Court File No. CV-20-00646729-00CL

# ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)

**BETWEEN**:

# PILLAR CAPITAL CORP.

Applicant

- and -

# TURUSS (CANADA) INDUSTRY CO., LTD.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED

# ELEVENTH REPORT OF MNP LTD. AS RECEIVER AND MANAGER OF THE ASSETS, UNDERTAKINGS AND PROPERTIES OF TURUSS (CANADA) INDUSTRY CO., LTD.

- and -

# FIRST REPORT OF MNP LTD. AS CLAIMS OFFICER

October 10, 2023

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## **INTRODUCTION**

- On September 18, 2020, MNP Ltd. ("MNP") was appointed as the receiver and manager (the "Receiver") without security, of the assets, undertakings and properties (the "Property") of Turuss (Canada) Industry Co., Ltd. ("Turuss" or the "Company") pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) (the "Court"), dated September 18, 2020 (the "Receivership Order"). A copy of the Receivership Order and its corresponding endorsement is attached as <u>Appendix "A"</u>.
- 2. The circumstances leading to the appointment of the Receiver are set out in the affidavit of Steve Dizep sworn September 4, 2020, filed in support of the Receivership Order.
- 3. Turuss is a federally incorporated entity that previously manufactured, imported and distributed hardwood flooring. Ms. Yang Jiang ("**Jiang**") is an officer and director of Turuss, and key contact for the Receiver and Claims Officer (as defined herein).
- 4. The Receiver has filed ten (10) reports and obtained numerous Orders in this receivership proceeding, namely:
  - (a) the Receiver's first report to the Court, dated October 21, 2020, in support of its motion seeking an order, *inter alia*, authorizing the Receiver to complete a sale process (the "Sale Process") for the Property. On October 2, 2020, the Court granted an order approving the Sale Process and authorized the Receiver to commence such Sale Process for the sale of Property (the "Sale Process Order"), including the commercial property and adjacent vacant land located at 60 Industrial Park Road, Chesley, Ontario (the "Chesley Property");
  - (b) the Receiver's second report to the Court, dated November 9, 2020 in support of its motion seeking an order, *inter alia*, directing Jiang to deliver Turuss' books and records (the "Books and Records") to the Receiver. On November 10, 2020, the Court granted an order which ordered and directed Jiang to deliver all Books and Records to the Receiver;

- (c) the Receiver's third report to the Court, dated January 5, 2021 (the "Third Report"), together with the Receiver's supplement to the Third Report, dated January 20, 2021, in support of its motion seeking an order, *inter alia*, extending the Deadline (as such term is defined in the Sale Process) for the submission of offers in the Sale Process from January 11, 2021 to February 26, 2021. On January 11, 2021, the Court granted an order which approved such Deadline extension, and allowed the Receiver to extend the dates and deadlines contemplated in the Sale Process for a total period of no greater than four (4) weeks (up to March 26, 2021);
- (d) the Receiver's fourth report to the Court, dated March 23, 2021, in support of its motion seeking an order, *inter alia*, authorizing the Receiver to further extend the Deadline from March 26 to April 16, 2021, and approving the auction procedures to be implemented by the Receiver in the event there were multiple competitive offers received for the Chesley Property on or before the Deadline. On March 26, 2021, the Court granted an order approving such Deadline extension and auction procedures;
- (e) the Receiver's fifth report to the Court, dated April 13, 2021 (the "Fifth Report"), in support of its motion seeking an order, *inter alia*: (i) approving the stalking horse bidding procedures as set out in the Fifth Report, and extending the Deadline to April 30, 2021; and (ii) authorizing the Receiver to execute the Asset Purchase Agreement dated April 13, 2021 (the "Stalking Horse Bid") between the Receiver and Westmount Park Investments Inc. in respect of the Chesley Property. On April 14, 2021, the Court granted an Order approving such stalking horse bidding procedures and Deadline extension, and authorizing the Receiver to execute the Stalking Horse Bid;
- (f) the Receiver's sixth report to the Court, dated May 31, 2021, in support of its motion seeking an order, *inter alia*: (i) approving and authorizing the asset purchase agreement between the Receiver and Chelsea Property Holdings Inc. (the "**Purchaser**") dated May 31, 2021 (as amended) (the "**Chelsea APA**"), and vesting Turuss' right, title and interest, if any, in and to the Chesley Property to the Purchaser, free and clear of any encumbrances, save and except as otherwise

contemplated by the Chelsea APA; and (ii) authorizing and directing distributions to Pillar Capital Corp. ("**Pillar**") and Kuo-Tong Hsieh ("**Hsieh**") from the sale proceeds resulting from closing the transaction provided for in the Chelsea APA (the "**Sale Proceeds**"). On June 7, 2021, the Court granted an order approving the transaction provided for in the Chelsea APA, the execution thereof by the Receiver, and authorized and directed the Receiver to take such steps as are necessary and appropriate to facilitate the closing of the transaction. In addition, the Court authorized and directed the Receiver to make the requested distributions to Pillar and Hsieh;

- (g) the Receiver's supplemental report to the sixth report, dated June 28, 2021, provided the Court with an update on the status of the transaction provided for in the Chelsea APA, and sought advice and direction in connection with a proposed first amendment to the Chelsea APA. On June 25, 2021, the Court issued an endorsement authorizing the Receiver to execute the amendment and complete the transaction contemplated by the Chelsea APA, as amended;
- (h) the Receiver's seventh report to the Court, dated July 27, 2021 in support of its motion seeking an order, *inter alia*: (i) authorizing and approving a distribution to Pillar from the Sale Proceeds, in an amount sufficient to repay to Pillar all remaining amounts owing by Turuss in respect of accrued interest and fees, and all remaining amounts owing by the Receiver pursuant to the Receiver's borrowings; (ii) authorizing and approving the Receiver to distribute to Hsieh from the Sale Proceeds such further funds on account of proper interest and fees owing to Hsieh by Turuss, and (iii) approving and authorizing a claims procedure (the "Claims Procedure"). On August 3, 2021, the Court granted an order approving all of the aforementioned relief;
- the Receiver's eighth report to the Court, dated October 25, 2021 in support of its motion seeking an order, *inter alia*, approving and authorizing a distribution from the Sale Proceeds by the Receiver to the unsecured creditors of Turuss with proven claims. On October 29, 2021, the Court granted an order approving the distribution to unsecured creditors;

