mortgage is attached hereto as **Annexure 1**. A copy of the Title Search Print of the Lands is attached hereto as **Annexure 2**.
19. A copy of the Standard Mortgage Terms filed under D.F. Number MT080118, which form part of the Mortgage, is attached hereto as **Annexure 3**.
20. Particulars of the Mortgage are as follows:
  - (a) The principal sum secured is \$3,000,000 with interest thereon at the rate of 5%

per annum above the Petitioner's prime interest rate in effect from time to time, calculated monthly;

- (b) "Indebtedness" is defined as all present and future indebtedness and liability now or hereafter owing by the Mortgagor to the Mortgagee whether direct or indirect, absolute or contingent, or revolving or non-revolving, whether incurred by the Mortgagor alone or together with any other debtor or debtors and whether incurred pursuant to the provisions of the mortgage or otherwise, including all principal, interest, guarantee liabilities, letter of credit indemnity liabilities, bankers' acceptance indemnity liabilities, fees and expenses now or hereafter owing by the Mortgagor to the Mortgagee;
- (c) Costs as between solicitor and client, incurred by the Mortgagee in taking, recovering and keeping possession of the Lands and in all other proceedings taken in connection with or to realize the monies secured, shall be paid by the Mortgagor and if the Mortgagor fails to pay, the Mortgagee may make such payment and the amount thereof shall be added to the amount secured and shall bear interest at the respective rates aforesaid;
- (d) The Mortgagor shall pay any encumbrance, lien, charge, insurance premium, taxes or other rates claimed or levied in respect of the Lands and premises and if the Mortgagor fails to pay, the Mortgagee may pay and the amount so paid shall be a charge on the Lands in favour of the Mortgagee and shall bear interest at the respective rates aforesaid;
- (e) The monies secured by the Mortgage are payable on demand.
21. In addition to his direct indebtedness to the Bank, Mr. Sun is also indebted to the Bank under the following written guarantees granted by Mr. Sun:

<i>Date of Guarantee</i>	<i>Limited Amount</i>	<i>Interest Rate</i>
March 21, 2011	\$490,000.00	Prime + 5%
October 12, 2011	\$2,530,000.00	Prime + 3%
March 1, 2013	\$2,610,000.00	Prime + 5%
May 18, 2015	\$70,000.00	Prime + 3%
Total	\$5,700,000.00	

(the "Guarantees")

whereby in consideration of the Petitioner dealing with Wiston International Trade Co. (the "Company"), Mr. Sun guaranteed to the Petitioner payment of the indebtedness of the Company up to the combined maximum amount of \$5,700,000, plus interest from the

date of demand for payment at the rates set out above. Copies of the Guarantees are attached hereto collectively as **Annexure 4**.

### **Demand and Forbearance**

22. The Petitioner, the Company and Mr. Sun entered into a Forbearance Agreement (the "**Forbearance Agreement**") dated for reference November 28, 2017, which provided, *inter alia*, that:
- (a) notwithstanding defaults under the Mortgage and Guarantees, the Petitioner agreed to forbear from taking steps to enforce its security until after March 31, 2018 upon certain conditions;
  - (b) the parties to the Forbearance Agreement agreed that all fees and disbursements paid by the Petitioner to its lawyers (on the basis of complete indemnification on a solicitor and its own client basis), including enforcement and realization, and whether past, present or future, together with forbearance fees, shall be added to the Indebtedness (as defined in the Forbearance Agreement) as the Petitioner sees fit and shall be secured by the Security (as defined in the Forbearance Agreement) and in particular, the Mortgages;
  - (c) the parties to the Forbearance Agreement agreed that the interest rate with respect to each of the Operating Demand Loan and the Demand Loan Non-Revolver, which are described more fully in Paragraph 30 herein, would be forthwith increased to the Bank's prime rate of interest plus 2.5% per annum;
  - (d) in the event that the Petitioner commences proceedings to enforce the Mortgages, then the Company and Mr. Sun consented to the following:
    - (i) appointment of a Receiver or Receiver/Manager over any or all of the parties' assets and undertakings charged by the Security; and
    - (ii) if the Petitioner elects to commence foreclosure proceeding, a shortened redemption period of three months with conduct of sale in favour of the Petitioner or Receiver, as the case may be, immediately thereafter, a 3-month redemption period, or such shorter redemption period as the Court may permit.
23. A copy of the Forbearance Agreement is attached hereto as **Annexure 5**.
24. The Company and Mr. Sun defaulted on the terms of the Forbearance Agreement by, *inter alia*, failing to make payments as and when due. Demand for payment was made upon each of the Company and Mr. Sun by letters dated March 16, 2018, together with Notices of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and*



*Insolvency Act*, however the Company and Mr. Sun, and both of them, have all failed to pay. Copies of the demand letters are attached collectively as **Annexure 6**.

25. On or about March 26, 2018, the Company filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*

#### **Unauthorized Overdraft**

26. Mr. Sun is also indebted to the Bank in relation to an unauthorized overdraft in a current account maintained in the name of Viceroy Construction Ltd. (“**Viceroy**”) under account number 0760-1268-469 (the “**Account**”). The unauthorized overdraft is a result of a number of cheques drawn by Mr. Sun on behalf of Viceroy.
27. Pursuant to the account agreement relating to the Account, Viceroy agreed that it would pay to the Bank the amount of any unauthorized overdraft in the account, and make such payment immediately without need for demand. Further, Viceroy agreed that interest accrues on any unauthorized overdrafts at the rate of 21% per annum, compounded monthly (effective rate of 23.144% per annum) and that Viceroy would pay the Bank’s legal costs, on a solicitor and own client basis, in relation to collection of any such amounts from Viceroy.
28. By letter dated March 12, 2018, demand was made on Mr. Sun for payment of this unauthorized overdraft. A copy of the March 12, 2018 of the demand letter is attached as **Annexure 7**.
29. As at April 30, 2018, the unauthorized overdraft in the Account is the amount of \$133,927.09 (the “**Overdraft Indebtedness**”), plus interest thereafter at the rate of 21% per annum.

#### **Viceroy Houses Ltd. Mastercard Indebtedness**

30. Mr. Sun is also indebted to the Bank in relation to two mastercard accounts opened jointly by Mr. Sun and Viceroy Houses Ltd., with cards being issued in Mr. Sun’s name and, at his direction, to employees from time to time. As of April 30, 2018, amounts were owed under outstanding and issued cards as follows:

<i>Description</i>	<i>Amount as at April 30, 2018</i>	<i>Interest Rate per annum</i>
Credit Card No. ***0967 (Cardholder: Huigang Sun)	\$46,746.26	19.9%
Credit Card No. ***3841 (Cardholder: Danni Zhang)	\$5,656.62	19.9%
<b>TOTAL</b>	<b>\$52,402.88</b>	

(the “**Viceroy Mastercard Indebtedness**”)

31. By letter dated May 1, 2018, demand was made on Mr. Sun for payment of the Viceroy Mastercard Indebtedness. A copy of the May 1, 2018 of the demand letter is attached as **Annexure 8**.

### Indebtedness

32. As at April 30, 2018, Mr. Sun was indebted to the Petitioner as follows:

<i>Description</i>	<i>Balance outstanding as at April 30, 2018</i>		<i>Interest Rate Per Annum</i>
<b>Wiston Guarantee Indebtedness:</b>			
• Operating Demand Loan #0760-1262-550	\$1,249,633.09		Prime + 2.5%
• Demand Loan Non-Revolving #0760-6996-342	989,308.76		Prime + 2.5%
• Corporate Mastercard Facility	177,612.06	\$2,416,553.91	18.4%
<b>Overdraft Indebtedness</b>		\$133,927.09	21% per annum
• Account #0760-1268-469			
<b>Viceroy Mastercard Indebtedness</b>		\$52,402.88	19.9%
<b>TOTAL</b>		<b>\$2,602,883.88</b>	

(collectively, the "Mortgage Indebtedness")

33. On March 26, 2018, Wiston filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*. As such, there is a stay of proceedings as against Wiston and the amount owing under the Operating Demand Loan may decrease.

### Subordinate Chargeholders

34. The following sets out the holders of charges, nature of charges and registration numbers of the charges registered in the New Westminster Land Title Office against the title to the Lands, all of which charges rank in priority behind the interest of the Petitioner:

<b>Respondent</b>	<b>Nature of Charge</b>	<b>Registration No.</b>
Reliable Mortgages Investment Corp.	Mortgage	CA6044743
Shan Da Lin	Mortgage	CA6357720
Feng Luan	Mortgage	CA6394943
Director of Employment Standards	Judgment	CA6425334
Lili Cheng	Certificate of Pending Litigation	CA6510255
Weichang Yang	Mortgage	CA6688944

35. All tenants and occupiers of the subject lands and premises, whose identities are unknown, are tenants or occupants of the Lands and as such are joined as Respondents to this proceeding by virtue of their occupancy of the Lands.

**Part 3: LEGAL BASIS**

36. On the facts set out in Part 2 above, namely that:

- (a) The Mortgage, the Guarantees and the Forbearance Agreement (the "Security") are valid and enforceable agreements as against Mr. Sun;
- (b) Mr. Sun is indebted to the Petitioner under the Guarantees and for the Overdraft Indebtedness, with such indebtedness being validly secured by the Security in priority to the interests of the Respondents;
- (c) Mr. Sun is in default of the terms of the Security;

and pursuant to the terms of the Security, the Petitioner is entitled to the relief sought in Part 1 above.

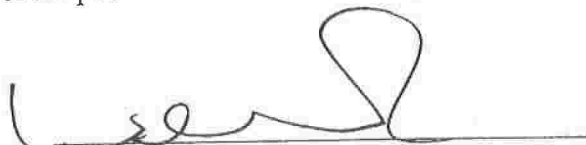
37. The Petitioner will rely on, inter alia, Rules 10-2, 13-5, 16-1 and 21-7 of the Supreme Court Civil Rules and Part 16 of the *Land Title Act*.

**Part 4: MATERIAL TO BE RELIED ON**

38. The 1<sup>st</sup> Affidavit of Lawrence Chipman in this case, a copy of which is served herewith.

The petitioner estimates that the hearing of the petition will take 5 minutes .

Dated: May 16, 2018

  
 Counsel for the Petitioner  
 (William L. Roberts)

***To be completed by the court only:***

Order made

in the terms requested in paragraphs \_\_\_\_\_ of Part 1 of this Petition

with the following variations and additional terms:

Dated: \_\_\_\_\_

Signature of

Judge  Master

LAND TITLE ACT  
FORM B (Section 225)

Mar-12-2010 13:10:48.001

PAGE 1 OF 2 PAGES

MORTGAGE - PART 1 Province of British Columbia

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

Steven Trevor  
Tiainen DA6QJD

Digitally signed by Steven Trevor  
Tiainen DA6QJD  
DN: cn=CA, cn=Steven Trevor Tiainen  
DA6QJD, o=Lawyer, ou=Verify ID at  
www.judicart.com/LIQUP.cfm?  
id=DA6QJD  
Date: 2010.03.12 12:48:38 -0800

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Steven Tiainen on behalf of Boughton Law Corporation  
700-595 Burrard Street, Vancouver, BC  
V7X 1S8; 604-687-6789  
File No. 82118.15  
Document Fees: \$71.90

LTO Client No. 010408.ljf

STC Fees: \$10.20

Deduct LTSA Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:  
[PID] [legal description]

006-486-126 LOT 34 OF LOT 9 BLOCK 15 DISTRICT LOT 526 PLAN 5019

STC? YES

3. BORROWER(S) (MORTGAGOR(S)): (including postal address(es) and postal code(s))

HUIGANG SUN

1922 WEST 44TH AVENUE  
VANCOUVER

BRITISH COLUMBIA  
CANADA

V6M 2E7

4. LENDER(S) (MORTGAGEE(S)): (including occupation(s), postal address(es) and postal code(s))

BANK OF MONTREAL

METRO TOWER II-SUITE 2200, 4720 KINGSWAY  
BURNABY  
CANADA

BRITISH COLUMBIA  
V5H 4N2

5. PAYMENT PROVISIONS:

(a) Principal Amount:  
\$3,000,000.00

(b) Interest Rate:  
Mortgagee's Prime Rate plus 5% per annum

(c) Interest Adjustment  
Date: N/A

Y M D

(d) Interest Calculation Period:  
Monthly, not in advance

(e) Payment Dates:  
Last day of each month

(f) First Payment  
Date: N/A

(g) Amount of each periodic payment:  
N/A

(h) Interest Act (Canada) Statement.  
The equivalent rate of interest calculated  
half yearly not in advance  
is N/A % per annum.

(i) Last Payment  
Date: N/A

(j) Assignment of Rents which the  
applicant wants registered?  
YES  NO   
If YES, page and paragraph number:

(k) Place of payment:  
Postal Address in Item 4

(l) Balance Due  
Date: On Demand

MORTGAGE - PART 1

6. MORTGAGE contains floating charge on land ?  
YES  NO

7. MORTGAGE secures a current or running account ?  
YES  NO

8. INTEREST MORTGAGED:  
Freehold   
Other (specify)

9. MORTGAGE TERMS:

Part 2 of this mortgage consists of (select one only):

- (a) Prescribed Standard Mortgage Terms
- (b) Filed Standard Mortgage Terms
- (c) Express Mortgage Terms

D F Number: MT080118  
(annexed to this mortgage as Part 2)

A selection of (a) or (b) includes any additional or modified terms referred to in item 10 or in a schedule annexed to this mortgage.

10. ADDITIONAL OR MODIFIED TERMS:

N/A

11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:

NIL

12. EXECUTION(S): This mortgage charges the Borrower's interest in the land mortgaged as security for payment of all money due and performance of all obligations in accordance with the mortgage terms referred to in item 9 and the Borrower(s) and every other signatory agree(s) to be bound by, and acknowledge(s) receipt of a true copy of, those terms.

Officer Signature(s)

William H. Lim  
Barrister & Solicitor  
320 - 7480 Westminster Hwy.  
Richmond, BC V6X 1A1  
Tel: (604) 303-0788

Execution Date

Y	M	D
10	03	06

Borrower(s) Signature(s)

HUIGANG SUN

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

**TITLE SEARCH PRINT**

File Reference: 14134-137164  
Declared Value \$ 2571428

ANNEXURE #2

2018-04-12, 15:26:40  
Requestor: Linda Alexander

**\*\*CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN\*\***

<b>Land Title District</b> Land Title Office	VANCOUVER VANCOUVER
<b>Title Number</b> From Title Number	CA1040256 BB598560
<b>Application Received</b>	2009-02-16
<b>Application Entered</b>	2009-02-19
<b>Registered Owner in Fee Simple</b> Registered Owner/Mailing Address:	HUIGANG SUN, BUSINESSMAN 1922 WEST 44TH AVENUE VANCOUVER, BC V6M 2E7
<b>Taxation Authority</b>	Vancouver, City of
<b>Description of Land</b> Parcel Identifier: Legal Description:	006-486-126 LOT 34 OF LOT 9 BLOCK 15 DISTRICT LOT 526 PLAN 5019
<b>Legal Notations</b>	NONE
<b>Charges, Liens and Interests</b> Nature: Registration Number: Registration Date and Time: Registered Owner:	MORTGAGE CA1486265 2010-03-12 13:10 BANK OF MONTREAL
Nature: Registration Number: Registration Date and Time: Registered Owner:	MORTGAGE CA6044743 2017-06-05 11:18 RELIABLE MORTGAGES INVESTMENT CORP. INCORPORATION NO. 476257

2018-04-12, 15:26:40

Requestor: Linda Alexander

**TITLE SEARCH PRINT**

File Reference: 14134-137164

Declared Value \$ 2571428

Nature:	MORTGAGE
Registration Number:	CA6357720
Registration Date and Time:	2017-10-06 15:31
Registered Owner:	SHAN DA LIN

Nature:	MORTGAGE
Registration Number:	CA6394943
Registration Date and Time:	2017-10-25 11:57
Registered Owner:	FENG LUAN

Nature:	JUDGMENT
Registration Number:	CA6425334
Registration Date and Time:	2017-11-06 12:09
Registered Owner:	DIRECTOR OF EMPLOYMENT STANDARDS

Nature:	CERTIFICATE OF PENDING LITIGATION
Registration Number:	CA6510255
Registration Date and Time:	2017-12-14 09:48
Registered Owner:	LILI CHENG

Nature:	MORTGAGE
Registration Number:	CA6688944
Registration Date and Time:	2018-03-20 15:47
Registered Owner:	WEICHANG YANG

**Duplicate Infeasible Title**

NONE OUTSTANDING

**Transfers**

NONE

**Pending Applications**

NONE

ANNEXURE # 3

**BANK OF MONTREAL**  
**BRITISH COLUMBIA**  
**STANDARD MORTGAGE TERMS**  
**ALL INDEBTEDNESS MORTGAGE**  
**(COMMERCIAL/FARM)**

Filing Number MT 080118

The following set of standard mortgage terms (together with any schedules attached hereto, the "Standard Mortgage Terms") shall be deemed to be included in each mortgage or charge in which it is referred to by its filing number except to the extent that the provisions of the Standard Mortgage Terms are excluded or varied by such mortgage or charge.

**A. TABLE OF CONTENTS**

A.	TABLE OF CONTENTS.....	1
B.	DEFINITIONS.....	3
C.	OPERATION OF THE MORTGAGE .....	5
	1. Charge of Mortgaged Land.....	5
	2. Repayment of Principal on Demand.....	5
	3. Restriction on Voluntary Prepayments.....	5
	4. Calculation and Payment of Interest.....	5
	5. Continuing Security.....	6
	6. Divided Parts of Mortgaged Land.....	6
	7. Application of Amounts Paid.....	6
	8. Discharge of Mortgage.....	7
	9. Consolidation of Mortgages.....	7
D.	COVENANTS, REPRESENTATIONS AND WARRANTIES OF MORTGAGOR .....	7
	1. Payment of Principal and Interest.....	7
	2. Observance and Performance of Other Obligations.....	7
	3. Payment of Taxes.....	7
	4. Good Title and Free From Encumbrances.....	7
	5. Insurance.....	8
	6. Payment of Other Encumbrances.....	8
	7. Payment of Expenses.....	9
	8. Compliance with Laws.....	9
	9. Maintain in Good Repair and Avoid Waste.....	9
	10. Environmental Representation and Indemnity.....	10
	11. No Alterations or Change in Use.....	10
	12. No Unapproved Charge or Encumbrance by Mortgagor.....	10
	13. Change in Ownership or Spousal Status.....	10
	14. Expropriation.....	10
	15. Power of Attorney.....	11
	16. Further Assurances.....	11
	17. Business Purposes Only.....	11



	18.	No Registration of Condominiums or Strata Title Developments.....	11
	19.	Delivery of Information.....	11
	20.	No Litigation or Other Proceedings.....	11
	21.	Mortgagor a Canadian Resident.....	11
	22.	Good Management of Mortgaged Land.....	12
	23.	Abutting Real Property.....	12
E.		MORTGAGE OF LEASEHOLD INTEREST.....	12
	1.	Representations and Warranties.....	12
	2.	Covenants Relating to Lease.....	12
	3.	Last Day of Term Excepted.....	14
	4.	Charge by way of Sublease.....	14
	5.	Leasehold Interests.....	14
F.		ASSIGNMENT OF LEASES AND RENTS.....	14
	1.	Assignment.....	14
	2.	Separate Assignments.....	14
	3.	Collection by Mortgagor before Default.....	14
	4.	No Liability of Mortgagee and Indemnity by Mortgagor.....	14
	5.	Re-assignment.....	15
	6.	Application by Mortgagee.....	15
	7.	Not Mortgagee in Possession.....	15
G.		CONDOMINIUM OR STRATA TITLE DEVELOPMENT PROVISIONS.....	15
	1.	Compliance with Requirements.....	15
	2.	Common Expense Payments.....	15
	3.	Right of Mortgagee to Pay.....	15
	4.	Voting by Mortgagee.....	15
H.		MORTGAGE AS SECURITY FOR A GUARANTEE.....	16
I.		DEFAULT.....	16
J.		REMEDIES OF MORTGAGEE.....	18
	1.	Acceleration and Termination of Obligation to Extend Credit.....	18
	2.	Right of Entry.....	18
	3.	Sale, Lease or Foreclosure.....	18
	4.	Sale or Lease.....	19
	5.	Attornment.....	19
	6.	Right to Distrain.....	20
	7.	Judgments and Non-Merger.....	20
	8.	Separate Remedies.....	20
	9.	Application of Proceeds and Mortgagor's Liability for Deficiency.....	20
	10.	Mortgagor's Insolvency Proceedings.....	20
K.		APPOINTMENT OF A RECEIVER.....	21
	1.	Appointment.....	21
	2.	Powers of Receiver.....	21
	3.	Identity of Receiver and Removal.....	22
	4.	Receiver as Agent of Mortgagor.....	22
	5.	Receivership Expenses.....	22
	6.	No Enquiries Required.....	22

L.	MISCELLANEOUS .....	23
1.	Records of Mortgagee.....	23
2.	Revolving Line of Credit.....	23
3.	Assignment and Syndication.....	23
4.	General Indemnity by Mortgagor.....	23
5.	Effect of Sale.....	24
6.	Dealings with the Mortgagor and Others.....	24
7.	Amendments to Mortgage.....	24
8.	Waiver.....	24
9.	Discharge or Assignment.....	25
10.	No Obligation to Advance.....	25
11.	Appointment of Attorney Irrevocable.....	25
12.	Other Security.....	25
13.	Financing Statement.....	25
14.	Notice.....	25
15.	Different Currencies.....	25
16.	Judgment Currency.....	25
17.	Foreign Exchange Rate Determinations.....	26
18.	Governing Law.....	26
19.	Time of Essence.....	26
20.	Severability.....	26
21.	Interpretation.....	26
22.	Titles.....	26
23.	Joint and Several Obligations.....	26
24.	Schedule.....	26
25.	Equivalent Rate Information.....	26
26.	Successors and Assigns.....	26

## B. DEFINITIONS

In this set of Standard Mortgage Terms and in each Mortgage, the following terms shall have the following meanings:

1. **"Applicable Rate"** means:
  - (a) the applicable interest rate specified by the applicable note or agreement delivered by the Mortgagor to the Mortgagee or between the Mortgagor and the Mortgagee; or
  - (b) if the interest rate referred to in subsection (a) is not so specified, the applicable interest rate specified by the Mortgage.
2. **"Controlling Entity"** means any corporation or other entity which on the date of the Mortgage beneficially owned, directly or indirectly, shares, other securities or other equity interests issued by the Mortgagor or a Guarantor which have more than 50% of the

total ordinary voting power of all shares, other securities and other equity interests issued by the Mortgagor or such Guarantor.

3. **"Default"** means a default referred to in section I.
4. **"Guarantor"** means a person who guaranteed payment of all or any Indebtedness.
5. **"Indebtedness"** means all present and future indebtedness and liability now or hereafter owing by the Mortgagor to the Mortgagee whether direct or indirect, absolute or contingent, or revolving or non-revolving, whether incurred by the Mortgagor alone or together with any other debtor or debtors and whether incurred pursuant to the provisions of the Mortgage or otherwise including all principal, interest, guarantee liabilities, letter of credit indemnity liabilities, bankers acceptance indemnity liabilities, fees and expenses now or hereafter owing by the Mortgagor to the Mortgagee.
6. **"Insolvency Proceeding"** means a proceeding commenced under the *Companies' Creditors Arrangement Act*, the *Bankruptcy and Insolvency Act* or any other similar statute.
7. **"Lease"** means a lease, offer to lease or other similar agreement of or with respect to the Mortgaged Land in favour of, or held by the Mortgagor as tenant and referred to in the Mortgage, as such lease, offer to lease or other similar agreement is amended or replaced from time to time.
8. **"Mortgage"** means the applicable registered mortgage or charge (as amended from time to time) in which this set of Standard Mortgage Terms is incorporated by reference to its filing number (including all Schedules thereto), includes any such mortgage or charge registered electronically or otherwise and includes such mortgage or charge whether or not any provision of the Standard Mortgage Terms is excluded or varied.
9. **"Mortgaged Land"** means the real property described in the Mortgage, all appurtenances thereto and all estates and interests therein, and includes all buildings, plant, machinery, crops, erections and improvements, fixed or otherwise, present or future, built, grown, placed or put thereon including all fences, heating equipment, plumbing equipment, antennae, radiators, mirrors, air-conditioning equipment, ventilating equipment, fire alarm and protective systems, lighting and lighting fixtures, hay racks, barn fixtures, milking machine equipment, water tanks, pumps and windmills, water bowls and pipes, feed boxes, litter carriers and tracks, mobile homes affixed to the real property, furnaces, boilers, oil burners, stokers, water heating equipment, cooking and refrigeration equipment, window blinds, floor coverings, storm windows, storm doors, window screens, door screens, shutters and awnings, all apparatus and equipment appurtenant thereto, and all other fixtures and accessions of any kind or nature.
10. **"Mortgagee"** means the mortgagee or chargee referred to in the Mortgage and its successors and assigns.

11. "Mortgagee's Prime Rate" means the fluctuating annual rate of interest determined by Bank of Montreal from time to time as the reference rate it will use to determine rates of interest payable by borrowers from Bank of Montreal of Canadian dollar loans made in Canada and designated by Bank of Montreal as its prime rate.
12. "Mortgagor" means the person or persons identified as the mortgagor or chargor in the Mortgage and his, her, its or their respective heirs, executors, administrators, personal representatives, successors and assigns.
13. "Other Encumbrances" means all statutory liens, construction liens, mechanics' liens, builders' liens, other liens, executions, mortgages, charges, and other encumbrances which charge or otherwise affect or could affect the Mortgaged Land but excludes the Mortgage.
14. "Permitted Prior Mortgage" means a mortgage or charge of the Mortgaged Land which ranks in priority to the Mortgage and which the Mortgagee has approved in writing.
15. "Receiver" means a receiver, receiver and manager or other similar person.
16. "Schedule" means a schedule to the Mortgage.
17. "Taxes" means all taxes, rates and assessments, municipal, provincial, federal or otherwise, with respect to the Mortgaged Land.

### **C. OPERATION OF THE MORTGAGE**

1. *Charge of Mortgaged Land.* In consideration of other valuable consideration and a loan advance made or other credit extended by the Mortgagee to the Mortgagor (the receipt and sufficiency of which are acknowledged by the Mortgagor), the Mortgagor hereby mortgages and charges the Mortgaged Land to and in favour of the Mortgagee as security for payment to the Mortgagee of all Indebtedness and as security for the observance and performance by the Mortgagor of all other obligations of the Mortgagor pursuant to or in respect of the Mortgage or the Standard Mortgage Terms. Subject to the provisions of the Mortgage, the Mortgagor releases to the Mortgagee, all the Mortgagor's claims upon the Mortgaged Land.
2. *Repayment of Principal on Demand.* The Mortgagor shall pay all Indebtedness to the Mortgagee on demand by the Mortgagee for payment.
3. *Restriction on Voluntary Prepayments.* The Mortgagor shall not be entitled to prepay voluntarily any principal amount (including any principal amount owing with respect to a revolving line of credit or a demand loan) except to the extent agreed to by the Mortgagee in writing.
4. *Calculation and Payment of Interest.* The Mortgagor shall pay to the Mortgagee when due interest payable by the Mortgagor on each part of the Indebtedness (including interest on overdue interest) at the Applicable Rate which applies to such part of the Indebtedness. Interest shall

accrue on each part of the Indebtedness from the date such part is incurred to the date such part is paid to the Mortgagee in full. Interest shall be calculated and payable monthly not in advance on the first day of each month unless otherwise agreed by the Mortgagor and the Mortgagee in writing. Whenever there is more than one Applicable Rate, the Applicable Rate referred to in Sections D, E, G, J and K shall, unless otherwise agreed by the Mortgagee in writing, be the higher or highest of such Applicable Rates.

5. *Continuing Security.* The Mortgage shall be continuing security in favour of the Mortgagee for the payment of all Indebtedness, notwithstanding at any time and from time to time there is:

- (a) any change in the nature, state or form of any account between the Mortgagor and the Mortgagee;
- (b) any new advance by the Mortgagee to the Mortgagor, whether by way of loan, discount, the drawing of a cheque against an account of the Mortgagor or otherwise;
- (c) any discount or acceptance by the Mortgagee from or for the Mortgagor of any note, bill of exchange or other negotiable instrument or commercial paper;
- (d) any credit of any amount to any account of the Mortgagor by reason of deposit of moneys or otherwise; or
- (e) any renewal, replacement, substitution or alteration of any note, bill of exchange or other negotiable instrument or other commercial paper from time to time held by the Mortgagee or any reduction, satisfaction, payment, release or discharge thereof or of any other security therefor.

Nothing herein shall prejudice any of the Mortgagee's rights pursuant to or in respect of any note, bill of exchange, other agreement or other security now or hereafter held by the Mortgagee.

6. *Divided Parts of Mortgaged Land.* Every part of the Mortgaged Land into which the Mortgaged Land may hereafter be divided by a plan of subdivision shall continue to be charged with payment of all Indebtedness but the Mortgagee may discharge any part or parts of the Mortgaged Land with or without sufficient consideration and without releasing the Mortgagor from the Mortgage and no person shall have any right to require the Indebtedness to be apportioned between or among such parts.

7. *Application of Amounts Paid.* Any and all amounts received by the Mortgagee with respect to Indebtedness before a Default shall, unless otherwise specified by the Mortgagee in writing, be applied firstly to reduce compound interest, secondly to reduce interest (other than compound interest), thirdly to reduce principal and fourthly to reduce any other Indebtedness. Any and all amounts received by the Mortgagee after a Default (including any and all amounts received from any security held by the Mortgagee) shall be applied by the Mortgagee in the manner determined by the Mortgagee in its sole discretion.

8. *Discharge of Mortgage.* If the Mortgagor shall duly pay to the Mortgagee all Indebtedness and the Mortgagee is not then obligated to extend any credit to the Mortgagor, the Mortgagor may request from the Mortgagee a discharge of the Mortgage and, upon delivery by the Mortgagee to the Mortgagor of a discharge of the Mortgage, the Mortgage shall terminate and cease to operate; provided that the Mortgage shall not terminate or cease to operate while any Indebtedness remains unpaid or while the Mortgagee is obligated to extend any credit to the Mortgagor only because, at any prior time or times, all Indebtedness had been paid in full. The Mortgagee shall not be obligated to deliver any partial discharge of the Mortgage.

9. *Consolidation of Mortgages.* To the extent permitted by law, the doctrine of consolidation shall apply with respect to *inter alia* the Mortgage.

**D. COVENANTS, REPRESENTATIONS AND WARRANTIES**  
**OF MORTGAGOR**

1. *Payment of Principal and Interest.* The Mortgagor shall pay to the Mortgagee when due all Indebtedness without deduction or set-off of any kind. The Mortgagor expressly agrees not to fail to pay any Indebtedness when due and not to reduce the amount of any due payment of any Indebtedness as a result, or in respect of any existing or future claim by the Mortgagor against the Mortgagee or against any other person whether such claim relates to any or all Indebtedness, the Mortgage, any other agreement between the Mortgagor and the Mortgagee, any other transaction or any other agreement or matter whatsoever.

2. *Observance and Performance of Other Obligations.* The Mortgagor shall duly and punctually observe and perform all the Mortgagor's existing and future obligations pursuant to the Mortgage and all the Mortgagor's existing and future obligations pursuant to any and all other existing and future agreements delivered by the Mortgagor to the Mortgagee or between the Mortgagor and the Mortgagee.

3. *Payment of Taxes.* The Mortgagor shall promptly pay all Taxes as they become due and, within one month after the date fixed for the payment of the last installment of Taxes in each year, shall deliver to the Mortgagee a receipted tax bill showing payment in full of all such Taxes payable during such year. If the Mortgagor fails to pay any Taxes as they become due, the Mortgagee may, at its option, pay the whole or any part of such Taxes. The amounts so paid by the Mortgagee shall be payable forthwith by the Mortgagor to the Mortgagee with interest thereon at the Applicable Rate, shall be a part of the Indebtedness and shall be secured by the Mortgage.

4. *Good Title and Free From Encumbrances.* The Mortgagor represents and warrants to the Mortgagee that the Mortgagor is the legal and beneficial owner of, and has good, absolute and indefeasible title and estate in fee simple to the Mortgaged Land (or the leasehold interest therein if section E applies), free of any Other Encumbrances except any Permitted Prior Mortgage and except any public utilities easements or similar easements or restrictive covenants that do not impair the value, marketability or use of the Mortgaged Land or were approved by the Mortgagee in writing, and free of any reservations, limitations, provisos or conditions whatsoever except those contained in the original grant thereof, if any, from the Crown; the

Mortgagor has good right, full power and lawful and absolute authority to mortgage and charge the Mortgaged Land (or, if section E applies, its leasehold interest therein) to the Mortgagee in accordance with the provisions of the Mortgage; the Mortgagor has not done, omitted or permitted anything whereby the Mortgaged Land or the Mortgagor's estate, right, title or interest therein is or may be alienated, encumbered, liened, charged, mortgaged, impeached or affected except for the delivery of any Permitted Prior Mortgage. The Mortgagor shall keep the Mortgaged Land (or, if section E applies, the Mortgagor's leasehold interest therein) free and clear of and from all Other Encumbrances (other than any Permitted Prior Mortgage) including any arrears secured by any statutory liens or arrears of Taxes.

5. *Insurance.* The Mortgagor shall maintain, in form, substance and amount and with insurers satisfactory to the Mortgagee, all insurance required by the Mortgagee from time to time with respect to the Mortgaged Land (including boiler, property, public liability, rental, environmental and business interruption insurance and insurance covering all crops grown on the Mortgaged Land insuring such crops against damage by hail and against perils covered by all-risk crop insurance). The Mortgagor shall deliver to the Mortgagee, from time to time at the Mortgagee's request, certificates of insurance and certified copies of such insurance policies showing all loss payable to the Mortgagee as first mortgagee (subject to the interests of the holder of any Permitted Prior Mortgage) and loss payee and containing a mortgage clause satisfactory to the Mortgagee. As additional and separate security for payment of all Indebtedness, the Mortgagor hereby assigns to the Mortgagee all the Mortgagor's present and future interests in and to all such present and future insurance policies and all proceeds therefrom. The Mortgagor shall not repair any damage using proceeds of any insurance without the Mortgagee's prior written consent and the Mortgagee may, at its discretion, apply any and all insurance proceeds to reduce Indebtedness. If the Mortgagor fails to maintain insurance required by the Mortgagee, the Mortgagee may arrange insurance with respect to the Mortgaged Land, the Mortgagor shall pay to the Mortgagee, on demand by the Mortgagee, all amounts paid by the Mortgagee to effect such insurance and the Mortgagor shall pay interest thereon at the Applicable Rate; and all such amounts owing by the Mortgagor shall be part of the Indebtedness and secured by the Mortgage. The Mortgagor shall, forthwith on the occurrence of any loss or damage, furnish at the Mortgagor's own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance monies. Any insurance monies received may, at the option of the Mortgagee, to the extent permitted by law, be applied to rebuild or repair the premises on the Mortgaged Land or be paid to the Mortgagor or any other person appearing by the registered title to be or to have been the owner of the Mortgaged Land, or be applied to pay Indebtedness whether or not then due, despite any law, equity or statute to the contrary. The Mortgagor, to the extent permitted by law, hereby waives any statutory or other right it may have to require any insurance proceeds to be applied in any particular manner.

6. *Payment of Other Encumbrances.* The Mortgagor shall promptly pay when due all amounts now or hereafter owing pursuant to or with respect to any Other Encumbrances and shall deliver to the Mortgagee, at the Mortgagee's request, evidence showing payment in full of all such amounts. If the Mortgagor fails to pay any Other Encumbrances when due, the Mortgagee may, at its option, pay the whole or any part of any present or future Other Encumbrances. The amounts so paid shall be payable forthwith by the Mortgagor to the Mortgagee with interest thereon at the Applicable Rate, shall be a part of the Indebtedness and shall be secured by the

Mortgage. In the event the Mortgagee pays any Other Encumbrance, it shall be entitled to all the equities, rights and securities of the person or persons so paid and to obtain an assignment of such Other Encumbrance so paid and of any right to payment and is hereby authorized to retain any discharge thereof without registration for so long as it may think fit to do so.

7. *Payment of Expenses.* The Mortgagor shall, on demand by the Mortgagee, pay all costs, charges, expenses (including legal fees as between a solicitor and his or her own client), commissions and fees which may be incurred by the Mortgagee in negotiating any credit or credits secured by the Mortgage, investigating the title to the Mortgaged Land, preparing and registering the Mortgage and other documents, administering any credit or credits extended by the Mortgagee to the Mortgagor, inspecting the Mortgaged Land, collecting any Indebtedness, taking any proceeding in connection with or to collect any Indebtedness, taking and maintaining possession of the Mortgaged Land, maintaining and repairing the Mortgaged Land, and taking any other enforcement proceedings. The Mortgagor shall deliver to the Mortgagee, at the Mortgagee's request, evidence showing payment in full of all such amounts. If the Mortgagor fails to pay any such amounts as they become due, the Mortgagee may, at its option, pay any such amounts and the amounts so paid by the Mortgagee shall be payable forthwith by the Mortgagor to the Mortgagee with interest thereon at the Applicable Rate, shall be a part of the Indebtedness and shall be secured by the Mortgage.

8. *Compliance with Laws.* The Mortgagor represents and warrants to the Mortgagee that, as at the date of the Mortgage, the Mortgagor has complied with, and the Mortgagor agrees that it shall comply with all laws, by-laws and regulations affecting the Mortgaged Land and all orders and decisions of any governmental authority, governmental agency or court having jurisdiction affecting the Mortgaged Land (including all such laws, by-laws, regulations, orders and decisions relating to the environment or to residential or other property, including those relating to the amount of rent charged by the Mortgagor with respect to any part of the Mortgaged Land). The Mortgagor shall, at the Mortgagor's expense, promptly and in good and workmanlike manner make all improvements, alterations, clean-ups and repairs and effect any change in use that may be required from time to time to so comply.

9. *Maintain in Good Repair and Avoid Waste.* The Mortgagor represents and warrants to the Mortgagee that, as at the date of the Mortgage, all buildings, erections, equipment, machinery and improvements on the Mortgaged Land are in good condition and repair and that all noxious weeds have been eradicated from the Mortgaged Land. The Mortgagor shall maintain all buildings, erections, equipment, machinery and improvements on the Mortgaged Land in good condition and repair to the satisfaction of the Mortgagee, shall eradicate all noxious weeds from the Mortgaged Land and shall not permit waste to be committed or suffered on the Mortgaged Land or any part thereof. The Mortgagee or its agent shall be entitled, from time to time, to enter on the Mortgaged Land to inspect the Mortgaged Land and to undertake any tests (including intrusive environmental tests) required by the Mortgagee. If the Mortgagor neglects to keep the Mortgaged Land or any buildings, erections, equipment, machinery or improvements on the Mortgaged Land in good condition and repair, fails to eradicate noxious weeds from the Mortgaged Land or commits or permits any act of waste on the Mortgaged Land (as to which the Mortgagee shall be the sole judge), or fails to comply with section D.8., the Mortgagee or its agent may enter upon the Mortgaged Land and make such repairs and undertake such work and



take such action as the Mortgagee deems necessary. All costs of such inspection, testing, repairs, work and action shall be payable forthwith by the Mortgagor to the Mortgagee with interest thereon at the Applicable Rate, shall be a part of the Indebtedness and shall be secured by the Mortgage.

10. *Environmental Representation and Indemnity.* The Mortgagor represents and warrants to the Mortgagee that there has not occurred, after the date the Mortgagor acquired an interest in the Mortgaged Land, any spill, leak, contamination or other material environmental problem affecting the Mortgaged Land or any part thereof (other than any such spill, leak, contamination or other environmental problem which has been remedied). The Mortgagor shall indemnify and save harmless the Mortgagee and any Receiver of the Mortgaged Land from any and all expenses and damages incurred or suffered by the Mortgagee or such Receiver as a result, or in respect of any spill, leak, contamination or other environmental problem affecting the Mortgaged Land or any part thereof. This indemnity shall survive the payment of all Indebtedness and the satisfaction, discharge or enforcement of the Mortgage or any other security.

11. *No Alterations or Change in Use.* The Mortgagor shall not, without the prior written consent of the Mortgagee, make, or permit to be made, any alterations or additions to the Mortgaged Land or any building thereon or change the Mortgagor's use of the Mortgaged Land or any building thereon and the Mortgagor shall not allow the Mortgaged Land to be unoccupied or unused.

12. *No Unapproved Charge or Encumbrance by Mortgagor.* The Mortgagor shall not, without the Mortgagee's prior written consent, mortgage, charge, lien or encumber the Mortgaged Land or any part thereof or any interest therein or permit any Other Encumbrance to remain thereon except for any Permitted Prior Mortgage and a charge for current Taxes which are not then due.

13. *Change in Ownership or Spousal Status.* Upon any change or event affecting any of the following, namely:

- (a) the spousal status of the Mortgagor, if the Mortgagor is an individual;
- (b) the qualification of the Mortgaged Land as a matrimonial home; or
- (c) the ownership of the Mortgaged Land,

the Mortgagor shall forthwith advise the Mortgagee accordingly in writing and furnish the Mortgagee with full particulars thereof, the intention being that the Mortgagee shall be kept fully informed of the names and addresses of the owner or owners of the Mortgaged Land and of any spouse who is not an owner but who may have a legal right of possession of or interest in the Mortgaged Land. The Mortgagor shall furnish the Mortgagee with such evidence in connection with any of subsections (a), (b) and (c) of this provision as the Mortgagee may from time to time request.

14. *Expropriation.* If the Mortgaged Land or any part thereof is condemned or expropriated to an extent which, in the Mortgagee's sole discretion, materially affects the Mortgagee's security, all Indebtedness shall, at the option of the Mortgagee, be deemed to have become due and

payable on the day before such condemnation or expropriation, and interest shall continue to accrue thereon, at the Applicable Rate, until the Mortgagee has been paid all Indebtedness. The Mortgagor shall pay to the Mortgagee from any condemnation or expropriation proceeds the full amount thereof, to be applied by the Mortgagee to reduce Indebtedness.

15. *Power of Attorney.* The Mortgagor hereby irrevocably appoints the Mortgagee or any Receiver appointed by the Mortgagee under or pursuant to the Mortgage or by any order of a Court of competent jurisdiction, as the Mortgagor's attorney for all purposes to take any and all action deemed appropriate by the Mortgagee or such Receiver after the occurrence of a Default.

16. *Further Assurances.* The Mortgagor shall (and shall cause each person having or claiming to have an estate, right, title or interest in or to the Mortgaged Land to) at any time and from time to time, at the Mortgagee's request, do, execute and deliver or cause to be made, executed and delivered to the Mortgagee such further and other reasonable acts, deeds, conveyances, charges and assurances as may be required by the Mortgagee to fully and effectually carry out the intention and meaning of the Mortgage and the provisions included in the Mortgage and the reasonable cost of such further assurances shall be part of the Indebtedness and secured by the Mortgage.

17. *Business Purposes Only.* The Mortgagor shall use only for business purposes any amounts loaned by the Mortgagee to the Mortgagor and secured by the Mortgage.

18. *No Registration of Condominiums or Strata Title Developments.* The Mortgagor shall not, without the Mortgagee's prior written consent, register any condominium or strata title development with respect to all or part of the Mortgaged Land or any declaration or description with respect thereto and the Mortgagee shall not have any obligation to provide such consent.

19. *Delivery of Information.* The Mortgagor shall deliver to the Mortgagee, promptly at the Mortgagee's request, all financial statements and other information as the Mortgagee may request from time to time with respect to the Mortgagor, a Guarantor or the Mortgaged Land.

20. *No Litigation or Other Proceedings.* The Mortgagor represents and warrants that, as at the date of the Mortgage, there is no application, litigation, proceeding or investigation outstanding or, to the Mortgagor's knowledge, pending or threatened, against the Mortgagor or any Guarantor or with respect to the Mortgaged Land or any part thereof including any application, litigation, proceeding or investigation in respect of residential or other property by-laws or regulations. The Mortgagor shall notify the Mortgagee in writing of any such application, litigation, proceeding or investigation commenced after the date of the Mortgage, promptly after such commencement.

21. *Mortgagor a Canadian Resident.* The Mortgagor represents and warrants that, as at the date of the Mortgage, it is not a non-resident of Canada for purposes of the Income Tax Act and agrees that the Mortgagor shall not, without the Mortgagee's prior written consent, become a non-resident of Canada.

22. *Good Management of Mortgaged Land.* The Mortgagor shall at all times cause the Mortgaged Land to be managed in a commercially reasonable manner by the Mortgagor or by a property manager satisfactory to the Mortgagee, acting reasonably.

23. *Abutting Real Property.* The Mortgagor shall not, without the Mortgagee's prior written consent, acquire any real property which abuts the Mortgaged Land. If the Mortgagee gives such consent, the Mortgagor shall, at the Mortgagee's request, deliver to the Mortgagee a mortgage or charge of such abutting real property and of the Mortgaged Land in form and substance satisfactory to the Mortgagee.

#### E. MORTGAGE OF LEASEHOLD INTEREST

If the Mortgagor is not the owner of the Mortgaged Land in fee simple but is the owner of a leasehold interest in the Mortgaged Land as tenant, or as an assignee or successor of a tenant, pursuant to a Lease, the following provisions shall apply:

1. *Representations and Warranties.* The Mortgagor represents and warrants to the Mortgagee that, as at the date of the Mortgage:

- (a) the Lease is a good, valid and subsisting lease and has not been surrendered, forfeited or terminated or, except as specified in the Mortgage, amended, and the rents, covenants and provisions therein reserved and contained have been duly paid, performed and observed by the Mortgagor up to the date of the Mortgage; and
- (b) the Mortgagor has good right and full, lawful and absolute authority to charge, mortgage, demise and sublet the Mortgaged Land in accordance with the Mortgage and any consent thereto required of the applicable landlord has been obtained.