- (j) the Receiver's ninth report to the Court, dated July 8, 2022 (the "Ninth Report"), a copy of which (without appendices) is attached as <u>Appendix "B"</u>, in support of its motion seeking an order, *inter alia*, authorizing and directing the Receiver to distribute the remaining sale proceeds in the receivership estate, net of the professional fees, to a Turuss' bank account held with Royal Bank of Canada (the "Turuss Distribution"), and discharging and releasing MNP as Receiver of Turuss, upon the Receiver filing with the Court a receiver's certificate, as further contemplated in the Ninth Report. On July 18, 2022, the Court granted an Order approving the Receiver's activities and fees for the periods set out in the Ninth Report (the "Approval Order") and also issued an endorsement ("July 18 Endorsement"), which directed the Receiver to consult with the Stakeholders (as defined herein) with respect to the distribution of the residual sale proceeds, and to report back to the Court with an alternative distribution plan concerning the Turuss Distribution (such relief was adjourned *sine die*); and
- (k) the Receiver's tenth report to the Court, dated June 26, 2023 (the "Tenth Report"), a copy of which (without appendices) is attached as <u>Appendix "C"</u>, in support of its motion seeking:
  - (i) an order (the "Chesley Wood Claims Procedure Order"), *inter alia*:
    - appointing MNP as claims officer (in such capacity, the "Claims Officer") with respect to Chesley Wood Industry Co. Inc. ("Chesley Wood") for the limited purpose of administering a claims procedure (the "Chesley Wood Claims Procedure");
    - (2) authorizing and approving the Chesley Wood Claims Procedure and authorizing, directing and empowering the Claims Officer to implement and carry out the Chesley Wood Claims Procedure; and
  - (ii) an order (the "SSA Approval Order") approving the Stakeholder Support Agreement (as defined herein), and approving and authorizing the execution of the Stakeholder Support Agreement by the Receiver.

5. On June 28, 2023, the Court granted each of the Chesley Wood Claims Procedure Order and SSA Approval Order, and appointed MNP as Claims Officer.

# PURPOSES OF THIS ELEVENTH REPORT

- 6. The purpose of this eleventh report of the Receiver and first report of the Claims Officer dated October 10, 2023 (the "**Discharge Report**") is to provide the Court with information regarding:
  - (a) the Receiver's and the Claims Officer's activities since the time of filing the Tenth Report and the granting of the Chesley Wood Claims Procedure Order;
  - (b) an update in connection with the status of the Chesley Wood Claims Procedure;
  - (c) the Receiver's and the Claims Officer's recommendation for an order (the "Distribution and Discharge Order"):
    - (i) abridging the time for service of this Notice of Motion, the Motion Record and the Discharge Report so that this Motion is properly returnable on October 13, 2023, and dispensing with further service thereof;
    - (ii) authorizing and directing the Receiver to distribute from the Remaining Cash (as defined herein) the amount of \$13,79.40 to Canada Revenue Agency (the "CRA Distribution") in full and final satisfaction of the CRA Claim (as defined herein);
    - (iii) following the payment of the CRA Distribution, authorizing and directing the Receiver to distribute the remaining funds in the receivership estate including any additional recoveries from the assets of Turuss (the "**Remaining Cash**"), net of the payment of the Professional Fees (as defined herein), the Fee Holdback (as defined herein) and payment of the Torys Fees (as defined herein), to Chesley Wood (the "**Final Distribution**");
  - (d) approving the fees and disbursements of each of the Receiver and the Claims Officer as set out in the affidavit of Jerry Henechowicz sworn October 5, 2023, the

fees and disbursements of the Receiver's and the Claims Officer's counsel, Dentons Canada LLP ("**Dentons**"), as set out in the affidavit of Robert Kennedy sworn October 10, 2023 (together, the "**Fee Affidavits**"), and the current and estimated fees and disbursements to be incurred by the Receiver and Dentons through to the completion of the remaining activities, as described herein;

- (e) authorizing and directing the Receiver to retain the Fee Holdback and pay the Torys Fees;
- (f) approving this Discharge Report, and the activities of the Receiver and the ClaimsOfficer as set out herein;
- (g) approving the final statement of receipts and disbursements dated October 10, 2023
   (the "**R&D**");
- (h) discharging and releasing MNP as Receiver and as Claims Officer, upon the Receiver and the Claims Officer filing with the Court a certificate in the form attached as <u>Schedule "A"</u> to the draft Order (the "**Discharge Certificate**"); and
- (i) granting such further and other relief as counsel may advise and this Court may permit.

## **TERMS OF REFERENCE**

- 7. In preparing this Discharge Report, the Receiver and Claims Officer have relied on unaudited financial and other information regarding Turuss, Chesley Wood and each of the parties assets which includes, but is not limited to, the following information (collectively the "**Information**"):
  - (a) as provided by Jiang, which includes Turuss' and Chesley Wood's available books and records;
  - (b) obtained in discussions with creditors and stakeholders, generally;
  - (c) as provided by a former employee of Turuss, who was retained by the Receiver on a contract basis; and

- (d) as otherwise available to the Receiver and its counsel.
- 8. Except as described in this Discharge Report, the Receiver and the Claims Officer have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with the Generally Accepted Assurance Standards of the Chartered Professional Accountants of Canada.
- 9. All currency references are in Canadian Dollars unless otherwise specified.
- 10. Information regarding the receivership proceedings has been posted to the Receiver's case website at www.mnpdebt.ca/turuss (the "**Website**").

# **ACTIVITIES TO DATE**

- 11. Since the date of the Tenth Report, the Receiver's activities include:
  - (a) updating the Website, as necessary;
  - (b) continuing discussions and consultations with the Stakeholders regarding the distribution of the Remaining Cash;
  - (c) reviewing the tax implications associated with the proposed Final Distribution; and
  - (d) preparing this Discharge Report.
- 12. Since the date of the Tenth Report, the Claims Officer's activities include:
  - (a) administering the Chesley Wood Claims Procedure;
  - (b) continuing discussions and consultations with the Stakeholders regarding the Chesley Wood Claims Procedure and distribution matters; and
  - (c) preparing this Discharge Report.