2. *Covenants Relating to Lease.* The Mortgagor agrees with the Mortgagee as follows:

- (a) The Mortgagor shall at all times fully perform and comply with all the obligations of the Mortgagor under or with respect to the Lease, or imposed on, assumed by or agreed to by the Mortgagor pursuant to any Other Encumbrances and, if the Mortgagor fails to do so, the Mortgagee may (but shall not be obliged to) take any action the Mortgagee deems necessary or desirable to prevent or to cure any default by the Mortgagor in the performance of or compliance with any such obligations. Upon receipt by the Mortgagee from the landlord, any prior mortgagee or encumbrancer, any claimant of any of the Other Encumbrances or any other person of any written notice of default, the Mortgagee may rely thereon and take any action to cure such default even though the existence of such default or the nature thereof may be questioned or denied by or on behalf of the Mortgagor and the Mortgagee shall have the absolute and immediate right to enter in and upon the Mortgaged Land or any part thereof to such extent and as often as the Mortgagee, in its sole discretion deems necessary or desirable, in order to

prevent or to cure any such default. The Mortgagee may pay and expend such amounts as the Mortgagee in its sole discretion deems necessary for any such purpose, and the amounts so paid shall be payable by the Mortgagor to the Mortgagee on demand by the Mortgagee with interest thereon at the Applicable Rate, and shall be a part of the Indebtedness and be secured by the Mortgage.

- (b) If the Mortgage is outstanding at the expiration of the term of the Lease and the Mortgagor refuses or neglects to exercise the Mortgagor's right, if any, to renew the Lease or refuses to pay any fees, costs, charges or expenses payable upon any such renewal, the Mortgagee may effect such renewal in the name of the Mortgagor or otherwise, and every such new or renewed Lease shall remain and be mortgaged and charged pursuant to the Mortgage in accordance with the Mortgage.
- (c) From and after the execution and delivery of the Mortgage, the Mortgagor shall stand possessed of the Mortgaged Land for the remainder of the Lease in trust for the Mortgagee, and shall assign and dispose thereof as the Mortgagee may direct, but subject to the Mortgagor's right of redemption under the Mortgage. The Mortgagor hereby irrevocably appoints the Mortgagee as the Mortgagor's attorney for and on behalf of the Mortgagor to assign the Lease and convey the leasehold interest in the Mortgaged Land and the reversion thereof as the Mortgagee shall at any time direct after the occurrence of a Default and, in particular, upon any sale made by the Mortgagee under any power of sale contained in the Mortgage or granted by statute to assign the Lease and convey the Mortgagor's leasehold interest in the Mortgaged Land and the reversion to a purchaser. The Mortgagee may at any time remove the Mortgagor or any other person from being a trustee of the Lease under the above declaration of trust and appoint a new trustee or trustees.
- (d) The Mortgagor shall not surrender, terminate, amend or modify the Lease or agree to do so without the prior written consent of the Mortgagee, which the Mortgagee may withhold in its absolute discretion. No release or forbearance of any of the Mortgagor's obligations under the Lease or under any Other Encumbrance shall release the Mortgagor from any of the Mortgagor's obligations under the Mortgage.
- (e) Unless the Mortgagee expressly consents in writing, the title in fee simple to the Mortgaged Land and the leasehold estate shall not merge but shall always remain separate and distinct, notwithstanding the union of said estates by purchase or otherwise.

3. *Last Day of Term Excepted.* Despite any other provision of the Mortgage, the last day of the term of the Lease or any renewal thereof or any agreement therefor now held or hereafter acquired by the Mortgagor shall be excepted out of the mortgage, charge and demise contained in the Mortgage.

4. *Charge by way of Sublease.* Despite section C.1. and any other provision of the Mortgage, the Mortgagor mortgages and charges, by way of sublease, the Mortgagor's leasehold interest in the Mortgaged Land pursuant to the Lease (including any right of renewal and any right to purchase the Mortgaged Land or any part thereof as set out in the Lease), the mortgages and charges contained in the Mortgage shall be by way of sublease and the Mortgagee shall not have any obligation or liability to the landlord or any other person pursuant to or in respect of the Lease.

5. *Leasehold Interests.* Wherever any reference is made in the Mortgage to any right of the Mortgagee to sell, transfer, assign, lease, sublease, alienate or otherwise deal with the Mortgaged Land, such reference shall be deemed to relate to the existing and future rights and interests of the Mortgagor in the Mortgaged Land pursuant to the Lease.

#### F. ASSIGNMENT OF LEASES AND RENTS

If the Mortgagor or any predecessor of the Mortgagor grants or has granted any lease, offer to lease, tenancy agreement or other similar agreement of all or any part of the Mortgaged Land as landlord, the following provisions shall apply:

1. *Assignment.* As additional and separate security for payment of all Indebtedness, the Mortgagor hereby assigns, transfers and sets over to the Mortgagee, all the Mortgagor's rights and interests in all existing and future leases, tenancy agreements, offers to lease and other similar agreements with respect to all or part of the Mortgaged Land, and all rents, incomes, profits and other amounts now or hereafter arising from or out of all or part of the Mortgaged Land or any building, improvement, fixture or part thereof forming part of the Mortgaged Land.

2. *Separate Assignments.* The assignment of each of the foregoing and of each of the rents, incomes, profits and other amounts by the Mortgagor to the Mortgagee pursuant to section F.1. shall be deemed to be a separate assignment so that the Mortgagee in its discretion may exercise its rights in respect of any or all of such leases, offers to lease, tenancy agreements or other similar agreements or the rents, incomes, profits or other amounts paid or payable thereunder.

3. *Collection by Mortgagor before Default.* Until there occurs a Default, the Mortgagor may collect, retain and apply all rents, incomes, profits and other amounts and deal with all leases, offers to lease, tenancy agreements and other similar agreements from time to time in accordance with sound business practice.

4. *No Liability of Mortgagee and Indemnity by Mortgagor.* Nothing herein shall obligate the Mortgagee to assume or perform (and nothing herein shall impose on the Mortgagee) any liability or obligation of the Mortgagor to any tenant or other person pursuant to or in respect of any lease, offer to lease, tenancy agreement, other similar agreement or otherwise and the

Mortgagor hereby indemnifies and saves harmless the Mortgagee from any and all claims with respect thereto, provided that the Mortgagee may, at its sole option, assume or perform any such obligations as it considers necessary or desirable.

5. *Re-assignment.* The Mortgagee may, at any time without further request or agreement by the Mortgagor, reassign to the Mortgagor, or the Mortgagor's heirs, administrators, successors or assigns, any or all of the collateral referred to in section F.1.

6. *Application by Mortgagee.* The Mortgagee's obligations with respect to any amount collected by the Mortgagee shall be discharged by the application of such amount to reduce Indebtedness.

7. *Not Mortgagee in Possession.* Nothing contained herein shall have the effect of making the Mortgagee a mortgagee in possession of the Mortgaged Land.

#### G. CONDOMINIUM OR STRATA TITLE DEVELOPMENT PROVISIONS

If the Mortgaged Land is or includes one or more condominium units or strata title units, the following provisions shall apply:

1. *Compliance with Requirements.* The Mortgagor shall observe and perform each of the covenants and provisions required to be observed and performed pursuant to the Mortgage, all applicable statutes governing or affecting condominiums or strata title developments, and the declaration, description, by-laws and rules, as amended from time to time, of the applicable condominium corporation or strata corporation.

2. *Common Expense Payments.* The Mortgagor shall pay promptly when due any and all unpaid condominium or strata development fees, common expenses, common element expenses, assessments, levies, instalments, payments or any other amounts due to the applicable condominium corporation or strata corporation or any agent thereof by the Mortgagor and, at the Mortgagee's request, deliver to the Mortgagee evidence of the payment thereof.

3. *Right of Mortgagee to Pay.* If the Mortgagor does not pay when due any condominium or strata development fees, common expenses or other amounts referred to in section G.2., the Mortgagee may (but shall not be obliged to) pay such amounts, the Mortgagor shall forthwith pay such amounts to the Mortgagee with interest thereon at the Applicable Rate, and all such amounts owing by the Mortgagor to the Mortgagee shall be a part of the Indebtedness and secured by the Mortgage.

4. *Voting by Mortgagee.* The Mortgagor hereby irrevocably authorizes the Mortgagee to exercise the rights of the Mortgagor as an owner of the Mortgaged Land to vote or to consent in all matters relating to the affairs of the condominium corporation or strata corporation or arising under applicable law or the declaration or by-laws of the condominium or strata corporation, provided that:

- (a) in any case where the Mortgagee is entitled to receive and does receive notice of a meeting of owners, the Mortgagee may notify the condominium or strata corporation and the Mortgagor of its intention to exercise the right of the owner to vote or to consent at such meeting at least two days before the date specified in the notice for the meeting, failing which the Mortgagor may exercise such right to vote or consent at such meeting;
- (b) the Mortgagee shall not, by virtue of the giving to the Mortgagee of the right to vote or consent, be under any obligation to vote or consent or to protect the interests of the Mortgagor, and the Mortgagee shall not be responsible for any exercise or failure to exercise the right to vote or consent; and
- (c) nothing herein contained, including the exercise by the Mortgagee of the right to vote or consent, shall constitute the Mortgagee a mortgagee in possession.

#### H. MORTGAGE AS SECURITY FOR A GUARANTEE

If the Mortgagor has delivered to the Mortgagee or now or hereafter delivers to the Mortgagee a guarantee or guarantees of payment to the Mortgagee of indebtedness or liability of another or others, the Indebtedness shall include all indebtedness and liability now or hereafter owing by the Mortgagor to the Mortgagee pursuant to such guarantee or guarantees, whether direct or indirect, absolute or contingent, and the Mortgage shall secure payment of all such indebtedness and liability of the Mortgagor pursuant to such guarantee or guarantees in addition to all other Indebtedness. If any such guarantee is increased or otherwise amended, the Mortgage shall also secure payment of all indebtedness and liability now or hereafter owing by the Mortgagor to the Mortgagee pursuant to such guarantee as increased or otherwise amended.

#### I. DEFAULT

The Mortgagor shall be in default of the Mortgage and a Default shall occur pursuant to the Mortgage if:

1. the Mortgagor fails to pay any Indebtedness when due;
2. the Mortgagor or a Guarantor fails to comply with any obligation of the Mortgagor or the Guarantor pursuant to or in respect of the Mortgage or any existing or future note, instrument or agreement delivered by the Mortgagor and the Guarantors (or any of them) to the Mortgagee or between the Mortgagor and the Guarantors (or any of them) and the Mortgagee;
3. the Mortgagor fails to comply with any obligation of the Mortgagor pursuant to or in respect of any Permitted Prior Mortgage or any Other Encumbrance;
4. any representation or warranty made by the Mortgagor or a Guarantor in the Mortgage, any agreement between the Mortgagor and the Guarantors (or any of them) and the

Mortgagee, or any loan or credit application made in connection with any Indebtedness was untrue when made;

5. a Receiver is appointed of any asset of the Mortgagor or of a Guarantor;
6. any construction lien, mechanics' lien or builders' lien is registered against all or any part of the Mortgaged Land and is not discharged within seven days after a request by the Mortgagee that such lien be discharged;
7. all or any part of the Mortgaged Land is condemned or expropriated;
8. the Mortgagor or a Guarantor becomes bankrupt or insolvent;
9. a petition in bankruptcy is filed against the Mortgagor or a Guarantor;
10. the Mortgagor or a Guarantor makes a proposal in bankruptcy or files a notice of intention to make a proposal in bankruptcy;
11. the Mortgagor or a Guarantor makes an application as a debtor in any Insolvency Proceeding or any other person makes an application against the Mortgagor or a Guarantor in any Insolvency Proceeding;
12. the Mortgagor sells, transfers or disposes of in any other manner the Mortgaged Land, any part thereof or any interest therein (unless the Mortgagee has approved in writing such sale, transfer or other disposition);
13. an execution, judgment or order of execution is filed or made against the Mortgaged Land or any part thereof and remains unsatisfied for a period of ten days;
14. the Mortgagor fails to pay when due any amount owing by the Mortgagor to the applicable condominium corporation or strata corporation or any agent thereof referred to in section G.2.; or
15. the Mortgagor or a Guarantor is not an individual and a change in control of the Mortgagor or such Guarantor occurs without the prior written consent of the Mortgagee; for the purposes hereof, a change in control of the Mortgagor or a Guarantor shall be deemed to occur if there occurs one or more sales, transfers or other dispositions of the beneficial ownership existing on the date of the Mortgage in the aggregate of:
  - (a) shares, other securities or other equity interests issued by the Mortgagor or such Guarantor which have more than 50% of the total ordinary voting power of all shares, other securities and other equity interests issued by the Mortgagor or such Guarantor; or
  - (b) shares, other securities or equity interests issued by any Controlling Entity which have more than 50% of the total ordinary voting power of all shares, other securities and other equity interests issued by such Controlling Entity.



## J. REMEDIES OF MORTGAGEE

1. *Acceleration and Termination of Obligation to Extend Credit.* Without prejudice to any right of the Mortgagee to demand at any time payment by the Mortgagor of any and all Indebtedness, upon the occurrence of a Default all Indebtedness (or any part thereof determined by the Mortgagee) shall, at the Mortgagee's option, forthwith become due and payable, the Mortgage shall become enforceable and the Mortgagee shall not be obligated to extend any further credit to the Mortgagor.

2. *Right of Entry.* Upon the occurrence of a Default, the Mortgagee may, at any time or times without the concurrence of any person, enter upon, take and maintain possession of the Mortgaged Land, inspect, complete the construction of, repair or maintain any buildings or other improvements thereon, lease, collect the rents, profits and other amounts derived from the Mortgaged Land and manage the Mortgaged Land as the Mortgagee may deem fit without hindrance or interruption by the Mortgagor or any other person, and all reasonable costs, charges and expenses, including legal fees on a solicitor and his or her own client basis, and disbursements, commissions and allowances for the time and services of any employees of the Mortgagee or any agent of the Mortgagee or other persons appointed for any such purpose shall be forthwith payable by the Mortgagor to the Mortgagee with interest thereon at the Applicable Rate, shall be a part of the Indebtedness and shall be secured by the Mortgage. Upon the occurrence of a Default, the Mortgagee may also enforce its security against all crops growing on the Mortgaged Land, the Mortgagee may, at any time or times without the concurrence of any person, enter upon the Mortgaged Land for the purpose of cutting, harvesting and removing such crops and for otherwise farming and working the Mortgaged Land, the Mortgagee may bring on the Mortgaged Land all machines, equipment and instruments necessary for such purposes, and the Mortgagee may use all yards, barns, granaries, grain bins or all other improvements and equipment located on the Mortgaged Land to carry out any of such activities.

3. *Sale, Lease or Foreclosure.* Upon the occurrence of a Default, the Mortgagee may do any one or more of the following:

- (a) apply to a court for an order that the interest of the Mortgagor in and to the Mortgaged Land be sold or leased on terms approved by the court;
- (b) apply to a court to foreclose the interest of the Mortgagor in and to the Mortgaged Land;
- (c) without notice, sell the interest of the Mortgagor in and to the Mortgaged Land or any part thereof by public auction or private sale for such price as can reasonably be obtained therefor, and on such terms as to credit and otherwise, and with such conditions of sale and stipulations as to title or evidence of title or otherwise as the Mortgagee shall in its discretion deem proper; and in the event of any sale on credit or for part cash and part credit, the Mortgagee shall not be accountable for or charged with any moneys until actually received; and the Mortgagee may rescind or vary any contract of sale and may buy in and resell the interest of the Mortgagor in and to the Mortgaged Land or any part thereof without being

answerable for loss occasioned thereby; and no purchaser shall be bound to inquire into the legality, regularity or propriety of any sale or be affected by notice of any irregularity or impropriety; and no lack of default, lack of notice or other requirement, and no irregularity or impropriety of any kind shall invalidate any sale; and the Mortgagee may take sale proceedings hereunder, notwithstanding that other mortgage proceedings have been taken or are then pending; and for the purposes of this paragraph the Mortgagor hereby appoints the Mortgagee as its irrevocable attorney to exercise the aforesaid powers and to execute and do all deeds, documents and things as may be necessary in the circumstances; and

- (d) in respect of any property to which the *Personal Property Security Act* applies, exercise the remedies of a secured party under the *Personal Property Security Act*.

4. *Sale or Lease.* The following shall apply with respect to any sale or lease by the Mortgagee, its agent or any Receiver of all or part of the Mortgaged Land after the occurrence of a Default:

- (a) no purchaser or lessee shall be bound to enquire into the legality, regularity or propriety of any sale or lease or be affected by notice of any irregularity or impropriety and no lack of default or lack of notice or other requirement or any irregularity or impropriety of any kind shall invalidate any sale or lease;
- (b) the Mortgagee may sell or lease all or part of the Mortgaged Land without entering into actual possession of the Mortgaged Land and, when it desires to take possession, it may break locks and bolts and while in possession shall only be accountable for moneys actually received by it;
- (c) the Mortgagor hereby appoints the Mortgagee as the Mortgagor's true and lawful attorney and agent to make application under any statute for consent to sever, sell or lease part or parts of the Mortgaged Land and to do all things and execute all documents to effectually complete any such severance, sale or lease;
- (d) the Mortgagee may lease or take sale proceedings notwithstanding that other mortgage proceedings have been taken or are then pending;
- (e) the Mortgagee shall not be responsible for any loss which may arise by reason of any such leasing or sale of the Mortgaged Land unless such loss is caused by the Mortgagee's willful misconduct; and
- (f) no sale, leasing or other dealing by the Mortgagee with the Mortgaged Land or any part thereof shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person liable for payment of any Indebtedness.

5. *Attornment.* To the extent the Mortgaged Land or any part thereof is not a residential premises so as to be subject to the provisions of the applicable statute governing residential

tenancies, the Mortgagor hereby attorns to and becomes a tenant of such Mortgaged Land to the Mortgagee from year to year from the date of the execution of the Mortgage until the Mortgage is discharged at a rental equivalent to and applicable in satisfaction of the interest payments forming part of the Indebtedness, the legal relation of landlord and tenant being hereby constituted between the Mortgagee and the Mortgagor in regard to the Mortgaged Land. The Mortgagor agrees that neither the existence of this provision nor anything done by virtue hereof shall impose any obligation on the Mortgagee or render the Mortgagee a mortgagee in possession or accountable for any moneys except moneys actually received by the Mortgagee and the Mortgagee may, upon the occurrence of any Default, enter on the Mortgaged Land and terminate the tenancy hereby created without notice.

6. *Right to Distrain.* Upon the occurrence of a Default, to the extent permitted by law, the Mortgagee may distrain for payment of any and all Indebtedness upon the Mortgaged Land or any part thereof and all chattels situated thereon and by distress warrant recover, by way of rent reserved from the Mortgaged Land, such moneys as shall from time to time be or remain in arrears and all costs, charges and expenses incurred by or on behalf of the Mortgagee with respect to or in connection therewith as in like cases of distress for rent. The Mortgagor waives the right to claim exceptions and agrees that the Mortgagee shall not be limited in the amount for which it may distrain.

7. *Judgments and Non-Merger.* The taking of a judgment or judgments with respect to any of the covenants contained herein, in the Mortgage or otherwise shall not operate as a merger of any such covenants or affect the Mortgagee's right to receive interest under the Mortgage and each such judgment may provide, at the option of the Mortgagee, that interest thereon shall be computed and payable until such judgment has been fully paid and satisfied.

8. *Separate Remedies.* All remedies of the Mortgagee may be exercised from time to time separately or in combination and are in addition to and not in substitution for any other rights of the Mortgagee however created.

9. *Application of Proceeds and Mortgagor's Liability for Deficiency.* All amounts received by the Mortgagee or any Receiver pursuant to any enforcement of the Mortgage may be held by the Mortgagee as security for the Indebtedness or applied to reduce Indebtedness in such manner as may be determined by the Mortgagee and the Mortgagee may at any time apply or change any such appropriation of such payments to such part or parts of the Indebtedness as the Mortgagee may determine in its sole discretion. The Mortgagor shall be and remain liable to the Mortgagee for any deficiency. Any surplus amounts realized after payment of all Indebtedness shall be paid in accordance with applicable law.

10. *Mortgagor's Insolvency Proceedings.* The Mortgagor acknowledges that the Mortgaged Land is of such a unique nature that, if the Mortgagor seeks to reorganize or restructure its affairs pursuant to any Insolvency Proceeding, the Mortgagee would not have a sufficient commonality of interest with any other creditor or creditors of the Mortgagor such that the Mortgagee would be required to vote on any plan, reorganization, arrangement, compromise or other transaction in a class with any other creditor or creditors of the Mortgagor and, in that regard, the Mortgagor

agrees that the Mortgagee shall be placed in its own exclusive class of creditors for voting purposes. The Mortgagor further agrees that:

- (a) it will give the Mortgagee not less than 10 days written notice prior to the commencement of any Insolvency Proceeding with respect to the Mortgagor;
- (b) in no circumstance will the Mortgagor seek an order which stays any right of the Mortgagee or, to the extent permitted by law, permit any right of the Mortgagee to be stayed, in any Insolvency Proceeding and, if any Court-ordered or automatic stay is imposed on the Mortgagee, the Mortgagor hereby consents to an order lifting such stay as against the Mortgagee;
- (c) if an Insolvency Proceeding is commenced with respect to the Mortgagor, the Mortgagor will consent to an order directing that all rents or other revenues generated or received from or in respect of the Mortgaged Land be deposited to a segregated trust account under the sole control of the Mortgagee and that same shall not result in the Mortgagee's being a mortgagee in possession of, or in control or management of the Mortgaged Land or result in the acceleration of payment of any Indebtedness unless such acceleration is required by the Mortgagee in writing; and
- (d) it shall not, without the Mortgagee's prior written consent, propose or permit the sale or transfer of the Mortgaged Land or any part thereof, in or as part of any Insolvency Proceeding, for a net sale price less than the amount required to pay in full all Indebtedness outstanding as at the date of payment of such net sale proceeds to the Mortgagee.

#### K. APPOINTMENT OF A RECEIVER

1. *Appointment.* Upon the occurrence of a Default, in addition to any other remedies available to the Mortgagee, the Mortgagee may by instrument in writing appoint a Receiver of all or any part of the Mortgaged Land and all rents, incomes, profits and other amounts now or hereafter arising therefrom. The Mortgagee may also apply to any court of competent jurisdiction for the appointment of a Receiver.

2. *Powers of Receiver.* Any Receiver appointed by the Mortgagee shall, to the extent permitted by law, have the following powers:

- (a) to enter upon, take possession of, use, and occupy the Mortgaged Land or any part thereof;
- (b) to collect all rents, incomes, profits and other amounts in respect of the Mortgaged Land and to carry on the business of the Mortgagor on the Mortgaged Land;

- (c) to borrow money required for the maintenance, preservation or protection of the Mortgaged Land or for carrying on the business of the Mortgagor and, in the discretion of the Receiver, to charge the Mortgaged Land in priority to the Mortgage as security for the principal amounts so borrowed, interest thereon and costs related thereto;
- (d) to sell, lease, or otherwise dispose of the Mortgaged Land or any part thereof on such terms and conditions and in such manner as the Receiver shall determine in its sole discretion, and to effect such sale by conveying in the name and on behalf of the Mortgagor or otherwise;
- (e) to demand, commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession of the Mortgaged Land, and to give valid and effectual receipts and discharges therefor and to compromise or give time for the payment or performance of all or any part of the rents, accounts receivable or any other obligation of any person to the Mortgagor;
- (f) to exercise any rights or remedies which could have been exercised by the Mortgagee against the Mortgagor or the Mortgaged Land or with respect thereto; and
- (g) to execute all documents required to effect any of the foregoing.

3. *Identity of Receiver and Removal.* Any Receiver so appointed by the Mortgagee may be any person or persons satisfactory to the Mortgagee, and the Mortgagee may remove any Receiver so appointed and appoint another or others instead.

4. *Receiver as Agent of Mortgagor.* Any Receiver appointed by the Mortgagee shall be deemed to be agent of the Mortgagor unless the Mortgagee expressly specifies in writing that the Receiver shall be agent of the Mortgagee. The Mortgagor agrees to ratify and confirm all actions of the Receiver acting as agent for the Mortgagor and to release and indemnify the Receiver in respect of all such actions.

5. *Receivership Expenses.* The Mortgagor shall pay to the Receiver, forthwith on demand by the Mortgagee or the Receiver, the amount of all reasonable fees, disbursements and other expenses incurred by the Receiver in the exercise of its powers hereunder, with interest thereon at the Applicable Rate from the date on which such sums are incurred. All such sums, together with interest thereon at the Applicable Rate, shall be part of the Indebtedness and secured by the Mortgage.

6. *No Enquiries Required.* No persons dealing with the Receiver or its agents, upon any sale or other dealing with the Mortgaged Land, shall be concerned to inquire as to their powers or as to the application of any money paid to them, such sale or dealing shall be deemed as regards such person to be within the powers hereby conferred and to be valid and effectual.

## L. MISCELLANEOUS

1. *Records of Mortgage.* The records of the Mortgagee disclosing the amount of an extension of credit by the Mortgagee to the Mortgagor, the repayment of any principal amount of Indebtedness, the amount of accrued and unpaid interest owing by the Mortgagor and the amount of other Indebtedness (or any part thereof) at any time outstanding, shall constitute conclusive evidence thereof in the absence of mathematical error.

2. *Revolving Line of Credit.* The Mortgagee may wish to make loan advances and re-advances or otherwise extend credit to the Mortgagor from time to time up to a total outstanding principal amount not exceeding the principal amount referred to in the Mortgage. The Mortgage is and shall be continuing security to the Mortgagee for the payment of all Indebtedness. Any portion of the Indebtedness may be advanced or re-advanced by the Mortgagee or other credit may be extended by the Mortgagee in one or more sums at any future time or times and the amount of all such advances, re-advances or other credits when so made or extended shall be secured by the Mortgage and be payable by the Mortgagor with interest thereon at the Applicable Rate and the Mortgage shall be deemed to be taken as security for the ultimate balance of the monies hereby secured, provided that none of the execution or registration of the Mortgage or the advance in part of any monies or extension of any other credit by the Mortgagee shall obligate the Mortgagee to advance any unadvanced portion thereof or to extend any other credit. The Mortgage shall not be void or cease to operate because the Indebtedness secured hereby has at any time or times been paid in full.

3. *Assignment and Syndication.* The Mortgagee shall be entitled from time to time, both before and after a Default, without notice to, or the consent of the Mortgagor or any Guarantor:

- (a) to sell or assign all or part of the Indebtedness and the Mortgagee's interests in the Mortgage and any other security and agreements held by the Mortgagee; and
- (b) to syndicate all or part of the Indebtedness, the Mortgage and any other security and agreements held by the Mortgagee and to grant participations therein.

To facilitate the foregoing, the Mortgagee may provide each prospective purchaser, assignee, syndicated lender or participant and their respective advisers with financial and other information concerning the Indebtedness, the Mortgagor, the Mortgaged Land, any Guarantor, any other collateral or any other matter.

4. *General Indemnity by Mortgagor.* The Mortgagor hereby agrees, on demand by the Mortgagee, to indemnify and hold harmless the Mortgagee and its officers, directors, employees and agents from and against any and all claims, expenses, liabilities, losses and damages that may be asserted against or incurred by any of such indemnified persons arising out of, or in connection with the Mortgage, any Indebtedness or any claim, investigation, proceeding or litigation relating to any of the foregoing, regardless of whether any such indemnified person is a party thereto (including any and all breakage costs reasonably incurred by the Mortgagee in respect of any breach by the Mortgagor of any of its obligations under the Mortgage) and to reimburse each such indemnified person, on demand by the Mortgagee, for any and all

reasonable legal and other expenses incurred in investigating, pursuing or defending any of the foregoing or otherwise in connection with any of the foregoing; provided that the foregoing indemnity shall not, as to any indemnified person, apply to any claim, expense, liability, loss or damage or related expense to the extent they are found by a final, non-appealable judgment of a court of competent jurisdiction to have resulted from the wilful misconduct or gross negligence of such indemnified person.

5. *Effect of Sale.* No sale, conveyance, transfer or other dealing by the Mortgagor with the Mortgaged Land or any part thereof or any approval of the Mortgagee relating thereto shall in any way change or affect the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person or persons liable for payment of the Indebtedness or any part thereof.

6. *Dealings with the Mortgagor and Others.* The Mortgagee may grant time, renewals, extensions, indulgences, releases and discharges to, may take security from and give the same and any and all existing security up to, may abstain from taking security from or from perfecting security of, may accept compositions from, may amend the Mortgage, and may otherwise deal with the Mortgagor and all other persons (including any principal debtor, any guarantor or any owner of the Mortgaged Land) and security as the Mortgagee may see fit without prejudicing any rights of the Mortgagee under the Mortgage.

7. *Amendments to Mortgage.* The Mortgagor and the Mortgagee may from time to time amend the Mortgage (including to increase the interest rate specified by the Mortgage) by an amendment agreement between the Mortgagor and the Mortgagee, whether or not such amendment agreement (or notice thereof) is registered. This provision shall constitute notice of such amendments and the Mortgage shall secure payment of all Indebtedness (including all interest and other Indebtedness arising or resulting from such amendments) and retain its priority with respect thereto over any mortgage, charge or other instrument registered subsequent to the Mortgage.

8. *Waiver.* No waiver, condonation or excusing by the Mortgagee of any default, breach or other non-performance by the Mortgagor at any time or times in respect of any provision of the Mortgage (including any Default) shall operate as a waiver by the Mortgagee of any subsequent or other default, breach or non-performance or prejudice or affect in any way the rights of the Mortgagee in respect of any such subsequent or other default, breach or non-performance.

9. *Discharge or Assignment.* The Mortgagee shall be entitled to prepare or have its counsel prepare a discharge or assignment of the Mortgage and any other documents necessary to discharge or assign any other security held by the Mortgagee and shall have a reasonable time after payment of the Indebtedness in full within which to prepare, execute and deliver such instruments. All reasonable costs, fees and disbursements of the Mortgagee and the Mortgagee's counsel in connection with the preparation, review, execution and delivery of the discharge, assignment or any other documents necessary to discharge or assign the Mortgage or any other security shall, to the extent permitted by law, be paid by the Mortgagor to the Mortgagee and be secured by the Mortgage.

10. *No Obligation to Advance.* Nothing herein and nothing contained in the Mortgage shall obligate the Mortgagee to loan any amount to the Mortgagor or to extend any other credit to the Mortgagor.

11. *Appointment of Attorney Irrevocable.* Each appointment by the Mortgagor of an attorney in the Mortgage or the Standard Mortgage Terms is coupled with an interest and may not be revoked.

12. *Other Security.* The Mortgage is in addition to and not in substitution for any other security at any time held by the Mortgagee as security for payment of all or any part of the Indebtedness, and the Mortgagee may, at its option, pursue its remedies thereunder or under the Mortgage concurrently or successively. Any judgment or recovery under the Mortgage or under any other security held by the Mortgagee as security for payment of Indebtedness shall not affect the right of the Mortgagee to enforce or realize on the Mortgage or any other such security.

13. *Financing Statement.* To the extent permitted by law, the Mortgagor hereby waives its right to receive from the Mortgagee a copy of any financing statement, financing change statement, verification statement or other similar statement filed by or received by the Mortgagee or any agent of the Mortgagee.

14. *Notice.* Except as otherwise herein provided, any notice, demand or other communication to the Mortgagor referred to herein or in the Mortgage may be forwarded to the Mortgagor by personal delivery or mailed by prepaid ordinary or registered mail to the Mortgagor at the Mortgagor's last known address as shown on the Mortgagee's records. The Mortgagor shall be deemed to have received the same on the date of delivery, if personally delivered, or on the fourth day after the same is mailed by prepaid ordinary mail or registered mail, if mailed, even if the Mortgagor does not actually receive it.

15. *Different Currencies.* The payment of any part of the Indebtedness shall be made by the Mortgagor in the same currency as the currency in which such part of the Indebtedness is then denominated and all interest and fees shall be paid by the Mortgagor in the same currency as the currency in which that part of the Indebtedness to which they relate is denominated.

16. *Judgment Currency.* If in the recovery by the Mortgagee of any Indebtedness in any currency, judgment can only be obtained in another currency and, because of changes in the exchange rate of such currencies between the date of judgment and payment in full of the amount



of such judgment, the recovery under the judgment differs from the receipt by the Mortgagee of the full amount of such Indebtedness, the Mortgagor shall pay any such deficiency to the Mortgagee, such deficiency may be claimed by the Mortgagee against the Mortgagor as an alternative or additional cause of action and any surplus received by the Mortgagee shall be repaid to the Mortgagor.

17. *Foreign Exchange Rate Determinations.* Whenever any provision of the Mortgage requires or permits the determination of the rate of exchange between any currencies, such rate of exchange shall be determined by the Mortgagee based on its normal practice as at the date of such determination.

18. *Governing Law.* The Standard Mortgage Terms and the Mortgage shall be governed by the law of the jurisdiction in which the Mortgaged Land is located.

19. *Time of Essence.* Time shall be of the essence of the Mortgage.

20. *Severability.* If any provision of the Mortgage is found by a court of competent jurisdiction to be illegal, invalid or unenforceable, such provision shall not apply and the Mortgage shall remain in full force and effect without such provision.

21. *Interpretation.* Whenever the context so requires, words in the singular shall include the plural, words in the plural shall include the singular and words importing any gender shall include the other genders. Whenever used in the Standard Mortgage Terms, the Mortgage or any Schedule, the words "including" and "includes" shall mean "including, without limitation" and "includes, without limitation", respectively, and the word "person" shall include an individual, corporation, partnership, government, government agency and any other entity.

22. *Titles.* Titles used in the Standard Mortgage Terms, the Mortgage or any Schedule are inserted for convenience of reference only and shall not affect or modify the interpretation or construction of any provision of the Standard Mortgage Terms, the Mortgage or any Schedule.

23. *Joint and Several Obligations.* If there is more than one Mortgagor, all Mortgagors shall be jointly and severally liable for all obligations of the Mortgagors pursuant to the Mortgage.

24. *Schedule.* Schedule "A" shall form part of the Standard Mortgage Terms.

25. *Equivalent Rate Information.* Schedule "A" is a summary of various annual rates of interest calculated half-yearly not in advance equivalent to the corresponding annual rates calculated monthly not in advance. The rate of interest chargeable, calculated half-yearly not in advance, equivalent to each Applicable Rate, is shown by Schedule "A".

26. *Successors and Assigns.* All rights and powers of the Mortgagee shall enure to the benefit of and be exercisable by the Mortgagee and the Mortgagee's successors and assigns. All covenants, obligations and liabilities entered into or imposed on the Mortgagor shall be binding on the Mortgagor and the Mortgagor's heirs, executors, administrators, personal representatives, successors and assigns.

SCHEDULE "A"

The interest rates set out in Column B are the annual interest rates calculated half-yearly not in advance which are equivalent to the corresponding annual interest rates calculated monthly not in advance, set out in Column A.

COLUMN A Interest rate calculated monthly not in advance	COLUMN B Interest rate calculated half-yearly not in advance	COLUMN A Interest rate calculated monthly not in advance	COLUMN B Interest rate calculated half-yearly not in advance
3.0000%	3.0188%	11.6250%	11.9102%
3.1250%	3.1454%	11.7500%	12.0414%
3.2500%	3.2721%	11.8750%	12.1727%
3.3750%	3.3988%	12.0000%	12.3040%
3.5000%	3.5256%	12.1250%	12.4354%
3.6250%	3.6525%	12.2500%	12.5669%
3.7500%	3.7794%	12.3750%	12.6985%
3.8750%	3.9064%	12.5000%	12.8301%
4.0000%	4.0335%	12.6250%	12.9618%
4.1250%	4.1606%	12.7500%	13.0935%
4.2500%	4.2878%	12.8750%	13.2253%
4.3750%	4.4151%	13.0000%	13.3572%
4.5000%	4.5424%	13.1250%	13.4892%
4.6250%	4.6698%	13.2500%	13.6212%
4.7500%	4.7973%	13.3750%	13.7533%
4.8750%	4.9248%	13.5000%	13.8854%
5.0000%	5.0524%	13.6250%	14.0177%
5.1250%	5.1800%	13.7500%	14.1499%
5.2500%	5.3078%	13.8750%	14.2823%
5.3750%	5.4355%	14.0000%	14.4147%
5.5000%	5.5634%	14.1250%	14.5472%
5.6250%	5.6913%	14.2500%	14.6798%
5.7500%	5.8193%	14.3750%	14.8124%
5.8750%	5.9474%	14.5000%	14.9451%
6.0000%	6.0755%	14.6250%	15.0779%
6.1250%	6.2037%	14.7500%	15.2108%
6.2500%	6.3319%	14.8750%	15.3437%
6.3750%	6.4603%	15.0000%	15.4766%
6.5000%	6.5887%	15.1250%	15.6097%
6.6250%	6.7171%	15.2500%	15.7428%
6.7500%	6.8456%	15.3750%	15.8760%
6.8750%	6.9742%	15.5000%	16.0092%
7.0000%	7.1029%	15.6250%	16.1425%
7.1250%	7.2316%	15.7500%	16.2759%
7.2500%	7.3604%	15.8750%	16.4094%
7.3750%	7.4892%	16.0000%	16.5429%
7.5000%	7.6182%	16.1250%	16.6765%
7.6250%	7.7472%	16.2500%	16.8102%
7.7500%	7.8762%	16.3750%	16.9439%
7.8750%	8.0053%	16.5000%	17.0777%
8.0000%	8.1345%	16.6250%	17.2116%
8.1250%	8.2638%	16.7500%	17.3455%
8.2500%	8.3931%	16.8750%	17.4795%
8.3750%	8.5225%	17.0000%	17.6136%
8.5000%	8.6519%	17.1250%	17.7444%
8.6250%	8.7815%	17.2500%	17.8819%
8.7500%	8.9111%	17.3750%	18.0162%
8.8750%	9.0407%	17.5000%	18.1506%
9.0000%	9.1704%	17.6250%	18.2850%

9.1250%	9.3002%	17.7500%	18.4195%
9.2500%	9.4301%	17.8750%	18.5540%
9.3750%	9.5600%	18.0000%	18.6887%
9.5000%	9.6900%	18.1250%	18.8233%
9.6250%	9.8201%	18.2500%	18.9581%
9.7500%	9.9502%	18.3750%	19.0929%
9.8750%	10.0804%	18.5000%	19.2278%
10.0000%	10.2107%	18.6250%	19.3628%
10.1250%	10.3410%	18.7500%	19.4979%
10.2500%	10.4714%	18.8750%	19.6330%
10.3750%	10.6019%	19.0000%	19.7682%
10.5000%	10.7324%	19.1250%	19.9034%
10.6250%	10.8630%	19.2500%	20.0387%
10.7500%	10.9937%	19.3750%	20.1741%
10.8750%	11.1244%	19.5000%	20.3096%
11.0000%	11.2552%	19.6250%	20.4451%
11.1250%	11.3861%	19.7500%	20.5807%
11.2500%	11.5170%	19.8750%	20.7163%
11.3750%	11.6480%	20.0000%	20.8521%
11.5000%	11.7791%		

ANNEXURE # 4

BMO  Bank of Montreal

## Guarantee for Indebtedness of an Incorporated Company

To BANK OF MONTREAL:

IN CONSIDERATION of Bank of Montreal (the "Bank") dealing with WISTON INTERNATIONAL TRADE CO., LTD. (the "Customer"), the undersigned hereby jointly and severally (solidarily in the Province of Québec) guarantees payment to the Bank of all present and future debts and liabilities in any currency, direct, indirect, contingent or otherwise, matured or not, including interest thereon, now or at any time, due or owing to the Bank from or by the Customer or by any successor of the Customer, whether arising from dealings between the Bank and the Customer or from other dealings or proceedings by which the Bank may be or become in any manner whatever a creditor of the Customer, wherever incurred and whether incurred by the Customer as principal or surety, alone or jointly with any other person, or otherwise howsoever. The liability of the undersigned (or each undersigned, if more than one), under this Guarantee, is limited to the aggregate amount of \*\*\*FOUR HUNDRED NINETY THOUSAND\*\*\* Dollars \$490,000.00 plus interest thereon at a rate of 5.00 per cent per annum above the Bank's prime interest rate in effect from time to time, from and including the date of demand until payment, and legal or other costs, charges and expenses. The liability of the undersigned to make payment under this Guarantee shall arise immediately after demand for payment under this Guarantee has been made in writing by the Bank on the undersigned or any one of them, if more than one. The term "prime interest rate" means the floating annual rate of interest established from time to time by the Bank as the base rate it uses to determine rates of interest on Canadian dollar loans to customers in Canada and designated as Prime Rate.

IT IS AGREED that no change in the name, objects, capital stock, ownership, control or constitution of the Customer shall in any way affect the liability of the undersigned with respect to transactions occurring either before or after any such change. If the Customer amalgamates with one or more other corporations this Guarantee shall continue and apply to all debts and liabilities owing to the Bank by the corporation continuing from the amalgamation. The Bank shall not be required to inquire into or confirm the powers of the Customer or any of its directors or other agents acting or purporting to act on its behalf, and all amounts, liabilities, advances, renewals and credits in fact incurred, borrowed or obtained from the Bank shall be deemed to form part of the debts and liabilities hereby guaranteed, notwithstanding whether incurring such debts or liabilities exceeded the powers of the Customer or of its directors or agents, or was in any way irregular, defective or improper.

IT IS FURTHER AGREED that the undersigned shall be liable to the Bank in respect of all debts and liabilities, subject to the limitation, if any, set forth in the first paragraph of this Guarantee, stated to be owing to the Bank by the Customer under any agreement entered into by the Customer with respect to such debts and liabilities, notwithstanding whether any such agreement or any provision thereof is invalid, void, illegal, or unenforceable and notwithstanding whether such agreement was properly completed, entered into or authorized. Subject to the limitation, if any, set forth in the first paragraph of this Guarantee, the undersigned shall indemnify and save the Bank harmless from any losses which may arise by virtue of any debts and liabilities stated to be owing to the Bank by the Customer under any agreement entered into by the Customer with respect to such debts and liabilities, or any other agreement relating to any of the foregoing, being or becoming for any reason whatsoever in whole or in part (a) void, voidable, null, *ultra vires*, illegal, invalid, ineffective or otherwise unenforceable in accordance with its terms, or (b) released or discharged by operation of law (all of the foregoing being an "Indemnifiable Circumstance"). For greater certainty, the losses shall include the amount of all debts and liabilities owing to the Bank by the Customer which would have been payable by the Customer but for the Indemnifiable Circumstance. Nothing set out herein shall be interpreted as requiring any debts or liabilities which are hereby guaranteed to be documented by written agreement between the Bank and the Customer.

IT IS FURTHER AGREED that the Bank, without the consent of the undersigned and without exonerating in whole or in part the undersigned, may grant time, renewals, extensions, indulgences, releases and discharges to, may abstain from taking, perfecting or realizing upon security from, may release security to, may accept compositions from, and may otherwise change the terms of any of the debts and liabilities hereby guaranteed and otherwise deal with, the Customer and all other persons (including any other undersigned and any other guarantor) and security, as the Bank may see fit. No loss or diminution of any security received by the Bank from the Customer or others, whether the loss or diminution is due to the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this Guarantee. All dividends, compositions, and amounts received by the Bank from the Customer or from any other person or estate capable of being applied by the Bank in reduction of the debts and liabilities hereby guaranteed, shall be regarded for all purposes as payments in gross, and the Bank shall be entitled to prove against the estate of the Customer upon any insolvency or winding-up in respect of the whole of said debts and liabilities, and the undersigned shall have no right to be subrogated to the Bank in respect of any such proof until the Bank has received from such estate payment in full of its claim with interest.

AND IT IS FURTHER AGREED that this shall be a continuing guarantee, and shall guarantee any ultimate balance owing to the Bank, including all costs, charges and expenses which the Bank may incur in enforcing or obtaining payment of amounts due to the Bank from the Customer either alone or in conjunction with any other person or otherwise howsoever, or attempting to do so. The Bank shall not be obliged to seek recourse against the Customer or any other person or realize upon any security it may hold before being entitled to payment from the undersigned of all debts and liabilities hereby guaranteed. The undersigned hereby renounces the benefits of discussion and division. The undersigned renounces claiming or settling up against the Bank any right which such undersigned may have to be subrogated in any of the rights, hypothecs, privileges and other security held from time to time by the Bank. The undersigned may terminate the further liability of such terminating party under this continuing Guarantee by providing ninety days' prior written notice to be given to the Bank. The liability of such terminating party shall continue under this Guarantee during such 90-day period, notwithstanding the death or insanity of such terminating party. After the expiry of such 90-day period, the terminating party shall be released from this Guarantee with respect to debts and liabilities arising after the expiry of such 90-day period but shall remain liable under this Guarantee in respect of all debts and liabilities owing to the Bank prior to the expiry of such 90-day period and also in respect of any contingent or future liabilities incurred to or by the Bank on or before such date which mature thereafter. Termination by the undersigned or the executors, liquidators, administrators or legal representatives of such undersigned shall not terminate the liability hereunder of any other undersigned. If after such termination any payment from the Customer must be returned to the Customer, or any successor or representative of the Customer, for any reason (including the designation of such payment as a mistake or as a preference following the bankruptcy of the Customer), then this

Guarantee shall continue after the termination as if such payment had not been made. A written statement from any manager or acting manager of the Bank purporting to show the amount at any particular time due and payable to the Bank, and guaranteed by this Guarantee, shall be conclusive evidence as against the undersigned that such amount is at such time so due and payable to the Bank and is guaranteed hereby. Each of the executors, liquidators, administrators and legal representatives of the undersigned shall immediately give notice in writing to the Bank of the death of such undersigned.

Insert name of Canadian Province in which Customer's account with the Bank is kept at the time Guarantee is given

THIS CONTRACT shall be construed in accordance with the laws of the Province of British Columbia and for the purpose of legal proceedings this contract shall be deemed to have been made in the said province and to be performed there, and the courts of that province shall have non-exclusive jurisdiction over all disputes which may arise under this contract, provided always that nothing herein contained shall prevent the Bank from proceeding at its election against the undersigned in the courts of any other province or country.

IF ANY PROVISION of this Guarantee is determined to be unenforceable, prohibited, invalid or illegal, it shall be severed from this Guarantee solely to the extent of such unenforceability, prohibition, invalidity or illegality and the remainder of such provision and the remainder of this Guarantee shall be unaffected thereby. The liability of the undersigned under this Guarantee shall not be terminated if this Guarantee is held to be unenforceable against any other undersigned.