## STAKEHOLDER SUPPORT AGREEMENT

- Following the distributions to Turuss' secured and unsecured creditors as outlined in paragraphs 4(h) and (i), above, the Receiver remained in possession of the Remaining Cash.
- 14. In order to ascertain which parties might have a proper and valid claim to the Remaining Cash, the Receiver conducted a review of the books and records of Turuss to identify its current shareholders, directors and officers. The Receiver also reviewed the available books and records of Chesley Wood, being the 100% shareholder of Turuss.
- 15. Based on that review, the Receiver understands that Chesley Wood is a holding company with no active operations. The Receiver also reviewed, in turn, the books and records of Chesley Wood and determined that Dalian Turuss Wood Industry Co., Ltd. ("Dalian") owns 84% of the outstanding common shares of Chesley Wood, and Veyron Wood Industry Inc. ("Veyron") owns the remaining 16% of Turuss' outstanding common shares.
- 16. From about July 2022 to April 2023, the Receiver engaged in various meetings and discussions with the Turuss equity holders and principals, namely Chesley Wood, Dalian, Veyron, Zhenghang (Lawrence) Li ("Lawrence") and Jiang (collectively, the "Stakeholders").
- 17. In April 2023, consistent with the July 18 Endorsement, the Stakeholders, together with the Receiver, reached an agreement on a plan for the determination of claims against Chesley Wood and the distribution of the Remaining Cash (the "Stakeholder Support Agreement"). An amendment to the Stakeholder Support Agreement has been circulated to the parties (effective September 7, 2023) to, among other things, extend the distribution plan deadline from September 8, 2023 to October 17, 2023 (the "Amendment", and together with the Stakeholder Support Agreement, the "Amended Stakeholder Support Agreement"). As at the date of this Discharge Report, the Amendment has been executed by all the parties, save and except for Veyron and Lawrence. The Receiver intends on delivering a fully executed copy of the Amendment to the service list prior to the October

13, 2023 motion date. A copy of the Stakeholder Support Agreement and Amendment (not fully executed) are attached as **Appendix "D"**.

- 18. In summary, the Amended Stakeholder Support Agreement provides that:
  - (a) the Claims Officer would be appointed to administer the Chesley Wood Claims Procedure in order to identify and determine all creditor claims against Chesley Wood;
  - (b) the Claims Officer / Receiver would pay all proven claims submitted pursuant to the Chesley Wood Claims Procedure; and
  - (c) following: (i) completion of the Chesley Wood Claims Procedure; (ii) payment of proven claims against Chesley Wood and other amounts secured by Court ordered charges; and (iii) the Receiver's and Claims Officer's discharges, the Remaining Cash would be distributed to Chesley Wood.
- As noted above, the Stakeholder Support Agreement was approved pursuant to the SSA Approval Order. A summary of the status of the Chesley Wood Claims Procedure is set out below.

# STATUS OF THE CHESLEY WOOD CLAIMS PROCEDURE

- 20. Capitalized terms used but not otherwise defined in this section have the meaning ascribed to them in to the Chesley Wood Claims Procedure Order.
- 21. Pursuant to the Chesley Wood Claims Procedure Order, the Claims Officer administered and implemented the Chesley Wood Claims Procedure which consisted of, *inter alia*:
  - (a) the Claims Officer publishing and advertising its Notice to Creditors, and distributing a copy of the Claim Document Package to any Person: (i) who claimed to be a Creditor, and (ii) requested such material in writing;
  - (b) posting a copy of the Chesley Claims Procedure Order and Claim Document Package on the Website;

- (c) responding to any inquiries of any Person in relation to the Chesley Wood Claims
   Procedure; and
- (d) reviewing all Proofs of Claim in accordance with the terms of the Chesley Wood Claims Procedure Order.
- 22. On or before the Claims Bar Date, two Creditors filed a Claim. The following were the Claims received by the Claims Officer:
  - Jiang delivered a Claim to the Claims Officer in the amount of \$2,336,271.49 (the "Jiang Claim"). The Jiang Claim was subsequently withdrawn by Jiang in writing on September 7, 2023 (the "Jiang Withdrawal"); and
  - (b) the CRA delivered a Claim to the Claims Officer in the amount of \$13,679.40 (the "CRA Claim"). The Claims Officer has accepted the CRA Claim as a proven claim pursuant to the Chesley Wood Claims Procedure Order (such determination is supported by Chesley Wood) (the "CRA Claim"). A copy of the Jiang Claim (together with the Jiang Withdrawal) and CRA Claim are attached hereto as <u>Appendix "E"</u>.
- 23. All matters associated with the Chesley Wood Claims Procedure are now complete.

# **PROPOSED DISTRIBUTIONS**

- 24. As at October 3, 2023, the Remaining Cash held by Receiver equals \$3,071,752.87. The Receiver notes that there may be future collection of HST refunds and as a result, in addition to the approval of the Final Distribution, the Receiver will also seek approval to distribute future HST refunds to Chesley Wood directly (if any).
- 25. The Receiver is satisfied that all claims against Turuss have been finally determined and paid pursuant to the Claims Procedure Order, and that all claims against Chesley Wood have been determined pursuant to the Chesley Wood Claims Procedure Order.
- 26. Accordingly, consistent with the Stakeholder Support Agreement, the Receiver seeks the Court's authorization and direction to complete:

- (a) first, the CRA Distribution in the amount of \$13,679.40; and
- (b) second, after payment of the Professional Fees (as defined herein) and Torys Fees, and retention of the Fee Holdback, the Final Distribution of the Remaining Cash to Chesley Wood.
- 27. Based upon the Receiver's review of the Turuss minute book and the tax attributes associated with the Final Distribution, the Receiver is of the view that the Final Distribution to Chesley Wood would constitute a return of capital which is not subject to any withholding taxes. As noted in the Receiver's Ninth Report, Chesley Wood holds 9,436,000 common shares of Turuss issued at USD1,00 per share; the Final Distribution will be insufficient to satisfy the return of capital on account of the Chesley Wood shareholding in Turuss.