ALL DEBTS AND LIABILITIES present and future of the Customer to the undersigned are hereby assigned (to the extent permitted by applicable law) to the Bank and postponed to the debts and liabilities of the Customer to the Bank and all such amounts paid to the undersigned or its assigns shall be received on behalf of and in trust for the Bank and shall immediately be paid over to the Bank. Any request by the undersigned to the Bank for useful information respecting the content and the terms and conditions of the debts and liabilities of the Customers hereby guaranteed or the progress made in their performance, shall be made in writing by such undersigned to the Bank.

THE UNDERSIGNED acknowledges that this Guarantee has been delivered free of any conditions and that no representations have been made to the undersigned affecting the liability of the undersigned under this Guarantee save as may be specifically embodied herein and agrees that this Guarantee is in addition to and not in substitution for any other guarantees now or subsequently held by the Bank.

THE UNDERSIGNED represents and warrants that (i) it fully understands the provisions of this Guarantee and its obligations hereunder; (ii) it has been afforded the opportunity to engage independent legal counsel, at its own expense, to explain the provisions of this Guarantee and its obligations hereunder; and (iii) it has either engaged legal counsel in connection with its execution of this Guarantee or has decided, at its sole discretion, not to do so.

THE UNDERSIGNED agrees, without limitation of the rights of the Bank under applicable law, that the Bank may apply any amounts owing to, or sum standing to the credit of, the undersigned with any office, branch, subsidiary or affiliate of the Bank to the payment when due of any amount owing by the undersigned hereunder. For this purpose, the Bank may convert any such amount or sum into the currency of the amount owing hereunder at a rate of exchange at which the Bank could purchase the relevant currency on the relevant date acting in good faith.

THIS GUARANTEE shall remain in effect notwithstanding any change in the circumstances having led the undersigned to execute this Guarantee and notwithstanding the termination of or a change in the office or duties of such undersigned or in any relationship between such undersigned and the Customer.

THE UNDERSIGNED acknowledges and agrees that the Bank may make a claim or demand payment hereunder notwithstanding any limitation period regarding such claim or demand set forth in the *Limitations Act, 2002* (Ontario) or under any other applicable law with similar effect and, to the maximum extent permitted by applicable law, any limitations periods set forth in such act or applicable law are hereby explicitly excluded or, if excluding such limitations periods is not permitted by such act or applicable law, are hereby extended to the maximum limitation period permitted by such act or applicable law. For greater certainty, the undersigned acknowledges and agrees that this Guarantee is a "business agreement" as defined under Section 22 of the *Limitations Act, 2002* (Ontario).

IN THIS GUARANTEE, unless the context otherwise requires, references to the undersigned shall be interpreted as referring to each of the undersigned if there is more than one undersigned.

It is the express wish of the parties hereto that this agreement and any related documents be drawn up and executed in English. Les parties conviennent que la présente convention et tous les documents s'y rattachant soient rédigés et signés en anglais.

This clause applies to the Province of Québec only

DATED as of March 21<sup>st</sup>, 2011.

  
Name: HUI GANG SUN

Witness  
Name 

© Registered trade-marks of Bank of Montreal



## Guarantee for Indebtedness of an Incorporated Company

To BANK OF MONTREAL:

IN CONSIDERATION of Bank of Montreal (the "Bank") dealing with WISTON INTERNATIONAL TRADE CO., LTD. (the "Customer"), the undersigned hereby jointly and severally (solidarily in the Province of Québec) guarantees payment to the Bank of all present and future debts and liabilities in any currency, direct, indirect, contingent or otherwise, matured or not, including interest thereon, now or at any time, due or owing to the Bank from or by the Customer or by any successor of the Customer, whether arising from dealings between the Bank and the Customer or from other dealings or proceedings by which the Bank may be or become in any manner whatever a creditor of the Customer, wherever incurred and whether incurred by the Customer as principal or surety, alone or jointly with any other person, or otherwise howsoever. The liability of the undersigned (or each undersigned, if more than one), under this Guarantee, is limited to the aggregate amount of TWO MILLION FIVE HUNDRED THIRTY THOUSAND Dollars \$2,530,000.00 plus interest thereon at a rate of 3.00 per cent per annum above the Bank's prime interest rate in effect from time to time, from and including the date of demand until payment, and legal or other costs, charges and expenses. The liability of the undersigned to make payment under this Guarantee shall arise immediately after demand for payment under this Guarantee has been made in writing by the Bank on the undersigned or any one of them, if more than one. The term "prime interest rate" means the floating annual rate of interest established from time to time by the Bank as the base rate it uses to determine rates of interest on Canadian dollar loans to customers in Canada and designated as Prime Rate.

IT IS AGREED that no change in the name, objects, capital stock, ownership, control or constitution of the Customer shall in any way affect the liability of the undersigned with respect to transactions occurring either before or after any such change. If the Customer amalgamates with one or more other corporations this Guarantee shall continue and apply to all debts and liabilities owing to the Bank by the corporation continuing from the amalgamation. The Bank shall not be required to inquire into or confirm the powers of the Customer or any of its directors or other agents acting or purporting to act on its behalf, and all amounts, liabilities, advances, renewals and credits in fact incurred, borrowed or obtained from the Bank shall be deemed to form part of the debts and liabilities hereby guaranteed, notwithstanding whether incurring such debts or liabilities exceeded the powers of the Customer or of its directors or agents, or was in any way irregular, defective or improper.

IT IS FURTHER AGREED that the undersigned shall be liable to the Bank in respect of all debts and liabilities, subject to the limitation, if any, set forth in the first paragraph of this Guarantee, stated to be owing to the Bank by the Customer under any agreement entered into by the Customer with respect to such debts and liabilities, notwithstanding whether any such agreement or any provision thereof is invalid, void, illegal, or unenforceable and notwithstanding whether such agreement was properly completed, entered into or authorized. Subject to the limitation, if any, set forth in the first paragraph of this Guarantee, the undersigned shall indemnify and save the Bank harmless from any losses which may arise by virtue of any debts and liabilities stated to be owing to the Bank by the Customer under any agreement entered into by the Customer with respect to such debts and liabilities, or any other agreement relating to any of the foregoing, being or becoming for any reason whatsoever in whole or in part (a) void, voidable, null, *ultra vires*, illegal, invalid, ineffective or otherwise unenforceable in accordance with its terms, or (b) released or discharged by operation of law (all of the foregoing being an "Indemnifiable Circumstance"). For greater certainty, the losses shall include the amount of all debts and liabilities owing to the Bank by the Customer which would have been payable by the Customer but for the Indemnifiable Circumstance. Nothing set out herein shall be interpreted as requiring any debts or liabilities which are hereby guaranteed to be documented by written agreement between the Bank and the Customer.

IT IS FURTHER AGREED that the Bank, without the consent of the undersigned and without exonerating in whole or in part the undersigned, may grant time, renewals, extensions, indulgences, releases and discharges to, may abstain from taking, perfecting or realizing upon security from, may release security to, may accept compositions from, and may otherwise change the terms of any of the debts and liabilities hereby guaranteed and otherwise deal with, the Customer and all other persons (including any other undersigned and any other guarantor) and security, as the Bank may see fit. No loss or diminution of any security received by the Bank from the Customer or others, whether the loss or diminution is due to the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this Guarantee. All dividends, compositions, and amounts received by the Bank from the Customer or from any other person or estate capable of being applied by the Bank in reduction of the debts and liabilities hereby guaranteed, shall be regarded for all purposes as payments in gross, and the Bank shall be entitled to prove against the estate of the Customer upon any insolvency or winding-up in respect of the whole of said debts and liabilities, and the undersigned shall have no right to be subrogated to the Bank in respect of any such proof until the Bank has received from such estate payment in full of its claim with interest.

AND IT IS FURTHER AGREED that this shall be a continuing guarantee, and shall guarantee any ultimate balance owing to the Bank, including all costs, charges and expenses which the Bank may incur in enforcing or obtaining payment of amounts due to the Bank from the Customer either alone or in conjunction with any other person or otherwise howsoever, or attempting to do so. The Bank shall not be obliged to seek recourse against the Customer or any other person or realize upon any security it may hold before being entitled to payment from the undersigned of all debts and liabilities hereby guaranteed. The undersigned hereby renounces the benefits of discussion and division. The undersigned renounces claiming or setting up against the Bank any right which such undersigned may have to be subrogated in any of the rights, hypothecs, privileges and other security held from time to time by the Bank. The undersigned may terminate the further liability of such terminating party under this continuing Guarantee by providing ninety days' prior written notice to be given to the Bank. The liability of such terminating party shall continue under this Guarantee during such 90-day period, notwithstanding the death or insanity of such terminating party. After the expiry of such 90-day period, the terminating party shall be released from this Guarantee with respect to debts and liabilities arising after the expiry of such 90-day period but shall remain liable under this Guarantee in respect of all debts and liabilities owing to the Bank prior to the expiry of such 90-day period and also in respect of any contingent or future liabilities incurred to or by the Bank on or before such date which mature thereafter. Termination by the undersigned or the executors, liquidators, administrators or legal representatives of such undersigned shall not terminate the liability hereunder of any other undersigned. If after such termination any payment from the Customer must be returned to the Customer, or any successor or representative of the Customer, for any reason (including the designation of such payment as a mistake or as a preference following the bankruptcy of the Customer), then this

Guarantee shall continue after the termination as if such payment had not been made. A written statement from any manager or acting manager of the Bank purporting to show the amount at any particular time due and payable to the Bank, and guaranteed by this Guarantee, shall be conclusive evidence as against the undersigned that such amount is at such time so due and payable to the Bank and is guaranteed hereby. Each of the executors, liquidators, administrators, and legal representatives of the undersigned shall immediately give notice in writing to the Bank of the death of such undersigned.

Insert name of Canadian Province in which Customer's account with the Bank is kept at the time Guarantee is given

THIS CONTRACT shall be construed in accordance with the laws of the Province of British Columbia and for the purpose of legal proceedings this contract shall be deemed to have been made in the said province and to be performed there, and the courts of that province shall have non-exclusive jurisdiction over all disputes which may arise under this contract, provided always that nothing herein contained shall prevent the Bank from proceeding at its election against the undersigned in the courts of any other province or country.

IF ANY PROVISION of this Guarantee is determined to be unenforceable, prohibited, invalid or illegal, it shall be severed from this Guarantee solely to the extent of such unenforceability, prohibition, invalidity or illegality and the remainder of such provision and the remainder of this Guarantee shall be unaffected thereby. The liability of the undersigned under this Guarantee shall not be terminated if this Guarantee is held to be unenforceable against any other undersigned.

ALL DEBTS AND LIABILITIES present and future of the Customer to the undersigned are hereby assigned (to the extent permitted by applicable law) to the Bank and postponed to the debts and liabilities of the Customer to the Bank and all such amounts paid to the undersigned or its assigns shall be received on behalf of and in trust for the Bank and shall immediately be paid over to the Bank. Any request by the undersigned to the Bank for useful information respecting the content and the terms and conditions of the debts and liabilities of the Customers hereby guaranteed or the progress made in their performance, shall be made in writing by such undersigned to the Bank.

THE UNDERSIGNED acknowledges that this Guarantee has been delivered free of any conditions and that no representations have been made to the undersigned affecting the liability of the undersigned under this Guarantee save as may be specifically embodied herein and agrees that this Guarantee is in addition to and not in substitution for any other guarantees now or subsequently held by the Bank.

THE UNDERSIGNED represents and warrants that (i) it fully understands the provisions of this Guarantee and its obligations hereunder; (ii) it has been afforded the opportunity to engage independent legal counsel, at its own expense, to explain the provisions of this Guarantee and its obligations hereunder; and (iii) it has either engaged legal counsel in connection with its execution of this Guarantee or has decided, at its sole discretion, not to do so.

THE UNDERSIGNED agrees, without limitation of the rights of the Bank under applicable law, that the Bank may apply any amounts owing to, or sum standing to the credit of, the undersigned with any office, branch, subsidiary or affiliate of the Bank to the payment when due of any amount owing by the undersigned hereunder. For this purpose, the Bank may convert any such amount or sum into the currency of the amount owing hereunder at a rate of exchange at which the Bank could purchase the relevant currency on the relevant date acting in good faith.

THIS GUARANTEE shall remain in effect notwithstanding any change in the circumstances having led the undersigned to execute this Guarantee and notwithstanding the termination of or a change in the office or duties of such undersigned or in any relationship between such undersigned and the Customer.


THE UNDERSIGNED acknowledges and agrees that the Bank may make a claim or demand payment hereunder notwithstanding any limitation period regarding such claim or demand set forth in the *Limitations Act, 2002* (Ontario) or under any other applicable law with similar effect and, to the maximum extent permitted by applicable law, any limitations periods set forth in such act or applicable law are hereby explicitly excluded or, if excluding such limitations periods is not permitted by such act or applicable law, are hereby extended to the maximum limitation period permitted by such act or applicable law. For greater certainty, the undersigned acknowledges and agrees that this Guarantee is a "business agreement" as defined under Section 22 of the *Limitations Act, 2002* (Ontario).

IN THIS GUARANTEE, unless the context otherwise requires, references to the undersigned shall be interpreted as referring to each of the undersigned if there is more than one undersigned.

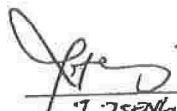
It is the express wish of the parties hereto that this agreement and any related documents be drawn up and executed in English. Les parties conviennent que la présente convention et tous les documents s'y rattachant soient rédigés et signés en anglais.

This clause applies to the Province of Québec only

DATED as of Oct 12, 2011

  
Name: Hui Gang Sun

Witness Name

  
Name: J. Jensen, CAMM

® Registered trade-marks of Bank of Montreal

Guarantee for Indebtedness of an Incorporated Company

To BANK OF MONTREAL:

IN CONSIDERATION of Bank of Montreal (the "Bank") dealing with Wiston International Trade Co. Ltd. (the "Customer"), the undersigned hereby jointly and severally (solidarily in the Province of Québec) guarantees payment to the Bank of all present and future debts and liabilities in any currency, direct, indirect, contingent or otherwise, matured or not, including interest thereon, now or at any time, due or owing to the Bank from or by the Customer or by any successor of the Customer, whether arising from dealings between the Bank and the Customer or from other dealings or proceedings by which the Bank may be or become in any manner whatever a creditor of the Customer, wherever incurred and whether incurred by the Customer as principal or surety, alone or jointly with any other person, or otherwise howsoever. The liability of the undersigned (or each undersigned, if more than one), under this Guarantee, is limited to the aggregate amount of Two Million Six Hundred Ten Thousand and 00/100 Dollars (\$2,610,000.00) plus interest thereon at a rate of 5.00 per cent per annum above the Bank's prime interest rate in effect from time to time, from and including the date of demand until payment, and legal or other costs, charges and expenses. The liability of the undersigned to make payment under this Guarantee shall arise immediately after demand for payment under this Guarantee has been made in writing by the Bank on the undersigned or any one of them, if more than one. The term "prime interest rate" means the floating annual rate of interest established from time to time by the Bank as the base rate it uses to determine rates of interest on Canadian dollar loans to customers in Canada and designated as Prime Rate.

IT IS AGREED that no change in the name, objects, capital stock, ownership, control or constitution of the Customer shall in any way affect the liability of the undersigned with respect to transactions occurring either before or after any such change. If the Customer amalgamates with one or more other corporations this Guarantee shall continue and apply to all debts and liabilities owing to the Bank by the corporation continuing from the amalgamation. The Bank shall not be required to inquire into or confirm the powers of the Customer or any of its directors or other agents acting or purporting to act on its behalf, and all amounts, liabilities, advances, renewals and credits in fact incurred, borrowed or obtained from the Bank shall be deemed to form part of the debts and liabilities hereby guaranteed, notwithstanding whether incurring such debts or liabilities exceeded the powers of the Customer or of its directors or agents, or was in any way irregular, defective or improper.

IT IS FURTHER AGREED that the undersigned shall be liable to the Bank in respect of all debts and liabilities, subject to the limitation, if any, set forth in the first paragraph of this Guarantee, stated to be owing to the Bank by the Customer under any agreement entered into by the Customer with respect to such debts and liabilities, notwithstanding whether any such agreement or any provision thereof is invalid, void, illegal, or unenforceable and notwithstanding whether such agreement was properly completed, entered into or authorized. Subject to the limitation, if any, set forth in the first paragraph of this Guarantee, the undersigned shall indemnify and save the Bank harmless from any losses which may arise by virtue of any debts and liabilities stated to be owing to the Bank by the Customer under any agreement entered into by the Customer with respect to such debts and liabilities, or any other agreement relating to any of the foregoing, being or becoming for any reason whatsoever in whole or in part (a) void, voidable, null, *ultra vires*, illegal, invalid, ineffective or otherwise unenforceable in accordance with its terms, or (b) released or discharged by operation of law (all of the foregoing being an "Indemnifiable Circumstance"). For greater certainty, the losses shall include the amount of all debts and liabilities owing to the Bank by the Customer which would have been payable by the Customer but for the Indemnifiable Circumstance. Nothing set out herein shall be interpreted as requiring any debts or liabilities which are hereby guaranteed to be documented by written agreement between the Bank and the Customer.

IT IS FURTHER AGREED that the Bank, without the consent of the undersigned and without exonerating in whole or in part the undersigned, may grant time, renewals, extensions, indulgences, releases and discharges to, may abstain from taking, perfecting or realizing upon security from, may release security to, may accept compositions from, and may otherwise change the terms of any of the debts and liabilities hereby guaranteed and otherwise deal with, the Customer and all other persons (including any other undersigned and any other guarantor) and security, as the Bank may see fit. No loss or diminution of any security received by the Bank from the Customer or others, whether the loss or diminution is due to the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this Guarantee. All dividends, compositions, and amounts received by the Bank from the Customer or from any other person or estate capable of being applied by the Bank in reduction of the debts and liabilities hereby guaranteed, shall be regarded for all purposes as payments in gross, and the Bank shall be entitled to prove against the estate of the Customer upon any insolvency or winding-up in respect of the whole of said debts and liabilities, and the undersigned shall have no right to be subrogated to the Bank in respect of any such proof until the Bank has received from such estate payment in full of its claim with interest.

AND IT IS FURTHER AGREED that this shall be a continuing guarantee, and shall guarantee any ultimate balance owing to the Bank, including all costs, charges and expenses which the Bank may incur in enforcing or obtaining payment of amounts due to the Bank from the Customer either alone or in conjunction with any other person or otherwise howsoever, or attempting to do so. The Bank shall not be obliged to seek recourse against the Customer or any other person or realize upon any security it may hold before being entitled to payment from the undersigned of all debts and liabilities hereby guaranteed. The undersigned hereby renounces the benefits of discussion and division. The undersigned renounces claiming or settling up against the Bank any right which such undersigned may have to be subrogated in any of the rights, hypothecs, privileges and other security held from time to time by the Bank. The undersigned may terminate the further liability of such terminating party under this continuing Guarantee by providing ninety days' prior written notice to be given to the Bank. The liability of such terminating party shall continue under this Guarantee during such 90-day period, notwithstanding the death or insanity of such terminating party. After the expiry of such 90-day period, the terminating party shall be released from this Guarantee with respect to debts and liabilities arising after the expiry of such 90-day period but shall remain liable under this Guarantee in respect of all debts and liabilities owing to the Bank prior to the expiry of such 90-day period and also in respect of any contingent or future liabilities incurred to or by the Bank on or before such date which mature thereafter. Termination by the undersigned or the executors, liquidators, administrators or legal representatives of such undersigned shall not terminate the liability hereunder of any other undersigned. If after such termination any payment from the Customer must be returned to the Customer, or any successor or representative of the Customer, for any reason (including the designation of such payment as a mistake or as a preference following the bankruptcy of the Customer), then this



Guarantee shall continue after the termination as if such payment had not been made. A written statement from any manager or acting manager of the Bank purporting to show the amount at any particular time due and payable to the Bank, and guaranteed by this Guarantee, shall be conclusive evidence as against the undersigned that such amount is at such time so due and payable to the Bank and is guaranteed hereby. Each of the executors, liquidators, administrators and legal representatives of the undersigned shall immediately give notice in writing to the Bank of the death of such undersigned.

Insert name of Canadian Province in which Customer's account with the Bank is kept at the time Guarantee is given

THIS CONTRACT shall be construed in accordance with the laws of the Province of British Columbia and for the purpose of legal proceedings this contract shall be deemed to have been made in the said province and to be performed there, and the courts of that province shall have non-exclusive jurisdiction over all disputes which may arise under this contract, provided always that nothing herein contained shall prevent the Bank from proceeding at its election against the undersigned in the courts of any other province or country.

IF ANY PROVISION of this Guarantee is determined to be unenforceable, prohibited, invalid or illegal, it shall be severed from this Guarantee solely to the extent of such unenforceability, prohibition, invalidity or illegality and the remainder of such provision and the remainder of this Guarantee shall be unaffected thereby. The liability of the undersigned under this Guarantee shall not be terminated if this Guarantee is held to be unenforceable against any other undersigned.

ALL DEBTS AND LIABILITIES present and future of the Customer to the undersigned are hereby assigned (to the extent permitted by applicable law) to the Bank and postponed to the debts and liabilities of the Customer to the Bank and all such amounts paid to the undersigned or its assigns shall be received on behalf of and in trust for the Bank and shall immediately be paid over to the Bank. Any request by the undersigned to the Bank for useful information respecting the content and the terms and conditions of the debts and liabilities of the Customers hereby guaranteed or the progress made in their performance, shall be made in writing by such undersigned to the Bank.

THE UNDERSIGNED acknowledges that this Guarantee has been delivered free of any conditions and that no representations have been made to the undersigned affecting the liability of the undersigned under this Guarantee save as may be specifically embodied herein and agrees that this Guarantee is in addition to and not in substitution for any other guarantees now or subsequently held by the Bank.

THE UNDERSIGNED represents and warrants that (i) it fully understands the provisions of this Guarantee and its obligations hereunder; (ii) it has been afforded the opportunity to engage independent legal counsel, at its own expense, to explain the provisions of this Guarantee and its obligations hereunder; and (iii) it has either engaged legal counsel in connection with its execution of this Guarantee or has decided, at its sole discretion, not to do so.

THE UNDERSIGNED agrees, without limitation of the rights of the Bank under applicable law, that the Bank may apply any amounts owing to, or sum standing to the credit of, the undersigned with any office, branch, subsidiary or affiliate of the Bank to the payment when due of any amount owing by the undersigned hereunder. For this purpose, the Bank may convert any such amount or sum into the currency of the amount owing hereunder at a rate of exchange at which the Bank could purchase the relevant currency on the relevant date acting in good faith.

THIS GUARANTEE shall remain in effect notwithstanding any change in the circumstances having led the undersigned to execute this Guarantee and notwithstanding the termination of or a change in the office or duties of such undersigned or in any relationship between such undersigned and the Customer.

THE UNDERSIGNED acknowledges and agrees that the Bank may make a claim or demand payment hereunder notwithstanding any limitation period regarding such claim or demand set forth in the *Limitations Act, 2002* (Ontario) or under any other applicable law with similar effect and, to the maximum extent permitted by applicable law, any limitations periods set forth in such act or applicable law are hereby explicitly excluded or, if excluding such limitations periods is not permitted by such act or applicable law, are hereby extended to the maximum limitation period permitted by such act or applicable law. For greater certainty, the undersigned acknowledges and agrees that this Guarantee is a "business agreement" as defined under Section 22 of the *Limitations Act, 2002* (Ontario).

IN THIS GUARANTEE, unless the context otherwise requires, references to the undersigned shall be interpreted as referring to each of the undersigned if there is more than one undersigned.

It is the express wish of the parties hereto that this agreement and any related documents be drawn up and executed in English. Les parties conviennent que la présente convention et tous les documents s'y rattachant soient rédigés et signés en anglais.

This clause applies to the Province of Québec only

DATED as of March 1, 2013.

Witness Name

  
Name: Danni Zhang

  
Name: Sun Hai Gang

® Registered trade-marks of Bank of Montreal



### Guarantee for Indebtedness of an Incorporated Company

To BANK OF MONTREAL:

IN CONSIDERATION of Bank of Montreal (the "Bank") dealing with Wiston International Trade Co. Ltd. (the "Customer"), the undersigned hereby jointly and severally (solidarily in the Province of Québec) guarantees payment to the Bank of all present and future debts and liabilities in any currency, direct, indirect, contingent or otherwise, matured or not, including interest thereon, now or at any time, due or owing to the Bank from or by the Customer or by any successor of the Customer, whether arising from dealings between the Bank and the Customer or from other dealings or proceedings by which the Bank may be or become in any manner whatever a creditor of the Customer, wherever incurred and whether incurred by the Customer as principal or surety, alone or jointly with any other person, or otherwise howsoever. The liability of the undersigned (or each undersigned, if more than one), under this Guarantee, is limited to the aggregate amount of Seventy Thousand and 00/100 Dollars (\$70,000.00) plus interest thereon at a rate of 3.00 per cent per annum above the Bank's prime interest rate in effect from time to time, from and including the date of demand until payment, and legal or other costs, charges and expenses. The liability of the undersigned to make payment under this Guarantee shall arise immediately after demand for payment under this Guarantee has been made in writing by the Bank on the undersigned or any one of them, if more than one. The term "prime interest rate" means the floating annual rate of interest established from time to time by the Bank as the base rate it uses to determine rates of interest on Canadian dollar loans to customers in Canada and designated as Prime Rate.

IT IS AGREED that no change in the name, objects, capital stock, ownership, control or constitution of the Customer shall in any way affect the liability of the undersigned with respect to transactions occurring either before or after any such change. If the Customer amalgamates with one or more other corporations this Guarantee shall continue and apply to all debts and liabilities owing to the Bank by the corporation continuing from the amalgamation. The Bank shall not be required to inquire into or confirm the powers of the Customer or any of its directors or other agents acting or purporting to act on its behalf, and all amounts, liabilities, advances, renewals and credits in fact incurred, borrowed or obtained from the Bank shall be deemed to form part of the debts and liabilities hereby guaranteed, notwithstanding whether incurring such debts or liabilities exceeded the powers of the Customer or of its directors or agents, or was in any way irregular, defective or improper.

IT IS FURTHER AGREED that the undersigned shall be liable to the Bank in respect of all debts and liabilities, subject to the limitation, if any, set forth in the first paragraph of this Guarantee, stated to be owing to the Bank by the Customer under any agreement entered into by the Customer with respect to such debts and liabilities, notwithstanding whether any such agreement or any provision thereof is invalid, void, illegal, or unenforceable and notwithstanding whether such agreement was properly completed, entered into or authorized. Subject to the limitation, if any, set forth in the first paragraph of this Guarantee, the undersigned shall indemnify and save the Bank harmless from any losses which may arise by virtue of any debts and liabilities stated to be owing to the Bank by the Customer under any agreement entered into by the Customer with respect to such debts and liabilities, or any other agreement relating to any of the foregoing, being or becoming for any reason whatsoever in whole or in part (a) void, voidable, null, *ultra vires*, illegal, invalid, ineffective or otherwise unenforceable in accordance with its terms, or (b) released or discharged by operation of law (all of the foregoing being an "Indemnifiable Circumstance"). For greater certainty, the losses shall include the amount of all debts and liabilities owing to the Bank by the Customer which would have been payable by the Customer but for the Indemnifiable Circumstance. Nothing set out herein shall be interpreted as requiring any debts or liabilities which are hereby guaranteed to be documented by written agreement between the Bank and the Customer.

IT IS FURTHER AGREED that the Bank, without the consent of the undersigned and without exonerating in whole or in part the undersigned, may grant time, renewals, extensions, indulgences, releases and discharges to, may abstain from taking, perfecting or realizing upon security from, may release security to, may accept compositions from, and may otherwise change the terms of any of the debts and liabilities hereby guaranteed and otherwise deal with, the Customer and all other persons (including any other undersigned and any other guarantor) and security, as the Bank may see fit. No loss or diminution of any security received by the Bank from the Customer or others, whether the loss or diminution is due to the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this Guarantee. All dividends, compositions, and amounts received by the Bank from the Customer or from any other person or estate capable of being applied by the Bank in reduction of the debts and liabilities hereby guaranteed, shall be regarded for all purposes as payments in gross, and the Bank shall be entitled to prove against the estate of the Customer upon any insolvency or winding-up in respect of the whole of said debts and liabilities, and the undersigned shall have no right to be subrogated to the Bank in respect of any such proof until the Bank has received from such estate payment in full of its claim with interest.

AND IT IS FURTHER AGREED that this shall be a continuing guarantee, and shall guarantee any ultimate balance owing to the Bank, including all costs, charges and expenses which the Bank may incur in enforcing or obtaining payment of amounts due to the Bank from the Customer either alone or in conjunction with any other person or otherwise howsoever, or attempting to do so. The Bank shall not be obliged to seek recourse against the Customer or any other person or realize upon any security it may hold before being entitled to payment from the undersigned of all debts and liabilities hereby guaranteed. The undersigned hereby renounces the benefits of discussion and division. The undersigned renounces claiming or setting up against the Bank any right which such undersigned may have to be subrogated in any of the rights, hypothecs, privileges and other security held from time to time by the Bank. The undersigned may terminate the further liability of such terminating party under this continuing Guarantee by providing ninety days' prior written notice to be given to the Bank. The liability of such terminating party shall continue under this Guarantee during such 90-day period, notwithstanding the death or insanity of such terminating party. After the expiry of such 90-day period, the terminating party shall be released from this Guarantee with respect to debts and liabilities arising after the expiry of such 90-day period but shall remain liable under this Guarantee in respect of all debts and liabilities owing to the Bank prior to the expiry of such 90-day period and also in respect of any contingent or future liabilities incurred to or by the Bank on or before such date which mature thereafter. Termination by the undersigned or the executors, liquidators, administrators or legal representatives of such undersigned shall not terminate the liability hereunder of any other undersigned. If after such termination any payment from the Customer must be returned to the Customer, or any successor or representative of the Customer, for any reason (including the designation of such payment as a mistake or as a preference following the bankruptcy of the Customer), then this Guarantee shall continue after the

termination as if such payment had not been made. A written statement from any manager or acting manager of the Bank purporting to show the amount at any particular time due and payable to the Bank, and guaranteed by this Guarantee, shall be conclusive evidence as against the undersigned that such amount is at such time so due and payable to the Bank and is guaranteed hereby. Each of the executors, liquidators, administrators and legal representatives of the undersigned shall immediately give notice in writing to the Bank of the death of such undersigned.

Insert name of Canadian Province in which Customer's account with the Bank is kept at the time Guarantee is given

THIS CONTRACT shall be construed in accordance with the laws of the Province of British Columbia and for the purpose of legal proceedings this contract shall be deemed to have been made in the said province and to be performed there, and the courts of that province shall have non-exclusive jurisdiction over all disputes which may arise under this contract, provided always that nothing herein contained shall prevent the Bank from proceeding at its election against the undersigned in the courts of any other province or country.

IF ANY PROVISION of this Guarantee is determined to be unenforceable, prohibited, invalid or illegal, it shall be severed from this Guarantee solely to the extent of such unenforceability, prohibition, invalidity or illegality and the remainder of such provision and the remainder of this Guarantee shall be unaffected thereby. The liability of the undersigned under this Guarantee shall not be terminated if this Guarantee is held to be unenforceable against any other undersigned.

ALL DEBTS AND LIABILITIES present and future of the Customer to the undersigned are hereby assigned (to the extent permitted by applicable law) to the Bank and postponed to the debts and liabilities of the Customer to the Bank and all such amounts paid to the undersigned or its assigns shall be received on behalf of and in trust for the Bank and shall immediately be paid over to the Bank. Any request by the undersigned to the Bank for useful information respecting the content and the terms and conditions of the debts and liabilities of the Customers hereby guaranteed or the progress made in their performance, shall be made in writing by such undersigned to the Bank.

THE UNDERSIGNED acknowledges that this Guarantee has been delivered free of any conditions and that no representations have been made to the undersigned affecting the liability of the undersigned under this Guarantee save as may be specifically embodied herein and agrees that this Guarantee is in addition to and not in substitution for any other guarantees now or subsequently held by the Bank.

THE UNDERSIGNED represents and warrants that (i) it fully understands the provisions of this Guarantee and its obligations hereunder; (ii) it has been afforded the opportunity to engage independent legal counsel, at its own expense, to explain the provisions of this Guarantee and its obligations hereunder; and (iii) it has either engaged legal counsel in connection with its execution of this Guarantee or has decided, at its sole discretion, not to do so.

THE UNDERSIGNED agrees, without limitation of the rights of the Bank under applicable law, that the Bank may apply any amounts owing to, or sum standing to the credit of, the undersigned with any office, branch, subsidiary or affiliate of the Bank to the payment when due of any amount owing by the undersigned hereunder. For this purpose, the Bank may convert any such amount or sum into the currency of the amount owing hereunder at a rate of exchange at which the Bank could purchase the relevant currency on the relevant date acting in good faith.

THIS GUARANTEE shall remain in effect notwithstanding any change in the circumstances having led the undersigned to execute this Guarantee and notwithstanding the termination of or a change in the office or duties of such undersigned or in any relationship between such undersigned and the Customer.

THE UNDERSIGNED acknowledges and agrees that the Bank may make a claim or demand payment hereunder notwithstanding any limitation period regarding such claim or demand set forth in the *Limitations Act, 2002* (Ontario) or under any other applicable law with similar effect and, to the maximum extent permitted by applicable law, any limitations periods set forth in such act or applicable law are hereby explicitly excluded or, if excluding such limitations periods is not permitted by such act or applicable law, are hereby extended to the maximum limitation period permitted by such act or applicable law. For greater certainty, the undersigned acknowledges and agrees that this Guarantee is a "business agreement" as defined under Section 22 of the *Limitations Act, 2002* (Ontario).

IN THIS GUARANTEE, unless the context otherwise requires, references to the undersigned shall be interpreted as referring to each of the undersigned if there is more than one undersigned.

It is the express wish of the parties hereto that this agreement and any related documents be drawn up and executed in English. Les parties conviennent que la présente convention et tous les documents s'y rattachant soient rédigés et signés en anglais.

This clause applies to the Province of Québec only

DATED as of May 18<sup>th</sup>, 2015.

Witness Name [Signature]

Name: Hui Gang Sun ✓

® Registered trade-marks of Bank of Montreal

ANNEXURE # 5

## FORBEARANCE AGREEMENT

This Agreement is dated for reference November 28, 2017

BETWEEN:

**BANK OF MONTREAL**

Mezzanine Level  
595 Burrard Street,  
Vancouver, B.C.

(the "Bank")

AND:

**WISTON INTERNATIONAL TRADE CO. LTD.**

c/o Its Registered and Records Office  
120 - 4611 Viking Way  
Richmond, B.C.

("Wiston")

AND:

**HUIGANG SUN**

1922 44<sup>th</sup> Avenue West  
Vancouver, B.C.

("Sun")

(Wiston and Sun are, collectively, the "Parties")

WHEREAS:

- A. The Parties are indebted to the Bank under certain credit agreements (collectively, the "Credit Agreements"), pursuant to which the Bank has established and authorized certain credit facilities (the "Credit Facilities"), as set out and defined on Schedule "A" hereto.
- B. As at November 27, 2017, the Parties are indebted to the Bank pursuant to the Credit Agreements, and their respective guarantees of the indebtedness of the others, as set out in Schedule "A", for the total amount of \$2,431,732.55 (the "Indebtedness").
- C. All security (collectively and individually, the "Security") now or hereafter held by the Bank in respect of the Credit Agreements, Credit Facilities and the Indebtedness is collectively referred to as the "Security Documents" which include, without limitation,

SUN

the security documents, mortgages, and guarantees listed in Schedule "B" attached hereto.

D. Sun is the registered owner of the following lands and premises:

PID: 006-486-126  
 Lot 34 of Lot 9 Block 15 District Lot 526 Plan 5019

(the "Lands")

As set out on Schedule "B", Sun has mortgaged the Lands to the Bank as security for the amounts outstanding on the Credit Facilities.

E. The Parties are in default of their obligations to the Bank pursuant to the Credit Agreements and Security Documents, including

- (a) Wiston has incurred repeated operating losses, including a significant loss records for fiscal 2016;
- (b) There have been repeated excesses in Wiston's accounts due to insufficient funds to satisfy cheques written on those accounts; and
- (c) Wiston has not repaid the Corporate Mastercard balance in full each month; and

F. The Parties have requested that the Bank forbear from taking steps to enforce the Security and to recover the Indebtedness, all on the terms and conditions set out herein, in order to provide the Parties with a reasonable period of time to develop a plan to repay the Indebtedness.

**WITNESSES THAT** in consideration of the promises and covenants hereinafter set forth, the parties hereto covenant and agree as follows:

**Forbearance**

1. Subject to the execution and delivery of this Agreement and the further agreements and documents contemplated herein by the Parties, the Bank agrees that, provided that no further Event of Default (as defined below) occurs, it will not take steps to enforce the Security or recover the Indebtedness until after March 31, 2018, or such later date as may be agreed to by the Bank in its sole discretion (the "Forbearance Period").
2. The Parties, and each of them, acknowledge and agree that the Forbearance Period is reasonable in the circumstances. However, the Bank, in its sole discretion and at the request of the Parties, may be prepared to extend the Forbearance Period for further periods. The Bank will only consider extending the Forbearance Period after having reviewed the financial and operational information to be provided by the Parties pursuant to this Agreement.

### Confirmation of Credit Agreements, Indebtedness, and Security

3. The Parties, and each of them, acknowledge and agree that the recitals to this Agreement are incorporated into and form an integral part of this Agreement and are true and accurate in every respect.
4. The Parties, and each of them, acknowledge and agree that the particulars of the Credit Facilities and the Indebtedness, as set out in Schedule A, are true and accurate in every respect.
5. The Parties, and each of them, acknowledge and agree that, except as set out herein, the Bank is not under any obligation whatsoever to provide further loans, overdraft facilities, or other credit facilities to the Parties, or any of them.
6. The Parties, and each of them, acknowledge and agree that the Indebtedness is due and owing to the Bank, and hereby waive any rights which it may have as at the date of this Agreement to claim any abatement or offset of the amounts whether arising by way of defence or counterclaim.
7. The Parties, and each of them, acknowledge having reviewed and being familiar with the Security Documents, including their respective guarantees of the indebtedness of the Borrowers, that all of the Security Documents, including their respective guarantees, are in full force and effect, and are valid and enforceable in accordance with their terms.
8. The Parties, and each of them, acknowledge and agree that whatever interest, claim, or right it may have in and to any of the undertakings, properties, and assets of any of the Parties shall be postponed, subordinated, and subject to the rights of the Bank under the Security Documents.
9. The Parties, and each of them, acknowledge and agree that they are duly authorized to enter into and be bound by the terms of the Credit Agreements, the Security Documents, and this Agreement and to carry out the terms of each such agreement.

### Releases and Waivers

10. The Parties, and each of them, hereby release and forever discharge the Bank, and its successors and assigns of and from any and all manner of actions, causes of actions, suits, contracts, claims, demands, damages, costs, and expenses of any nature or kind whatsoever, whether known or unknown, suspected or unsuspected whether at law or in equity, which the Parties, or any of them, ever had or now have or which they or their administrators, officers, agents, successors, and assigns hereafter can, shall or may have or by reason of any cause, matter or thing whatsoever existing up to the present time and relating to the Credit Agreement, the Credit Facilities, the Indebtedness, the Security Documents, or the Bank's actions, errors or omissions with regard thereto.
11. The Parties, and each of them, hereby waive against the Bank, and its successors and assigns any defense which they or any of them may have existing up to the present time to any action brought by the Bank to collect the Indebtedness or to enforce or realize

upon the Security which said defense arises, whether by counterclaim or defense, by reason of any cause, matter, error, omission, neglect, or thing caused or done, whether direct or indirect, by the Bank, its executors, administrators, officers, agents, successors, and assigns existing as at the date of this Agreement and relating to or arising from the Credit Agreement, the Credit Facilities, the Indebtedness, or the Security Documents or the Bank's actions, errors or omissions with regard thereto.

12. Notwithstanding the granting of the forbearance herein, the Bank does not waive or condone any of the aforementioned breaches of terms of the Credit Facilities.

**The Parties' Financial, Reporting and Other Obligations**

13. Effective immediately, the interest rates on the DLNR (Demand Loan Non-Revolving) and ODL (Operating Demand Loan) shall increase to 2.5% above the Bank's prime rate of interest in effect from time to time.
14. Commencing on December 31, 2017, the monthly blended payments on the DLNR shall be increased to \$13,489 to allow for repayment to conform to the original amortization schedule.
15. On or before January 31, 2018, the Parties shall pay the Corporate Mastercard balance in full and the credit limit on that credit facility shall be reduced to \$60,000, and the Parties may thereafter utilize the Corporate Mastercard credit facility in accordance with its terms.
16. On or before March 31, 2018, Wiston shall reduce the balance on the ODL to below \$600,000, and the credit limit on that credit facility shall then be reduced to \$600,000.
17. The Company shall not provide any further loans to any other party, including related parties, without the Bank's express written consent, subsequent to December 31, 2017.
18. There shall be no further unauthorized excess on the Company's bank accounts, or on bank accounts held in the names of any of the numerous related bank accounts, including but not exclusively those for Viceroy Construction Ltd. and Viceroy Houses Ltd.
19. On or before March 31, 2018, the Parties shall cause a minimum of \$2 million to be injected into the Company, whether by way of repayment of related company loans or equity injection.
20. The Parties shall keep the Bank apprised of the progress of Viceroy Construction Ltd.'s efforts to recover the amounts owing in relation to the Fort McMurray condo development, including progress of the litigation related thereto.
21. The Parties shall provide the following financial reporting:
- (a) By no later than the 25<sup>th</sup> day after the end of each fiscal quarter, the Parties will provide monthly internally-prepared financial statements (including an income

statement and balance sheet) for Wiston, beginning with the financial statements for January 31, 2018 by February 25, 2018.

- (b) On or before February 28, 2018, the Parties shall provide external Review Engagement financial statements for Wiston for the year ended October 31, 2017.
22. Effective immediately, the authorization for the Wiston \$USD Letter of Credit will be withdrawn, as this facility has never been activated.
23. The Parties shall pay a forbearance fee in the amount of \$10,000, which shall be added to the Indebtedness and secured by the Security.
24. On or before December 15, 2017, the Parties shall provide evidence of the amount of priority payables owing by Wiston to any government authority and shall pay all arrears of such priority payables by January 31, 2018.
25. On or before March 31, 2018, the Parties shall repay the Indebtedness then owing in full.

#### Default

26. Except as set out herein, all other terms of the Credit Agreements and Security Documents will remain in full force and effect.
27. It shall be an Event of Default under this Agreement if:
- (a) any of the Parties fail to duly perform any covenant required of them contained in this Agreement or there is otherwise a default under this Agreement;
  - (b) except as expressly provided in this Agreement, there is any further default under the terms of the Credit Agreements, the Credit Facilities or the Security;
  - (c) any encumbrancer or creditor of any of the Parties takes possession of, or commences proceedings previously unknown to the Bank or steps to realize upon, any property or asset of any of the Parties including a distress, execution, foreclosure, forfeiture, registration of builders lien or other charge, or any similar process levied or enforced there against and any such event is not cured within 5 days of notice thereof having given by the Bank;
  - (d) any of the Parties, without the prior written consent of the Bank, passes a resolution or institute proceedings for its winding-up, restructuring, liquidation, or dissolution or consents to the institution or filing of any petition or proceedings with respect thereto;
  - (e) any application is made or proceeding commenced with respect to any of the Parties seeking reorganization, readjustment, rearrangement, restructuring, composition or similar relief under any applicable Canadian or other law, or if a step is taken or proceeding is instituted for the winding-up, liquidation, or dissolution of any of the Parties or seeking an order adjudging it insolvent or



seeking the appointment of a Trustee, Receiver, Receiver/Manager, Liquidator, or similar person over any part of any of the Parties' property;

- (f) any of the Parties becomes bankrupt;
  - (g) without the prior written consent of the Bank, any of the Parties effects or passes a resolution authorizing any consolidation, merger, or amalgamation with any other entity or disposition of all or a substantial portion of its assets;
  - (h) during the forbearance period herein, the Bank discovers any material fact, which, in the sole and absolute judgment of the Bank, impairs the financial condition of any of the Parties, the validity of the security documents, or the value of the undertaking, property, and assets charged by the security documents; and
  - (i) during the forbearance period herein, there occurs, in the sole and absolute judgment of the Bank, any material adverse change in the financial condition of any of the Parties, the validity of the security documents, or the value of the undertaking, property, and assets charged by the security documents.
28. The Parties, and each of them, acknowledge and agree that, upon the happening of an Event of a Default under this Agreement, the Bank shall have the immediate right to terminate the remainder of the Forbearance Period and, without further demand or notice, proceed to enforce the Security and recover the Indebtedness.
29. In the event that the Bank commences proceedings to enforce some or all of the Security, either at the expiry of the Forbearance Period or after the Forbearance Period has been terminated at the Bank's election, each of the Parties shall consent to:
- (a) the appointment of a Receiver or Receiver/Manager over any or all of the Parties' assets and undertakings charged by the Security; and
  - (b) if the Bank elects to commence foreclosure proceedings against any or all of the lands and personal property charged by the Security, a shortened redemption period of three months, with conduct of sale in favour of Bank or Receiver, as the case may be, immediately thereafter; and
30. The Bank may, at its option and in its sole discretion, waive any Event of Default but such waiver shall not constitute a waiver of any subsequent event which would constitute an Event of Default herein.