# FEES AND DISBURSEMENTS

- 28. The Receiver and the Claims Officer have each provided services and incurred disbursements during the period of May 1, 2023 to September 29, 2023 totaling \$38,469.15 inclusive of disbursements and applicable HST as set out in the Henechowicz Affidavit. A copy of the Henechowicz Affidavit is attached hereto as <u>Appendix "F"</u>.
- 29. Additionally, the Receiver and Claims Officer have incurred legal fees of their legal counsel, Dentons, in respect of these proceedings, as more particularly set out in the Kennedy Affidavit. A copy of the Kennedy Affidavit attached hereto as **Appendix "G"**.
- 30. The Receiver and the Claims Officer request that this Court approve their accounts as set forth above, and approve the accounts of its legal counsel for the period of June 1, 2023 to September 30, 2023 in the amount of \$132,785.26 inclusive of disbursements and HST (collectively, the "**Professional Fees**").
- 31. The Receiver, the Claims Officer, and Dentons have incurred fees from October 1, 2023 to October 10, 2023, and each will incur additional fees as they complete the Remaining Activities (as defined herein) (the "**Remaining Fees**"). The Receiver respectfully requests that the Court authorize and direct the Receiver to retain the amount of \$78,000 from the

Remaining Cash (the "**Fee Holdback**") to satisfy the Remaining Fees. and Torys Fees (as defined herein).

- 32. The Receiver and the Claims Officer submit that the Professional Fees, including the Remaining Fees to be incurred, are reasonable in the circumstances and have been or will be validly incurred in accordance with the provisions of the Receivership Order and Chesley Wood Claims Procedure Order.
- 33. Chesley Wood retained Torys LLP ("**Torys**") to act as its counsel to assist with matters associated with the Chesley Wood Claims Procedure and Amended Stakeholder Support Agreement (the "**Engagement**"). In accordance with paragraph 14 of the Chesley Wood Claims Procedure Order, counsel to Chesley Wood is entitled to the benefit of the Receiver's Charge (as defined in the Receivership Order). The Receiver was informed by Torys that fees and disbursements have been rendered in connection with the Engagement and that additional fees and disbursements will be incurred to conclude the Engagement in the amount of approximately \$78,000 (collectively, the "**Torys Fees**"). The Receiver intends to pay the Torys Fees in accordance with the Chesley Wood Claims Procedure Order.

## **RECEIPTS AND DISBURSEMENTS**

34. The R&D reports net final receipts over disbursements, as at October 3, 2023, of \$3,071,752.87. The Receiver respectfully requests that the Court approve the R&D. A copy of the R&D is attached hereto as <u>Appendix "H"</u>.

#### **RECEIVER'S AND CLAIMS OFFICER'S DISCHARGE**

- 35. Subject to the below, the Receiver has substantially concluded its administration of the receivership and the Claims Officer has substantially concluded its mandate pursuant to the Chesley Wood Claims Procedure Order. The remaining tasks to conclude the receivership administration are as follows (collectively, the "**Remaining Activities**"):
  - (a) retaining and administering the Fee Holdback;

- (b) completing the CRA Distribution, payment of the Torys Fees and the Final Distribution;
- (c) preparation and filing of all remaining post-receivership HST returns and reporting;
- (d) collection of any available HST refunds (which will be distributed to Chelsey Wood as part of the Final Distribution, or as a further distribution depending on the timing of receipt of any refunds);
- (e) prepare and file the Receiver's final report as required under section 246(3) of the of the BIA, and other administrative filings; and
- (f) any incidental tasks that may be required in connection with concluding the receivership proceedings and Chesley Wood Claims Procedure including, without limitation, the filing of the Discharge Certificate.
- 36. To the best of the Receiver's knowledge, following the completion of the Remaining Activities, the Receiver will have completed its administration of the receivership estate in accordance with the terms of the Receivership Order, and the various Orders rendered by the Court in the course of these proceedings. The Receiver is not aware of its services being required for any further purpose other than as set out in this Discharge Report. Accordingly, the Receiver is seeking its discharge in accordance with the terms of the Distribution and Discharge Order.
- 37. To the best of the Claims Officer's knowledge, following the completion of the Remaining Activities, the Claims Officer will have completed its mandate in accordance with the terms of the Chelsey Wood Claims Procedure Order, and the various Orders rendered by the Court in the course of these proceedings, as applicable to it. The Claims Officer is not aware of its services being required for any further purpose other than as set out in this Discharge Report. Accordingly, the Claims Officer is seeking its discharge in accordance with the terms of the Distribution and Discharge Order.

# CONCLUSION AND RECOMMENDATION

38. Based on the foregoing and as outlined in this Discharge Report, the Receiver and the Claims Officer respectfully request that this Court issue the Order outlined in paragraph 5(c) above.

All of which is respectfully submitted this 10<sup>th</sup> day of October, 2023.

MNP Ltd, in its capacity as the Courtappointed Receiver and Manager of Turuss (Canada) Industry Co., Ltd. and not in its personal or corporate capacity

Men Venchowia

Per:

Jerry Henechowicz CPA, CA, CIRP, LIT Senior Vice President

# Appendix "A" to the Eleventh Report of the Receiver

Court File No. CV-20-00646729-00CL

#### ONTARIO

## SUPERIOR COURT OF JUSTICE

#### COMMERCIAL LIST

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FRIDAY, THE 18TH

DAY OF SEPTEMBER, 2020

## PILLAR CAPITAL CORP.

Applicant

- and -

#### TURUSS (CANADA) INDUSTRY CO., LTD.

Respondent

## ORDER (appointing Receiver)

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing MNP Ltd. ("MNP") as receiver and manager (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of Turuss (Canada) Industry Co., Ltd. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day by judicial videoconference via Zoom in Toronto, Ontario due to the COVID-19 pandemic,

ON READING the affidavit of Steve Dizep sworn September 4, 2020 and the Exhibits thereto, the pre-filing report of the proposed Receiver dated September 15, 2020, and the exhibits thereto (collectively, the "Pre-Filing Report"), and on hearing the submissions of counsel for the Applicant, counsel for the proposed Receiver, those other parties listed on the counsel slip, no one else appearing for any other party although duly served as appears from the affidavit of service of Angelica Wilamowicz sworn September 10, 2020, and on reading the consent of MNP to act as the Receiver.

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## APPOINTMENT

1. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA. MNP is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor and all proceeds thereof (collectively, the "Property"), including but not limited to the lands and premises listed in Schedule "A" hereto (the "Real Property").

#### **RECEIVER'S POWERS**

2. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, real estate brokers, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
  - (i) without the approval of this Court in respect of any transaction not exceeding \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
  - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

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and in each such case notice under subsection 63(4) of the Ontario Personal Property Security Act, or section 31 of the Ontario Mortgages Act, as the case may be, shall not be required.

- (1) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property,
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property including as against the Real Property;
- to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

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#### DISTRIBUTION OF RENTAL REVENUE

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to distribute to the Applicant leasing revenue generated from the Real Property, either in whole or in part, up to the amount of the total indebtedness owing to the Applicant, subject to the Applicant entering into the Reimbursement Agreement (as defined in the Pre-Filing Report), substantially in the form attached to the Pre-Filing Report.

#### DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and

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shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

#### NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

#### NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

#### NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory

provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

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#### NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debter, without written consent of the Receiver or leave of this Court.

#### CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further. Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

#### RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

#### EMPLOYEES

14. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such

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employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the Wage Earner Protection Program Act.

#### PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada Personal Information Protection and Electronic Documents Act, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

#### LIMITATION ON ENVIRONMENTAL LIABILITIES

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

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#### LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or willful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

#### **RECEIVER'S ACCOUNTS**

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

#### FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$750,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim

expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "B" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

#### SERVICE AND NOTICE

25. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <u>http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/</u>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL <u>https://mnpdebt.ca/en/corporate/corporate-engagements/Turuss</u>.

26. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that

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any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

#### GENERAL

27. THIS COURT ORDERS that the Receiver is hereby authorized and empowered, but not obligated, to cause the Debtor to make an assignment in bankruptcy and nothing in this Order shall prevent the Receiver from acting as trustee in the Debtor's bankruptcy.

28. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

29. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

30. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

31. THIS COURT ORDERS that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

32. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

Faire ENTERED AT / INSCRIT À TORONTO ON / BOOK NO: LE / DANS LE REGISTRE NO: SEP 2 1 2020

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PER / PAR:

#### SCHEDULE "A"

#### DESCRIPTION OF REAL PROPERTY

The lands and premises municipally known as 60 Queen Street North / 60 Industrial Park Road, Chesley, Ontario and legally described as:

- PIN 33183-0177 (LT): PT PARKLT T, U PL 217 PT 6 ,7 3R7734; MUNICIPALITY OF ARRAN-ELDERSLIE
- PIN 33183-0178 (LT): LT 13-34, 36-47, 50-61, 65-76, 80-91, 96-101 PL 310; MCGAW ST, HIGH ST PL 310 S/T & T/W R376714; PT PARKLT T, U PL 217 & PT RIVER ST PL 310 CLOSED BY CH7716, PT 1 & 5 3R7740, PT 1, 2, 4 3R7734; PT FAIRVIEW AV, RIVER ST PL 310 PT 1, 2, 4 3R4763, PT 11 3R7734 CLOSED BY R374503, PT 1, 2, 3 3R6870 CLOSED BY R339205, PT 6, 7 3R4763 CLOSED BY CH7716; PT LANE PL 310 CLOSED BY CH7716, BTN LT 13 TO 22 PL 310; LANE LYING NORTHERLY OF LT 23 TO 32, PL 310; PT LANE PL 310 LYING EASTERLY AND ABUTTING LT 32 TO 34, PL 310 CLOSED BY R374503 PT 7, 8, 9 3R7740; LANE PL 310 BTN HIGH ST AND MCGRAW ST EXTENDING FROM QUEEN ST TO FAIRVIEW AV; LANE PL 310 BTN RIVER ST AND HIGH ST EXTENDING FROM QUEEN ST TO FAIRVIEW AV; LANE PL 310 BTN LT 40 TO 43, 54 TO 57, 69 TO 72, 84 TO 87, 100 & 101 PL 310, CLOSED BY R374503; LANE PL 310 BTN LT 100 & 101; PT LORNE ST PL 310 PT 3 3R7740, S/T R377152, PT 9, 10 3R7734, S/T R375072, CLOSED BY R374503:S/T R278375,R324241, R356491, R356492. R380920. R380921: MUNICIPALITY OF ARRAN-ELDERSLIE

#### SCHEDULE "B"

#### RECEIVER CERTIFICATE

CERTIFICATE NO.

AMOUNT \$

1. THIS IS TO CERTIFY that MNP Ltd., the receiver (the "Receiver") of the assets, undertakings and properties Turuss (Canada) Industry Co., Ltd. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 18th day of September, 2020 (the "Order") made in an action having Court file number CV-20-00646729-00CL, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$\_\_\_\_\_, being part of the total principal sum of \$\_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the \_\_\_\_\_ day of each month] after the date hereof at a notional rate per amum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of Bank of \_\_\_\_\_ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Banlauptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_,

MNP LTD., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per:

Name: Title:

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PILLAR CAFITAL CORP.   -and   TURUSS (CANADA) INDUSTRY CO, LTD.     Applicants   Applicants   Responde     Applicants   Applicants   Responde     Area   Applicants   Responde     Area   Applicants   Responde     Area   Superator 24(1) of the Bankrappy and   Responde     Involvency Jurk Sc. 1985, c. B3, as amended   ONTIARO   Reponde     Involvency Jurke Ad, R.S.O. 1990, c. c.43, as amended   ONTIARO   ONTIARO     Record of Counts of Jurke Ad, R.S.O. 1990, c. c.43, as amended   ONTIARO   Reponde     Record of Counts of Jurke Ad, R.S.O. 1990, c. c.43, as amended   ONTIARO   Reponde     Record of Counts of Jurke Ad, R.S.O. 1990, c. c.43, as amended   ONTIARO   NOTORNERCIAL LIJST)     Record of Counts of Jurke Ad, R.S.O. 1990, c. c.43, as amended   Record of Notesco Advisor   Coontent of Notesco Advisor     Record of Counts of Jurke Advisor   Record of Notesco Advisor   Record of Notesco Advisor   Each of Societors     Record of Counts of Notesco Advisor   Record of Societors   Each of Societors   Each of Societors     Record of Notesco Advisor   Record of Societors   Each of Societors   Each of Societors     Record of Societors   Record Advisor   Each of Societors   Each of Societors     Record of Societors   Record Socie	- and - TURUSS (CANADA) INDUSTRY CO., I ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST) PROCEEDING COMMENCED AT TORO RECEIVERSHIP ORDER RECEIVERSHIP ORDER RECEIVERSHIP ORDER GOWLING WLG (CANADA) LLP Barristers & Solicitors I First Canadian Place 10 King Street West, Suite 1600 Toronto ON MSX 1GS Tel: 416-862-7661 Thomas Gerther (LSO# 67756S) Tel: 416-369-4618 itomax gerinter@gowlingwlg.com Solicitors for the Applicant		CULLUT 1145 14 - 14-20-000-00-00-00-00-00-00-00-00-00-00-00
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Thomas Gertner (LSO# 67756S) Tel: 416-369-4618 <i>thomas germer@gowlingwlg.com</i> Solicitors for the Applicant	Thomas Gertner (LSO# 67756S) Tel: 416-369-4618 <i>thomas germen@goovlingwlg.com</i> Solicitors for the Applicant		GOWLING WLG (CANADA) LLP Barnisters & Solicitors I First Canadian Place 100 King Street West, Suite 1600 Toronto ON M5X 1G5 Tel: 416-862-7525 Fax: 416-862-7661
Solicitors for the Applicant	Solicitors for the Applicant		Thomas Gertner (LSO# 67756S) Tel: 416-369-4618 thomas gertner@gowlingwlg.com
			Solicitors for the Applicant

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Court File Number:

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Superior Court of Justice **Commercial List** 

FILE/DIRECTION/ORDER

P + Traisory Plaintiff(s) AND

Defendant(s)

Case Management I Yes I No by Judge:

Counsel	Telephone No;	Facsimile No:
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Above action transferred	to the Commercial List at Toronto (No I	formal order need be taken out)
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Judge's Signature

Additional Pages\_

# Appendix "B" to the Eleventh Report of the Receiver

Court File No. CV-20-00646729-00CL

# ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)

**BETWEEN**:

# PILLAR CAPITAL CORP.

Applicant

- and -

# TURUSS (CANADA) INDUSTRY CO., LTD.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED

# NINTH REPORT OF MNP LTD. AS RECEIVER AND MANAGER OF THE ASSETS, UNDERTAKINGS AND PROPERTIES OF TURUSS (CANADA) INDUSTRY CO., LTD.

July 8, 2022
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# APPENDICES

Appendix "A":	Receivership Order dated September 18, 2020 and corresponding
	Endorsement
Appendix "B":	Eighth Report of the Receiver dated October 25, 2021 (without appendices)
Appendix "C":	Order of Justice Penny dated October 29, 2021
Appendix "D":	CRA proof of claims dated May 30, 2022
Appendix "E":	Corporate Structure Memo
Appendix "F":	Li Affidavit dated April 11, 2022
Appendix "G":	Henechowicz Affidavit dated July 6, 2022
Appendix "H":	Kennedy Affidavit dated July 8, 2022
Appendix "I":	Final statement of receipts and disbursements dated July 6, 2022

## INTRODUCTION AND BACKGROUND

- On September 18, 2020, MNP Ltd. ("MNP") was appointed as the receiver and manager (the "Receiver") without security, of the assets, undertakings and properties (the "Property") of Turuss (Canada) Industry Co., Ltd. ("Turuss" or the "Company") by order (the "Receivership Order") of the Ontario Superior Court of Justice (Commercial List) (the "Court"). A copy of the Receivership Order and its corresponding endorsement is attached as Appendix "A".
- 2. The circumstances leading to the appointment of the Receiver are set out in the affidavit of Steve Dizep sworn September 4, 2020, filed in support of the Receivership Order.
- 3. Turuss is a federally incorporated entity that previously manufactured, imported and distributed hardwood flooring. Ms. Yang Jiang ("**Jiang**") is an officer and director of Turuss. The Company's primary asset consisted of a 349,000 sq. ft. commercial property and adjacent vacant land located at 60 Industrial Park Road, Chesley, Ontario (the "**Chesley Property**").
- 4. The Receiver filed eight (8) reports and has obtained numerous Orders in this receivership proceeding, namely:
  - (a) the first report to the Court, dated October 21, 2020, in support of its motion (returnable October 29, 2021) seeking, *inter alia*, an order authorizing the Receiver to complete a sale process (the "Sale Process") for the Chesley Property;
  - (b) on October 29, 2020, the Court issued an order authorizing the Receiver to implement the Sale Process for the Chesley Property;
  - (c) the second report, dated November 9, 2020, in support of its motion (returnable November 10, 2020) seeking, *inter alia*, an order directing Jiang to deliver Turuss' books and records (the "Books and Records") to the Receiver;

- (d) the third report, dated January 5, 2021 (the "Third Report"), together with the Receiver's supplement to the Third Report, dated January 20, 2021, seeking, *inter alia*, an order extending the bid deadline for the submission of offers in the Sale Process (the "Deadline") from January 11, 2021 to February 26, 2021;
- (e) on January 11, 2021, the Court issued an order extending the Deadline from January 11, 2021 to February 26, 2021 (subject to a further extension by the Receiver, in its discretion, for an additional period no greater than four (4) weeks);
- (f) the fourth report to the Court, dated March 23, 2021, in support of its motion (returnable March 26, 2021) seeking, *inter alia*, an order:
  - (i) authorizing the Receiver to further extend the Deadline from February 26, 2021 to April 16, 2021; and
  - (ii) approving the auction procedures to be implemented by the Receiver in the event there were multiple competitive offers received for the Chesley Property on or before the Deadline;
- (g) the Receiver's fifth report, dated April 13, 2021, in support of its motion (returnable April 14, 2021) seeking, *inter alia*, an order:
  - (i) authorizing the Receiver to execute the Asset Purchase Agreement dated April 13, 2021 between the Receiver and Westmount Park Investments Inc. in respect of the Chesley Property to be used as the "stalking horse bid"; and
  - (ii) approving the stalking horse bidding procedures as set out in the Fifth Report, and extending the Deadline to April 30, 2021;
- (h) the Receiver's sixth report, dated May 31, 2021 (the "**Sixth Report**") in support of its motion (returnable June 7, 2021) seeking, *inter alia*, an order:
  - (i) approving and authorizing the Chelsea APA (as defined herein), theTransaction (as defined herein) and authorizing the Receiver to take

such steps as are necessary and appropriate to facilitate the closing the Transaction;