**General**

31. The Parties, and each of them, covenants and agrees that it will not, nor shall anyone on its behalf, seek any relief under the *Bankruptcy & Insolvency Act*, the *Companies Creditors' Arrangement Act*, the *Winding-up Act*, the *B.C. Personal Property Security Act*, the *B.C. Law and Equity Act*, or under any statute of similar nature in any other jurisdiction.
32. The Parties, and each of them, agree that all fees and disbursements paid by the Bank to its lawyers (on the basis of complete indemnification on a solicitor and its own client basis) in connection with advising the Bank in relation to the affairs of the Parties and in relation to the Credit Agreement, the Credit Facilities, the Indebtedness, the Security Documents, and this Agreement, and all matters incidental or relating thereto, including enforcement and realization, and whether past, present, or future, shall be added to the Indebtedness as the Bank sees fit and shall be secured by the Security.
33. Any notice to be given to any party hereunder shall be given by delivery to the respective party at the address hereinafter set forth:

If to the Bank:

c/o Lawson Lundell LLP  
Barristers & Solicitors  
1600 - 925 West Georgia Street  
Vancouver, BC V6C 3L2

Attention: William L. Roberts

If to the Parties:

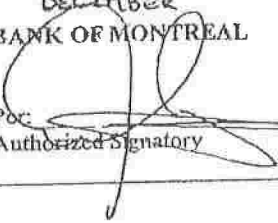
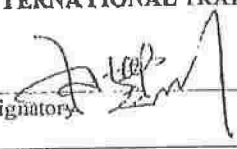

Wiston International Trade Co. Ltd.  
120 - 4611 Viking Way  
Richmond, B.C Canada V6V 2K9

Attention: Huigang Sun

34. This Agreement shall be governed by the law of British Columbia and the Courts of British Columbia shall have exclusive jurisdiction with respect to any disputes arising hereunder or pursuant hereto.
35. The Parties, and each of them, acknowledge and agree that this Agreement shall in all respects be binding upon it, and its respective administrators, successors, and assigns.
36. If there is any inconsistency between this Agreement and any other agreement with the Bank concerning the Indebtedness, the provisions of this Agreement shall prevail.

- 37. This Agreement may be executed in two or more counterparts and all such executed counterparts shall constitute one in the same document. All such counterparts may be delivered by fax or any electronic form.
- 38. The Parties, and each of them, acknowledge and agree that they have had the opportunity to seek independent legal advice prior to execution of this Agreement.
- 39. This Agreement may be executed in two or more counterparts and all such executed counterparts shall constitute one and the same document. All such counterparts may be delivered by fax or any electronic form.

IN WITNESS WHEREOF the parties have caused these presents to be executed on the day and year first written above.

<p>ACCEPTED, ACKNOWLEDGED, AND AGREED AS OF <del>NOVEMBER 13</del> <u>DECEMBER</u>, 2017: BANK OF MONTREAL</p> <p>Per:  Authorized Signatory</p>	<p>ACCEPTED, ACKNOWLEDGED, AND AGREED AS OF <del>NOVEMBER 12</del> <u>DECEMBER</u>, 2017: WISTON INTERNATIONAL TRADE CO. LTD.</p> <p>Per:  Authorized Signatory</p>
<p> HUIGANG SUN</p>	

*Handwritten signature*

## SCHEDULE "A"

<u>Account</u>	<u>Credit Limit</u>	<u>Balance owing as at November 27, 2017</u>	<u>Interest Rate per annum</u>
Operating Demand Loan ("ODL")	\$1,250,000	\$1,254,150.82	P+1.5%
Demand Loan Non-Revolver ("DLNR")	\$994,943.82	\$998,413.39	P+1.5%
Corporate Mastercard	\$180,000	\$179,168.34	18.4% fixed
		\$2,431,732.55	

Sum

**SCHEDULE "B"**

1. Combined Canadian &/or US Dollar Operating Loan Agreement dated May 18, 2015 signed by Wiston International Trade Co. Ltd. ("**Wiston**") regarding Canadian Dollar Account No. 0760-1262-550 with loan limit of \$1,250,000 with interest rate in respect of (a) a Canadian Dollar Availment, a rate equal to the Bank's Prime Rate plus 1.5% per annum; and (b) a U.S. Dollar Availment, a rate equal to the Bank's U.S. Base Rate plus 1.5% per annum;
2. Promissory Note in Bank's Form 808 in the amount of \$1,250,000 dated May 18, 2015 signed by Wiston in favour of the Bank, with interest rate at the Bank's Prime Rate plus 1.50% per annum in respect of Loan Account No. 0760-6996-342;
3. General Assignment of Debts, etc. in Bank's Form LF 32 (the "**GAD**") signed on March 6, 2010 made by Wiston in favour of the Bank;
4. General Security Agreement in form LF 379 (the "**GSA**") made March 1, 2010 signed by Wiston in favour of the Bank;
5. Form B Mortgage (the "**Mortgage**") in the principal amount of \$3,000,000 dated March 6, 2010 given by Huigang Sun ("**Huigang**"), as mortgagor in favour of the Bank charging certain real property located at 1922 44<sup>th</sup> Avenue West, Vancouver, B.C., legally described as PID No. 006-486-126 Lot 34 of Lot 9 Block 15 District Lot 526 Plan 5019 (the "**Lands**"), bearing particulars of registration in the New Westminster Land Title Office on March 12, 2010 under No. CA1486265 (MT080118 -All indebtedness);
6. Acknowledgement of Standard Mortgage Terms No. MT080118 signed by Huigang on March 6, 2010;
7. Guarantee in Form LF 44 (the "**Huigang First Guarantee**") with respect to the indebtedness and liability of Wiston dated March 21, 2011 given by Huigang in favour of the Bank, limited to \$490,000;
8. Guarantee in Form LF 44 (the "**Huigang Second Guarantee**") with respect to the indebtedness and liability of Wiston dated October 12, 2011 given by Huigang in favour of the Bank, limited to \$2,530,000;
9. Guarantee in Form LF 44 (the "**Huigang Third Guarantee**") with respect to the indebtedness and liability of Wiston dated March 1, 2013 given by Huigang in favour of the Bank, limited to \$2,610,000;
10. Guarantee in Form LF 44 (the "**Huigang Fourth Guarantee**") with respect to the indebtedness and liability of Wiston dated May 18, 2015 given by Huigang in favour of the Bank, limited to \$70,000.

Sun

ANNEXURE #



Suite 1600 Cathedral Place  
925 West Georgia Street  
Vancouver, BC  
Canada V6C 3L2

March 16, 2018

William Roberts  
T: (604) 631-9163  
F: 604-641-4401  
wroberts@lawsonlundell.com

DELIVERED

Wiston International Trade Co., Ltd.  
c/o Its Registered and Records Office  
120 – 4611 Viking Way  
Richmond, BC V6V 2K9

Dear Sirs/Mesdames:

**Re: Your outstanding indebtedness to Bank of Montreal (the "Bank") secured by, among other things, a General Security Agreement (the "GSA") dated March 1, 2010 and a General Assignment of Debts (the "GAD") dated March 6, 2010**

We are the solicitors for the Bank with respect to the above-captioned matter. We are instructed that you have defaulted in your obligations to the Bank, including default under the terms of the Forbearance Agreement dated for reference November 28, 2017 (the "Forbearance Agreement").

We are further instructed that as at March 9, 2018 you are indebted to the Bank for the total sum of \$2,407,961.76, as follows:

Description	Balance owing as at March 9, 2018	Interest Rate
Operating Demand Loan #0760-1262-550*	\$1,251,738.42	Prime + 2.5%
Demand Loan #0760-6996-342	978,415.50	Prime + 2.5%
Corporate Mastercard Facility	177,807.84	18.4%
<b>Total</b>	<b>\$2,407,961.76*</b>	

(\*Total may fluctuate - updated figures must be obtained prior to paying out this loan.)

(the "Indebtedness")

Please be advised that the existence of this situation entitles our client to:

1. terminate the Forbearance Agreement; and
2. accelerate the full balance outstanding.

Our client elects to exercise both of these options. Accordingly, on behalf of the Bank, we hereby terminate the Forbearance Agreement and make formal demand upon you for payment of the Indebtedness. We also make demand upon you pursuant to the GSA and the GAD.

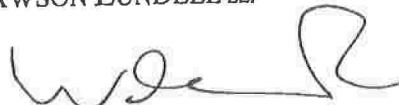
This letter is to advise you that unless payment of the Indebtedness, plus interest to the date of payment, plus legal costs, is made into this office by certified cheque or bank draft payable to Lawson Lundell LLP, in trust, on or before March 26, 2018, legal proceedings, which may include enforcement of the Bank's security, the appointment of a Receiver or Receiver/Manager and/or the appointment of an agent, will be commenced against you without further notice.

Pursuant to the provisions of the *Bankruptcy and Insolvency Act*, we are enclosing a Notice of Intention to Enforce Security in the prescribed form.

All inquiries and payments should be directed to the attention of the writer to ensure that due credit is given immediately to your account.

Yours very truly,

LAWSON LUNDELL LLP



William L. Roberts

/lea

cc: Bank of Montreal

BANKRUPTCY AND INSOLVENCY ACT  
**FORM 86**  
 NOTICE OF INTENTION TO ENFORCE SECURITY  
 [Subsection 244(1)]

TO: WISTON INTERNATIONAL TRADE CO., LTD.

Take notice that:

1. BANK OF MONTREAL, a secured creditor, intends to enforce its security on the property of Wiston International Trade Co., Ltd. described below:

**General Security Agreement:**

All presently owned or held or after acquired or held personal property (other than consumer goods)

**General Assignment of Debts:**

Accounts

2. The security that is to be enforced is in the form of a General Security Agreement and a General Assignment of Debts.
3. The total amount of indebtedness secured by the security is \$2,407,961.76 as at March 9, 2018.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice, unless Wiston International Trade Co., Ltd. consents to an earlier enforcement.

Dated at Vancouver, British Columbia, this 16 day of March, 2018

BANK OF MONTREAL

  
 LAWSON LUNDELL LLP,  
 solicitors for Bank of Montreal





Suite 1600 Cathedral Place  
925 West Georgia Street  
Vancouver, BC  
Canada V6C 3L2

March 16, 2018

DELIVERED - CONFIDENTIAL

William Roberts  
T: (604) 631-9163  
F: 604-641-4401  
wroberts@lawsonlundell.com

Huigang Sun  
1922 West 44th Avenue  
Vancouver, BC V6M 2E7

Dear Sir:

**Re: Your guarantees of the indebtedness of Wiston International Trade Co., Ltd. ("Wiston") to Bank of Montreal (the "Bank") dated March 21, 2011, October 12, 2011, March 1, 2013 and May 18, 2015 (collectively, the "Guarantees") and your indebtedness to the Bank pursuant to an unauthorized excess on Account No. 0760-1268-469, secured by, *inter alia*, an all-indebtedness Mortgage dated March 6, 2010 registered against property located at 1922 – West 44<sup>th</sup> Avenue, Vancouver, BC (collectively, the "Lands")**

We are the solicitors for the Bank with respect to the above-captioned matters. We are instructed that the Forbearance Agreement made between the Bank, Wiston and yourself, dated for reference November 28, 2017, is in default.

Please be advised that the existence of this situation entitles our client to:

1. terminate the Forebearance Agreement; and
2. accelerate the full balance outstanding under the Mortgage.

Our client has elected to exercise both of these options and hereby terminates the Forbearance Agreement. Demand for payment has now been made upon Wiston. A copy of our demand letter to Wiston is enclosed for your reference.

Pursuant to the terms of the Guarantees, you have guaranteed the indebtedness of the Company to the Bank, to a combined limit of \$5.7 Million, plus interest and costs as set out therein. As at March 9, 2018, the Company was indebted to the Bank for the sum of \$2,407,961.76, plus interest thereafter (the "**Wiston Indebtedness**").

In addition, we are instructed that you are currently indebted to Bank of Montreal for the sum of \$129,817.82 (the "**Viceroy Indebtedness**" and collectively with the Wiston Indebtedness, the "**Indebtedness**"), plus interest from and after March 9, 2018 at the rate of 21% per annum, plus legal costs, in relation to an unauthorized excess in account no. 0760-1268-469. Demand for payment has been made upon both Viceroy and yourself, and a copy of that demand letter is

Page 2

again enclosed for your reference. As you are aware, this excess is the result of cheques drawn by Viceroy Construction Ltd. on the above-noted account. In the circumstances, you are also personally responsible for payment of these amounts.

Accordingly, on behalf of our client, we hereby make formal demand upon you, pursuant to the Guarantees, for payment of the Indebtedness, plus interest and costs from and after March 9, 2018 to the date of payment, as set out above.

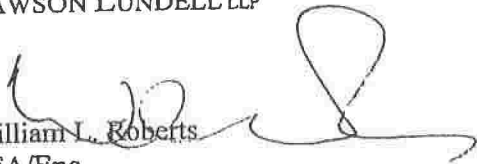
This letter is to advise you that unless payment of the Indebtedness plus interest to the date of payment as set out above, plus legal costs, is made into this office by certified cheque or bank draft payable to Lawson Lundell LLP, in trust, on or before noon on March 26, 2018, legal proceedings, including foreclosure proceedings against the Lands, may be commenced against you without further notice.

Pursuant to the provisions of the *Bankruptcy and Insolvency Act*, we are enclosing a Notice of Intention to Enforce Security in the prescribed form.

All inquiries and payments should be directed to the attention of the writer to ensure that due credit is given immediately to your account.

Yours very truly,

LAWSON LUNDELL LLP

  
William L. Roberts  
LEA/Enc.

cc: Bank of Montreal

BANKRUPTCY AND INSOLVENCY ACT  
FORM 86  
NOTICE OF INTENTION TO ENFORCE SECURITY  
[Subsection 244(1)]

TO: HUIGANG SUN

Take notice that:

1. BANK OF MONTREAL, a secured creditor, intends to enforce its security on the property of Huigang Sun described below:

**Mortgage**

All of the right, title and interest of Huigang Sun as registered owner in and to real property located at 1922 West 44<sup>th</sup> Avenue, Vancouver, BC legally described as:

PID No. 006-486-126  
Lot 34 of Lot 9 Block 15 District Lot 526 Plan 5019

2. The security that is to be enforced is in the form of a Mortgage.
3. The total amount of indebtedness secured by the security is \$2,537,779.58 as at March 9, 2018.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice, unless Huigang Sun consents to an earlier enforcement.

Dated at Vancouver, British Columbia, this 16 day of March, 2018

BANK OF MONTREAL



LAWSON LUNDELL LLP,  
solicitors for Bank of Montreal



Suite 1600 Cathedral Place  
925 West Georgia Street  
Vancouver, BC  
Canada V6C 3L2

ANNEXURE 37

March 12, 2018

DELIVERED

William L. Roberts  
D: 604.631.9163  
F: 604.641.4401  
wroberts@lawsonlundell.com

Viceroy Construction Ltd.  
c/o Registered and Records Office  
12211 Horseshow Way  
Richmond, BC V7A 4V4

Huigang Sun  
1922 44<sup>th</sup> Avenue West  
Vancouver, BC  
V6M 2E7

Dear Sirs and Mesdames:

**Re: Your outstanding indebtedness to Bank of Montreal**

We are solicitors for Bank of Montreal in relation to the above-captioned matter. Viceroy Construction Ltd. is currently indebted to Bank of Montreal for the sum of \$129,817.82, plus interest from and after March 9 at the rate of 21% per annum, plus legal costs, in relation to an unauthorized excess in account no. 0760-1268-469. As you are aware, this excess is the result of cheques drawn by Viceroy Construction Ltd. on the noted account. As well, in the circumstances, Mr. Sun is also responsible for payment of these amounts.

We hereby make demand upon each of you for payment of these amounts. We are instructed to commence proceedings against each of you to recover these amounts unless the full amount owing plus accrued interest and legal costs are delivered to our office by certified cheque or bank draft within ten (10) days of the date of this letter.

Yours very truly,

LAWSON LUNDELL LLP

William L. Roberts

WLR/czc



Suite 1600 Cathedral Place  
925 West Georgia Street  
Vancouver, BC  
Canada V6C 3L2  
T: 604.685.3456

ANNEXURE # 8

May 1, 2018

DELIVERED – CONFIDENTIAL

Kimberley A. Robertson  
Direct Lines: 604.631.9142 |  
403.218.7527  
Direct Fax Line: 604.641.4428  
krobertson@lawsonlundell.com

Huigang Sun  
1922 West 44th Avenue  
Vancouver, BC V6M 2E7

Viceroy Houses Ltd  
c/o Registered Office  
12211 Horseshoe Way  
Richmond, BC V7A 4V4.

Dear Sirs/Mesdames:

**Re: Indebtedness of Huigang Sun (“Mr. Sun”) and Viceroy Houses Ltd. (the “Company”) to Bank of Montreal (the “Bank”) pursuant to two Mastercard account (the “Mastercard Accounts”), payable upon demand**

We are the solicitors for the Bank with respect to the above-captioned matter.

We are instructed that you are liable to the Bank under two mastercard accounts opened jointly by the Company and yourself, with cards being issued in your own name and, at your direction, to employees from time to time. As of April 30, 2018, amounts were owed under outstanding and issued cards as follows:

<i>Description</i>	<i>Amount as at April 30, 2018</i>	<i>Interest Rate per annum</i>
Credit Card No. ***0967 (Cardholder: Huigang Sun)	\$46,746.26	19.9%
Credit Card No. ***3841 (Cardholder: Danni Zhang)	\$5,656.62	19.9%
<b>TOTAL</b>	<b>\$52,402.88</b>	

(the “Indebtedness”)

We are further instructed that the Mastercard Accounts have been cancelled and are payable upon demand. Accordingly, on behalf of our client, we hereby make formal demand upon you for payment of the Indebtedness.

This letter is to advise you that unless payment of the Indebtedness, plus interest to the date of payment as set out above, plus legal costs, is made into this office by certified cheque or bank

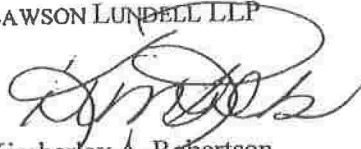
Page 2

draft payable to Lawson Lundell LLP, in trust, no later than May 8, 2018, legal proceedings may be commenced against you without further notice.

All inquiries and payments should be directed to the attention of the writer to ensure that due credit is given immediately to your account.

Yours very truly,

LAWSON LUNDELL LLP

  
Kimberley A. Robertson  
LEA

cc: Bank of Montreal

MIX 103.7  
[Listen Live](#) [Music](#) [News](#) [Win](#) [About Town](#) [More](#) [Sign In](#)

[Contact Us](#)

**CICT**  **CANADIAN INDUSTRIAL & CONSTRUCTION TRAINING** **CLICK HERE TO BOOK SAFETY COURSES ONLINE** [cict.ca](http://cict.ca)

**Property Owners Looking Against Local Condo Board**

Fort McMurray, AB, Canada / MIX 103.7  
 Jaryn Vecchio  
 April 19, 2018 02:28 pm



Hillview Condo Complex in Abasand // Jaryn Vecchio - Harvard Broadcasting

A group of property owners are looking to take legal action against their condo board after multiple problems with their rebuild.

The Hillview Park Condominium, located in Abasand, was one of many neighbourhoods devastated by the wildfire with only 14 of the 214 units surviving.

Thirty residents are teaming up to hire a lawyer after being told by Hillview that they each needed to contribute \$30,000 by April 18 to help cover a damage assessment of the properties.

This comes after their rebuild was halted in August 2017.

**Already Facing Legal Action**

Hillview, SPECS, and Board Chair Charles Scott are in a legal battle with Viceroy Construction Ltd.

According to court documents, the B.C. company is suing the board for \$23 million, SPECS for \$16.5 million, and Scott for \$14.9 million for having their contract terminated and for not paying for additional work done.

In October 2016, Viceroy was given the job of reconstructing the complex by building materials for the build and sending it to the construction team. At the same time, SPECS was also hired to act as a consultant for the project – which the documents state was a breach of the contract

According to multiple property owners, the relationship between Viceroy and Hillview deteriorated after members of the board flew out to B.C. and demanded to be fully lavished. Receipts given to Mix News show they dined at 5-star restaurants while enjoying massages – all at the expense of Viceroy.

Starting in April 2017, the B.C. company stopped receiving payments for their supplies and work. The board was given a warning to pay in August or else all work would be suspended.

Construction eventually was halted after word of a stop work order from the RMWB started floating around.

**Affidavit of Leah Jonak sworn**  
 day of April, 2018  
 A Commissioner for taking Affidavits for British Columbia

Now Playing  
 God's Plan Drake

**You Pick the Next Song**  
 Winner in 10 songs!

On The World To You John Mayer ✓ VOTE  
 You're Beautiful James Blunt ✓ VOTE

Tell Us What To Play  
 Artist and Song Search  
 Mr. Jones Counting Crows  
 Renegades X Ambassadors  
 That's What I Like Bruno Mars  
 Whenever, Wherever Shakira  
 Something Just Like... The Chainsmokers / C...  
 All Songs

SONG ALERTS  
 RECENTLY PLAYED

**NORTHSTAR** LINCOLN

61

This after concerns of the water service to the site not being operational. In the court documents, it explains that Viceroy tried to install an interim water supply, however, construction was still put on a standstill.

In an email sent to Mix News, the municipality says no such order was ever given – meaning work was stopped voluntarily.

Their contract was eventually terminated in August.

Viceroy was contacted but never responded.

Meanwhile, Hillview is denying all allegations. In a statement of defence, they note they haven't 'failed to pay' while Viceroy had also overcharged for their extra work.

"Despite repeated requests, Viceroy failed or refused throughout its time on the project to submit appropriate and adequate applications for progress payments, which delayed the project and SPECS' ability to approve payment," the statement read.

None of these allegations have been proven in court.

### Lack of Trust With Hillview



Becky Benoit with her husband and two kids

Becky Benoit is one of the 30 property owners looking at taking legal against the board.

She currently lives outside of Fort McMurray but continues to pay mortgage payments on a home that doesn't exist.

"We were absolutely shocked to be advised by two different lawyers that we should walk away from this build," Benoit said.

Along with their mortgage payments, rent, and other expenses, each owner was asked to contribute \$30,000 for a \$6 million loan. The money was borrowed to help repair the damage the elements did on the property while work had stopped.

Benoit says this would have to come out of their own wallet as the condo's insurance wouldn't cover it.

"They'll pay for work once but they won't pay twice."

The Canadian Red Cross has set up a program after negotiating with Hillview to help cover the costs, however, only a few were eligible. Red Cross is still encouraging owners to contact them to see if additional supports can be given.

"A lot of us aren't comfortable handing a huge amount of cash over to our board knowing that with an assessment there's no oversight, so the money goes right into their bank account and they can do whatever they want with it," added Benoit.

A lawyer has advised them to not pay the assessment and instead put the money they raised into a trust fund until there's confirmation that the assessment is valid.

To keep up with legal payments – the condo owners have set up a [GoFundMe page](#).

Mix News tried to contact Hillview to see if they would comment on the owner's legal action but didn't receive a response.





62

This is Exhibit "C" referred to in the  
 Affidavit of Leah Jonak sworn  
 before me at Vancouver, B.C. this 20  
 day of March, 2018.  
 MAR 27 2018  
 A Commissioner for taking Affidavits  
 for British Columbia

S-184 137

NO. \_\_\_\_\_  
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

BANK OF MONTREAL

PLAINTIFF

AND:

VICEROY CONSTRUCTION LTD.

DEFENDANT

NOTICE OF CIVIL CLAIM

This action has been started by the Plaintiff for the relief set out in Part 2 below.

If you intend to respond to this action, you or your lawyer must

- (a) file a Response to Civil Claim in Form 2 in the above-named registry of this court within the time for Response to Civil Claim described below, and
- (b) serve a copy of the filed Response to Civil Claim on the Plaintiff.