- (ii) vesting Turuss' right, title and interest, if any, in and to the Chesley Property to the Purchaser (as defined herein), free and clear of any encumbrances, save and except as otherwise contemplated by the Chelsea APA;
- (iii) authorizing and approving a distribution by the Receiver to Pillar Capital Corp. ("Pillar") from the sale proceeds generated from the closing of the Transaction contemplated in the Chelsea APA (the "Sale Proceeds"), in an amount sufficient to repay to Pillar in full and final satisfaction of all amounts owing by the Receiver to Pillar pursuant to the Receiver's borrowings and all amounts owing by Turuss to Pillar; and
- (iv) authorizing and approving a distribution by the Receiver to Kuo-Tong Hsieh ("Hsieh") from the Sale Proceeds, in an amount sufficient to repay to Hsieh the principal amount owing by Turuss to Hsieh only (the "Limited Hsieh Distribution"), and authorizing the Receiver to make such further distributions to Hsieh on account of interest and other costs claimed;
- (i) On June 7, 2021, the Court issued an order:
  - (i) authorizing the Receiver to take such steps as are necessary and appropriate to facilitate the closing of the transaction (the "Transaction") contemplated in the asset purchase agreement (the "Chelsea APA") between the Receiver and Chelsea Property Holdings Inc. (the "Purchaser") dated May 31, 2021 (as amended), and vesting Turuss' right, title and interest, if any, in and to the Chesley Property to the Purchaser, free and clear of any encumbrances, save and except as otherwise contemplated by the Chelsea APA;

- (ii) authorizing a distribution by the Receiver to Pillar from the Sale Proceeds, in an amount sufficient to repay Pillar in respect of principal in connection to its demand credit facility, and the principal amount owing by the Receiver to Pillar pursuant to the Receiver's borrowings; and
- (iii) authorizing a distribution by the Receiver to Hsieh from the SaleProceeds, in the amount of the Limited Hsieh Distribution;
- (j) the Receiver's Supplemental Report to the Sixth Report dated June 28, 2021, in support of its motion (returnable June 30, 2021) for the Court's advice and direction regarding a proposed first amendment to the Chelsea APA (the "Amendment");
- (k) on June 25, 2021, the Court issued an endorsement authorizing the Receiver to execute the Amendment and complete the Transaction contemplated by the Chelsea APA;
- (l) the Receiver's Seventh report, dated July 26, 2021 in support of its motion (returnable August 3, 2021) seeking, *inter alia*, orders:
  - (i) authorizing and approving a final distribution to Pillar from the Sale Proceeds, in an amount sufficient to repay to Pillar: (i) all remaining amounts owing by Turuss in respect of accrued interest and fees, and (ii) all remaining amounts owing by the Receiver pursuant to the Receiver's borrowings (the "Final Pillar Distribution"); and
  - (ii) authorizing and approving the Receiver to distribute to Hsieh from the Sale Proceeds such further funds on account of proper interest and fees owing to Hsieh by Turuss (the "Final Hsieh Distribution"); and
  - (iii) approving and authorizing a claims procedure (the "Claims Procedure") and authorizing, directing and empowering the Receiver to administer the Claims Procedure in accordance with the terms of

the Claims Procedure Order dated August 3, 2021 (the "Claims Procedure Order"); and

- (m) On August 3, 2021, the Court issued the Claims Procedure Order authorizing the Receiver to implement the Claims Procedure in accordance with the claims Procedure Order. In addition, the Court issued an Order dated August 3, 2021 that authorized and directed the Receiver to make the Final Pillar Distribution and the Final Hsieh Distribution;
- (n) the Receiver's eighth report, dated October 25, 2021 (the "Eighth Report") in support of its motion (returnable October 29, 2021) seeking, *inter alia*, orders approving and authorizing a distribution by the Receiver to the creditors of Turuss with Proven Claims from the Sale Proceeds;

A copy of the Eighth Report (without appendices) is attached hereto as **Appendix "B"**.

- 5. Pursuant to the Order of Justice Penny dated October 29, 2021, the Court authorized and approved a distribution by the Receiver to the Creditors of Turuss with Proven Claims (the "Creditor Distribution Order") a copy of which is attached hereto as Appendix "C".
- 6. Information regarding the receivership proceedings has been posted to the Receiver's case website at <u>www.mnpdebt.ca/turuss</u> (the "**Website**").

## PURPOSE OF THIS REPORT

- 7. The purpose of the Receiver's Ninth Report is to provide the Court with information regarding:
  - (a) the Receiver's activities since the time of filing the Eighth Report;
  - (b) the priority claims of Canada Revenue Agency ("CRA") for unremitted HST and employee source deductions, and payment of same;

- distributions to Creditors of Turuss with Proven Claims pursuant to the Creditor Distribution Order;
- (d) the Receiver's review and investigation of Turuss' corporate structure including its directors, officers and shareholders, for the purposes of completing the Turuss Distribution (as defined herein); and
- (e) the Receiver's recommendation for an order, *inter alia* (the "Distribution and Discharge Order"):
  - (i) abridging the time for service of the Motion Record dated July 8, 2022
    (the "Motion Record"), the Notice of Motion dated July 8, 2022
    ("Notice of Motion"), and this Ninth Report so that the motion is properly returnable on July 18, 2022, and dispensing with further service thereof, if necessary;
  - (ii) authorizing and directing the Receiver to distribute (the "Turuss Distribution") the residual sale proceeds in the receivership estate (the "Residual Sale Proceeds"), net of the Fee Holdback, to the Turuss' bank account held with Royal Bank of Canada as described herein (the "Turuss Bank Account");
  - (iii) approving the fees and disbursements of the Receiver as set out in the affidavit of Jerry Henechowicz sworn July 6, 2022, the fees and disbursements of the Receiver's counsel, Dentons Canada LLP ("Dentons"), as set out in the affidavit of Robert Kennedy sworn July 8, 2022 (together, the "Fee Affidavits"), and the estimated fees and disbursements to be incurred by the Receiver and Dentons through to the completion of the remaining activities, as described herein (the "Remaining Fees");
  - (iv) authorizing and directing the Receiver to retain the Fee Holdback (as defined herein);

- (v) approving this Ninth Report, and the activities of the Receiver as set out herein;
- (vi) approving the final statement of receipts and disbursements dated July6, 2022 (the "**R&D**");
- (vii) discharging and releasing MNP as Receiver of Turuss, upon the Receiver filing with the Court a certificate in the form attached as <u>Schedule "A"</u> to the draft Order (the "Receiver's Discharge Certificate"); and
- (viii) such further and other grounds as counsel may advise and this Court may permit.