If you intend to make a Counterclaim, you or your lawyer must

- (a) file a Response to Civil Claim in Form 2 and a Counterclaim in Form 3 in the above-noted registry of this court within the time for Response to Civil Claim described below, and
- (b) serve a copy of the filed Response to Civil Claim and Counterclaim on the Plaintiff and on any new parties named in the Counterclaim.

JUDGMENT MAY BE PRONOUNCED AGAINST YOU IF YOU FAIL to file the Response to Civil Claim within the time for Response to Civil Claim described below.

### Time for Response to Civil Claim

A Response to Civil Claim must be filed and served on the Plaintiff,

- (a) if you were served with the Notice of Civil Claim anywhere in Canada, within 21 days after that service,
- (b) if you were served with the Notice of Civil Claim anywhere in the United States of America, within 35 days after that service,
- (c) if you were served with the Notice of Civil Claim anywhere else, within 49 days after that service, or
- (d) if the time for Response to Civil Claim has been set by order of the court, within that time.

### Part 1: STATEMENT OF FACTS

1. The Plaintiff Bank of Montreal (the "**Bank**") is a chartered bank of Canada having an address for delivery at 1600 – 925 West Georgia Street, Vancouver, B.C.
2. The Defendant Viceroy Construction Ltd. ("**Viceroy Construction**") is a British Columbia company with a Registered and Records Office at 12211 Horseshoe Way, Richmond, B.C.
3. At the Defendant's request, the Bank maintained a current account for the Defendant under Account Number 0760-1268-469 (the "**Account**"). Pursuant to the written Account Agreement relating to the Account, the Defendant agreed that it would pay to the Bank the amount of any unauthorized overdraft in the account, and make such payment immediately without need for demand. Further, the Defendant agreed that interest accrues on any unauthorized overdrafts at the rate of 21% per annum, compounded monthly (effective rate of 23.144% per annum) and that the Defendant would pay the Bank's legal costs, on a solicitor and own client basis, in relation to collection of any such amounts from the Defendant.
4. On or about February 7 and 8, 2018, the following five cheques drawn by the Defendant on the Bank Account were processed through the Bank Account:
  - February 7, 2018 - \$50,000;
  - February 7, 2018 - \$50,000;
  - February 7, 2018 - \$30,000;
  - February 7, 2018 - \$600; and

- February 8, 2018 - \$364.81

(the "Cheques")

5. The negotiation of the Cheques created an unauthorized overdraft in the Account in the amount of \$129,817.82.
6. Notwithstanding demand, the Defendant has refused or neglected to pay the amounts outstanding.

**Part 2: RELIEF SOUGHT**

7. Judgment in debt against the Defendant in the amount of \$129,817.82, plus interest from and after March 9, 2018, at the rate of 21% per annum, compounded monthly in accordance with the terms of the .
8. Costs on a solicitor and own client basis.

**Part 3: LEGAL BASIS**

9. Pursuant to the terms of the Account Agreement, the Defendant is obligated to pay to the Bank the unauthorized overdraft, plus interest and legal costs as set out above.

Plaintiff's address for service is c/o the law firm of Lawson Lundell LLP, whose place of business and address for service is 1600 – 925 West Georgia Street, Vancouver, British Columbia V6C 3L2 (Attention: William L. Roberts).

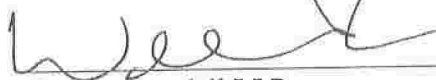
Fax number address for service is: (604) 669-1620.

E-mail address for service is: [wroberts@lawsonlundell.com](mailto:wroberts@lawsonlundell.com)

Place of Trial: Vancouver, BC

The address of the Registry is: 800 Smithe Street, Vancouver,  
British Columbia V6Z 2E1

Dated at the City of Vancouver, in the Province of British Columbia, this 27<sup>th</sup> day of March, 2018.



Lawson Lundell LLP  
Solicitors for the Plaintiff

This Notice of Civil Claim is filed by William L. Roberts, of the law firm of Lawson Lundell LLP, whose place of business and address for delivery is 1600 – 925 West Georgia Street, Vancouver, British Columbia V6C 3L2.

Rule 7-1(1) of the Supreme Court Civil Rules states:

- (1) Unless all parties of record consent or the court otherwise orders, each party of record to an action must, within 35 days after the end of the pleading period,
  - (a) prepare a list of documents in Form 22 that lists
    - (i) all documents that are or have been in the party's possession or control and that could, if available, be used by any party at trial to prove or disprove a material fact, and
    - (ii) all other documents to which the party intends to refer at trial, and
  - (b) serve the list on all parties of record.

**From:** Kathy Lian <kathy.lian@witfloor.ca>  
**Sent:** Thursday, July 19, 2018 1:50 PM  
**To:** Chris Falck  
**Subject:** FW: Form 78


Hi Chris,

Here is the number that Dennis is looking for.


AP \$223,736 + \$143,982 (credit issued to customer – from AR) = \$367,718 in total for 103 creditors.

We have counted all the creditors with any amount of owing.  
If you need more information please let me know.

Thanks,  
Kathy

This is Exhibit "D" referred to in the  
Affidavit of Leah Jonak sworn  
before me at Vancouver, B.C. this 20  
day of July, 2018  
  
A Commissioner for taking Affidavits  
for British Columbia

This is Exhibit "E" referred to in the Affidavit of Leah Jonak sworn before me at Vancouver, B.C. this 20 day of July, 2018.

  
A Commissioner for Taking Affidavits  
for British Columbia

67

Court No. B-180261  
Estate No. 11-254119  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA  
IN BANKRUPTCY AND INSOLVENCY  
IN THE MATTER OF THE PROPOSAL OF  
WISTON INTERNATIONAL TRADE CO. LTD.

Proposal Trustee's Second Report

PURPOSE OF THIS REPORT

This report should be read in conjunction with the Trustee's First Report dated April 24, 2018.

Pursuant to Section 50.4(9) of the Bankruptcy and Insolvency Act, Wiston International Trade Co. Ltd. ("Wiston" or the "Company") is seeking an extension of 42 days to file its proposal.

This report is to provide the Court and other stakeholders an update on Wiston's current financial affairs and conduct since it filed its Notice of Intention to Make a Proposal ("NOI") on March 26, 2018, and G. Powroznik Group Inc. consented to act as Trustee (the "Proposal Trustee"). An automatic stay of proceedings arose as a result of filing the NOI with respect to all claims that existed against Wiston as of March 26, 2018.

**According to Wiston's financial records, at March 26, 2018, Wiston's liabilities exceed its assets by approximately \$8.0 million. While Wiston is insolvent, it is not bankrupt nor is it in receivership. The Director of Wiston believes there are sufficient potential opportunities to refinance the Company such that a viable proposal can be made to its creditors.**

根据 Wiston 在 2018 年 3 月 26 日的财务记录, Wiston 的负债超过其资产约 800 万加元。虽然 Wiston 已经资不抵债,但它并没有破产,也没有财务管理人。Wiston 董事认为,有足够的潜在机会为公司再融资,从而可以向债权人提出可行的还款建议。

If the extension sought is not allowed, Wiston will be deemed to have made an assignment in bankruptcy.

**Background**

Wiston was registered as a company in British Columbia on January 6, 2009. Wiston's sole shareholder and director is Huigang (Andrew) Sun. Wiston has been actively engaged in the business of importing hard wood flooring product from China and selling into the wholesale market in the Lower Mainland and the

Toronto area since inception.

**The Company's primary reason for its insolvency is its inability to collect major receivables from its Viceroy Group of related companies. They are involved in a major lawsuit that started in the summer of 2017 to collect \$20 million from a customer in Alberta. The inability to collect this large sum has affected all of the Viceroy companies including Wiston and their ability to pay their obligations.**

公司破产的主要原因是无法从其 Viceroy 集团，一个相关公司收取主要应收款项。他们陷入了一项重大诉讼，该诉讼于 2017 年夏天开始，需要从阿尔伯塔省的一位客户处收取 2000 万加元。无法收取这笔巨额款项影响了所有 Viceroy 公司，包括 Wiston 及其应该履行付款义务的能力。

**The Company's corporate offices are located in Richmond, B.C. The Company has a lease for the premises located in Richmond, B.C. The lease for the Ontario location is entered into with a related party of the Company. Wiston advises that it still has 9 full time employees of which 3 are located in the Richmond, B.C. office, 5 are located in the Markham, Ontario warehouse facility and there is one sales person in Calgary, Alberta. Employees are engaged in sales, warehouse operations and administrative functions.**

公司的总部位于 Richmond B.C. 公司有租约位于 Richmond B.C. 安大略省的租约是与本公司的关联方订立的。Wiston 目前仍然有 9 名全职员工，其中 3 名位于 Richmond B.C 的办公室，5 个员工和仓库位于 Markham, Ontario，在阿尔伯塔省卡尔加里有一个销售人员。员工们从事销售，仓库运营和管理工作。

Wiston's assets consist of accounts receivable, product inventory, vehicles and equipment and investments/loans in related companies. A preliminary review indicates that all the assets are encumbered by either a registered financing agreement or by a General Security Agreement.

FINANCIAL POSITION AND CAUSE OF FINANCIAL DIFFICULTIES

**Wiston has relied on a single source manufacturer in China for supply of its hard wood-flooring product. The supplier, HeilongJiang Far East Wood Co. ("HFEWC"), is located in Harbin, China, and we are advised it is related to and controlled by the Company's principal.**

Wiston 依赖在中国的唯一制造商供应其硬木地板产品。供应商是黑龙江远东木业有限公司（“HFEWC”）位于中国哈尔滨，我们得知此公司的负责人与 Wiston 的拥有人有关并受 Wiston 的控制。

**The Company indicates that in early 2016 it overpurchased product from HFEWC that was not suitable for Wiston's Canadian markets. The Company further states that this purchase caused future supply problems from China, in turn leading to an incremental reduction in supply of inventory from HFEWC, until it ceased in late 2017. Wiston's financial records as at March 26, 2018 indicate it owes more than \$21.0 million to this supplier.**

该公司表示，在 2016 年初，它过度购买了 HFEWC 的产品，且这些产品不适合加拿大市场。公司进一步表示此次采购导致后来的货源供应问题，从而导致 HFEWC 的货物供应量逐渐减少，直至 2017 年底停止。Wiston 的财务记录截至 2018 年 3 月 26 日表明其欠供应商款超过 2100 万加元。

**Wiston has made several investments and/or loans in and to related parties. As of March 26, 2018, Wiston's records indicated they were owed approximately \$14.2 million from these investments/loans including the Viceroy Group, and it is unknown if these amounts are collectible.**

Wiston 已向关联方提供了一些投资和/或贷款。截至 2018 年 3 月 26 日，包括 Viceroy 集团在内的相关公司欠 Wiston 大约 1420 万加元，并且不知道这些资金是否可以收回。

FUTURE BUSINESS OPERATIONS AND CASH FLOW

As indicated, Wiston is currently selling hard wood flooring and plans to continue this in its current format.

We attach as Appendix A, a comparison of Actual compared with Budget cash flows for the period from March 26, 2018 to July 8, 2018. In addition, we attach as Appendix B a forecast cash flow for the period July 9, 2018 to September 2, 2018.

ACTUAL CASH FLOW

The Actual Cash Flow set out in Appendix A shows, that since March 26, 2018 and up to July 8, 2018, Wiston has received approximately \$655,000 from the sale of hardwood flooring product inventories. Total expenditures for the same period amounted to \$639,239. This would appear to show that Wiston is operating on a cash flow breakeven basis throughout the period since March 26, 2018 and up to July 8, 2018. However, when making a comparison with the Budgeted Cash Flow numbers, actual expenditures for certain expenditure categories were lower than anticipated in the budget. The most notable categories where actual expenditures were lower than budget include:

- Trustee and legal fees: \$120,000 under budget
- Office/Warehouse: \$59,000 under budget
- Staffing and payroll costs: \$55,000 under budget
- Sales Tax remittances: \$27,000 under budget

While certain of these variances have arisen due to the timing of specific payments, many are the result of unpaid post-filing liabilities due to a delay in the refinancing by the Company. The unpaid liabilities approximate \$172,500, \$50,000 of which are the Trustee's fees.



The Proposal Trustee has been informed by management that Wiston, is planning within the next week, to process an order for the bulk sale of product inventory which should result in estimated realizable proceeds of approximately \$100,000 which will be used to, pay the outstanding post-filing liabilities. Further, it is planning a sale program to the retail public of its 'end-of-line' products to improve its sales.

Wiston 告诉监管人的方案，计划在下周内批量销售产品，该订单应产生约 100,000 加元，用于支付破产保护期间产生的欠款。此外，它也正计划向零售一些今后不会再生产的，以提高其销售。

The accumulated unpaid liabilities are more than offset by the prepayment of inventory purchases amounting to approximately \$239,000.

FORECAST CASH FLOW

The cash flow prepared by the company (Attached as "Appendix B") forecasts a shortfall of \$52,250 during the extension sought, which it expects to cover from either its refinancing activities or the administration charge sought in its current application.

**The forecast cash flow is premised on aggregate normal product sales of \$300,000 over the forecast eight-week period, or an average of \$37,500 per week. Management considers this to be a reasonable estimate in relation to the most recent weekly sales volumes. The average weekly sales generated in the first fifteen weeks since March 26, 2018 was approximately \$43,500 per week. In addition, it is forecasting sales of \$250,000 from its new strategy to eliminate 'end-of-line' inventory.**

现金流量表的前提是预计八周期间的正常产品总销售额为 300,000 加元，或平均每周 37,500 加元。管理层认为这是估计最近每周销售量的合理估计。自 2018 年 3 月 26 日以来，前十五周内每周平均销售额约为每周 43,500 加元。此外，预计 25 万加元销售会来源于对今后不再生产的产品的促销。

A discussion of direct material cost expenditures, including both actual and forecast is set out below.

*Direct Material Cost Expenditure*

**Payments classified as 'Direct Material Cost' expenditures are amounts advanced to HFEWC in Harbin China, to secure shipments of product inventory. Wiston's shareholder serves as the**

payment intermediary between Wiston and HFEWC. We are advised that payments made to the shareholder during the NOI have been paid to HFEWC as advances on new inventory.

Management of Wiston explained that HFEWC requires a 30% cash advance to commence the manufacturing process of new product. Management has further advised that there are two containers at the plant in Harbin China which are awaiting inspection clearance by the Chinese authorities, which will upon receiving clearance be transported to Wiston. The Proposal Trustee's staff, while visiting the Wiston office in Richmond B.C., observed a video conference between Wiston Richmond, Wiston's shareholder and what appeared to be the HFEWC factory in Harbin China. There appeared to be product in Wiston marked packaging, which the Proposal Trustee was informed, was the product awaiting shipment.

这种付款属于“直接材料成本”是提前支付给中国哈尔滨 HFEWC，用于确保产品的生产和装运。由 Wiston 的股东支付给 HFEWC。我们已知，在 NOI 期间向股东支付的款项已作为新库存的预付款支付给 HFEWC。Wiston 的管理层解释说，HFEWC 需要 30% 的现金预付款来开始新产品的制造过程。管理层进一步表示，中国哈尔滨的工厂有两个集装箱正在等待中国当局的检查许可，这些集装箱将在收到清关后运往 Wiston。监管人的工作人员在访问 RICHMOND 的 Wiston 办公室时，参加了 Wiston 与哈尔滨中国的 HFEWC 工厂之间的视频会议。监管人被告知，那些包装在 Wiston 标记中的产品，是等待装运的产品。

The Proposal Trustee was informed that the product is purchased F.O.B. Port of Vancouver. The two containers awaiting shipment would require a deposit in the order of magnitude of \$75,000. Thus the \$239,000 prepayment referred above would account for a 30% down payment for 6 containers. Management of Wiston explained that HFEWC is preparing the balance of the 22 containers for shipment to Wiston, that were referred to in the Proposal Trustee's First Report, dated April 24, 2018. Management explained that the lead time for production is 3 months and so the initial 2 containers have only just finished the manufacturing process. The average land and ocean transportation time from the product inventory from dispatch in Harbin China to arrival in Vancouver is 6 weeks. Accordingly, the initial two container shipment is not expected to arrive until late August 2018 when it will be available for sale.

监管人获悉这些产品是 F.O.B. 温哥华港。等待装运的两个集装箱需要支付定金额为 75,000 加元。因此，上述 239,000 加元是 6 个集装箱的 30% 预付款。Wiston 的管理层解释说，HFEWC 正在准备 22 个集装箱的产品，以便装运到 Wiston，这是 2018 年 4 月 24 日监管人人的第一份报告中提到的。管理层解释说，生产的准备时间是 3 个月，所以前面提到的 2 个集装箱是刚刚生产完成的。从中国哈尔滨发货到达温哥华平均陆运时间为 6 周。因此，这两个集装箱货物预计将在 2018 年 8 月底之后到货，届时它将可供出售。

72

## FINANCIAL POSITION

The trustee has relied to date on the internal financial information provided by the Company and has not attended to third party verification of asset values.

### *Assets*

#### *Accounts Receivable and Related Party Investments*

**Wiston's receivables arise from the sale of inventory and investments/loans made in and to related third parties. Wiston advises that they are selling on a cash-on-delivery basis while under the NO1.**

Wiston 的应收款项来自出售库存，投资/贷款与相关第三方有关。Wiston 说他们在破产保护的期间卖货同时收款付款的方式进行销售。

The Company's records indicate that total accounts receivable from operations at June 30, 2018 was a net \$224,700 (March 26, 2018 - \$360,038) comprising gross receivables of 368,700 and customers in credit positions for \$144,000. Of the total accounts receivable of \$224,700, approximately \$120,000 is aged over ninety (90) days. Included in this \$120,000 is a single account balance in the amount of \$55,710. The Proposal Trustee inquired about this account and was informed by management that this supplier is in close communication with Mr. Sun, who is confident that the amount is fully collectible. The Proposal Trustee has asked management to conduct an analysis of the recoverability of the remainder of the accounts receivable and will report on that once the information is received.

The Company's internal financial statements at March 26, 2018 show that amounts owed from investments/loans is approximately \$13.7 million. The trustee has not yet conducted an analysis of the investments to determine the likelihood and quantum of any recovery from them. Since these amounts are significant and can change the recovery to creditors by a large margin if collectible, an analysis of recoveries for Wiston under a liquidation scenario is premature. The Proposal Trustee will report on these investments

when a liquidation analysis is conducted.

*Product Inventory*

The Proposal Trustee has visited the warehouse in Richmond B.C., to discuss product inventory with management and to review product inventory management reports. As at June 30, 2018 inventory management reports provided to the Proposal Trustee by management, indicate that the total product inventory held both in Richmond B.C., and Markham, Ontario amounts to approximately 603,000 square feet of hardwood flooring product. Based on the range of prevailing sales pricing per square foot, achieved in the period since March 26, 2018 and up to the present, the estimated realizable value of this inventory assuming selling in the normal course (on a going concern basis) would be in the order of \$1.3 million to \$1.4 million. In a forced liquidation scenario, managements best estimate of the liquidation value of product inventory would be \$0.6 million, gross, before overhead and selling costs.

*Vehicles and Equipment*

There are no reported material changes in this asset category since the date of the Trustee's First Report.

*Liabilities*

The Proposal Trustee has not focused on updating the pre-NOI liabilities pending filing of a proposal. There are 103 arm's length unsecured trade creditors who are owed a total of \$368,000, inclusive of the \$144,000 of customers with credit referenced above.

*Secured Creditor – Bank of Montreal ("Bank")*

**The Company has taken initiatives to refinance the Bank's debt and advises that it has a tentative agreement with a third party to do so. The Proposal Trustee and the Company's counsel have spoken to this third party to confirm his intentions. As at June 30, 2018 Wiston's records indicate they owed approximately \$2.5 million. The Bank has acquiesced on the Company's previous applications for extension of the NOI. Bank of Montreal was given a general security agreement ("GSA") over all the assets of Wiston by the Company. The Company's principal has provided a personal guarantee and an indemnity to BMO as collateral security against any shortfall on the secured amounts owing by Wiston. The personal guarantee is secured by a first mortgage against the principal's residential real estate in the City of Vancouver. The assessment value for the real estate is \$4,930,000 or more than**

**double the amount of indebtedness to BMO. Accordingly, BMO appears to be fully secured for its loans by the principal's residence.**

公司已采取措施为银行的债务再融资，并且与第三方达成了协议。监管人和公司的律师已与该第三方进行了会谈，确认了他的意向。截至 2018 年 6 月 30 日，Wiston 签银行约 250 万。银行以前默许了申请延长 NOI。BMO 银行获得了公司对 Wiston 所有资产的一般担保协议（“GSA”）。公司已向 BMO 提供个人担保和赔偿，作为抵押担保，以防止 Wiston 应付的担保金额出现任何不足。个人担保由抵押在温哥华住宅。房地产价格为 4,930,000 加元，是 BMO 债务金额的两倍以上。BMO 对其贷款有完全的保证。

#### *Secured Creditor – Vehicle and Equipment Leases*

We have not performed any analysis to determine whether there is any equity in the vehicles and equipment subject to the financing agreements.

#### MONITORING

Pursuant to subsection 50.4(7) the Proposal Trustee is monitoring the Company's business and financial affairs. The Company has co-operated in providing weekly cash flow reports and access to information requested by the Trustee.

#### QUALIFICATIONS OF THIS REPORT

In preparing this report, the Proposal Trustee has relied upon Wiston's books and records, unaudited financial information prepared by Wiston and discussions with management and its legal counsel. The Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance with respect to the information contained in this report.

The cash flow statement and other future oriented financial information relied upon in this report are based upon management's assumptions regarding future events. Actual results will vary from the information presented even if the assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

RECOMMENDATION OF THE PROPOSAL TRUSTEE

The Proposal Trustee is continuing to monitor the Company's financial affairs and is not aware of any material change in its financial position other than as described in this report. The Company has begun implementing a strategy to eliminate the unexpected payables accumulation during the NOI and continues to pursue several options to refinance its affairs and file a successful proposal.

In the Proposal Trustee's opinion, Wiston has acted and is acting in good faith and with due diligence and further that no creditor will be materially prejudiced if the extension is granted.

Pursuant to the above, the Proposal Trustee supports a forty-two (42) day extension to the filing of the proposal.

All of which is respectfully submitted the 18<sup>th</sup> day of July 2018.

G. Powroznik Group Inc.

In its capacity as Trustee under the Proposal of Wiston International Trade Co. Ltd.

Per: Gary D. Powroznik, CIRP, LIT  
Managing Director

Certificate of Accuracy 准确程度证明书

1. I certify the following to be true

我证明以下是真实的


2. I have read the translation of the factual portions of the Trustees report that were provided to me by my office and those facts are within my own knowledge true.

在我的认知允许情况下，我已经阅读了我的办公室提供给我的监管人报告中一部分的翻译件。

3. I have authorized my staff to provide information based on the business records of Wiston International Trade Co Ltd which I believe to be accurate.

我已经授权我的员工根据 Wiston International Trade Co Ltd 的业务记录提供信息，我认为这些信息是准确的

I certify the foregoing to be true 我证明上述内容属实 July <sup>19</sup> 2018

  
Andrew Sun