## **TERMS OF REFERENCE**

- 8. Capitalized terms not otherwise defined herein shall have the meaning ascribed to that term pursuant to the Claims Procedure Order.
- 9. In preparing this Ninth Report and all preceding reports, the Receiver has relied on unaudited financial and other information regarding Turuss and its assets which includes, but not limited to, the following information (collectively the "Information"):
  - (a) as provided by Jiang, which includes the Books and Records;
  - (b) obtained in discussions with creditors and stakeholders generally;
  - (c) as provided by a former employee of Turuss, who was retained by the Receiver on a contract basis; and
  - (d) as otherwise available to the Receiver and its counsel.
- 10. Except as described in this Eighth Report, the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with the Generally Accepted Assurance Standards of the Chartered Professional Accountants of Canada.

11. All currency references are in Canadian Dollars unless otherwise specified.

## **ACTIVITIES TO DATE**

- 12. Since filing the Eighth Report, the Receiver's activities have concentrated on:
  - (a) updating the Website, as necessary;
  - (b) responding to enquiries from CRA and other potential creditors regarding their Claims, including resolving the Liyuan Qi claim (as described in the Eighth Report);
  - (c) attending to the completion of the Final Pillar Distribution, Final Hsieh
    Distribution, Proven Claims distributions and statutory claim payments;
  - (d) completing the review and investigation of Turuss' corporate structure including a review of its shareholders, directors, and officers; and
  - (e) preparing this Ninth Report.

## PRIORITY CLAIMS

- 13. The Receiver was advised by CRA that it was examining the potential Turuss' liabilities resulting from unremitted HST and employee source deductions, including employer contributions, interest and penalties.
- 14. Following CRA's examination and assessment of its priority claim, the CRA delivered two proof of claims each dated May 30, 2022 (collectively, "CRA Proof of Claims") totaling \$181,374.22, comprising of: (i) \$151,147.04 of unremitted HST, and (ii) \$30,227.18 for employee source deductions. Attached hereto as Appendix "D" is a copy of the CRA Proof of Claims. Following the Receiver's review of the CRA Proof of Claims, the Receiver issued payment to CRA for the full amount of their claims as set out in the CRA Proof of Claims.

## DISTRIBUTION TO PROVEN CREDITORS

- 15. On or before the Claims Bar Date, eleven creditors delivered a Proof of Claim to the Receiver. Following the Receiver's review of the aforementioned claims, the Receiver determined Proven Claims totaling in aggregate \$638,830.84. For clarity, the aforementioned claim amount does not include the amounts set out in the CRA Proof of Claims.
- 16. With respect to the Proven Claims, the Receiver has made distributions on account of those Proven Claims in accordance with the Creditor Distribution Order. Of note, the Receiver delivered distributions by either wire transfer or cheque and with respect to the distributions made by cheque, each recipient has negotiated the cheque payment.
- 17. All matters associated with the Claims Procedure are now complete.

## DISTRIBUTION OF RESIDUAL SALE PROCEEDS TO TURUSS

- 18. All Proven Claims have now been satisfied including payment to CRA on account of the CRA Proof of Claims. Currently, as set out in the R&D, the Receiver holds approximately \$3,400,000 for distribution to Turuss.
- 19. The Receiver has reviewed the Books and Records, and other information made available by Jiang to identify the current shareholders, directors and officers of Turuss. Following that review, the Receiver determined that:
  - (a) Chesley Wood Industry Co. Inc. ("**Chesley Wood**") is the 100 percent shareholder of Turuss;
  - (b) Turuss' has two acting directors, being Jiang and Guoning Li ("Li"); and
  - (c) Turuss has three acting officers, being Jiang (Secretary and Treasurer) and Li (President).
- 20. The Receiver conducted the following meetings in connection with the development of a distribution plan for the Residual Sale Proceeds:

- (a) an initial virtual meeting on February 28, 2022 with Jiang, being the primary point of contact for Turuss during receivership administration, to review the Memorandum prepared by Dentons regarding the Turuss corporate structure (the "Corporate Structure Memo") and inform Jiang of the Receiver's considerations in recommending the Turuss Distribution and also request information relating to the Turuss Bank Account ("Virtual Planning Meeting 1"). A copy of the Corporate Structure Memo is attached hereto as Appendix "E";
- (b) following Virtual Planning Meeting 1, the Receiver requested that Jiang contact Li (acting Turuss President) to coordinate a virtual meeting with Li, Jiang and the Receiver to inform Li of the Receiver's considerations in recommending the Turuss Distribution ("Virtual Planning Meeting 2");
- (c) Virtual Planning Meeting 2 occurred on March 8, 2022. During this meeting, the Receiver to addressed questions, concerns and any other alternative suggestions presented by Li and/or Jiang. Li confirmed the information discussed in this meeting by way of affidavit sworn April 11, 2022 (the "Li Affidavit"). In short, Li is supportive of the Turuss Distribution. A copy of the Li Affidavit is attached hereto as Appendix "F"; and
- (d) following Virtual Planning Meeting 2, the Receiver requested that Li and Jiang coordinate a virtual meeting with one of Chesley Wood's shareholders, Veyron Wood Industry Inc. ("Veyron"). The principal of Veyron is Zhenghang Li (also known as Lawrence Li) ("Lawrence"), and a further meeting was scheduled to inform him of the Receiver's considerations in recommending the Turuss Distribution ("Virtual Planning Meeting 3"). Veyron owns 16% of the outstanding common shares of Chesley Wood. Of note, the Receiver did not hold a meeting with the other shareholder of Chesley Wood, Dalian Turuss Wood Industry Co., Ltd. (holding 84% of the outstanding common shares) ("Dalian Turuss"), as Li is the principal of Dalian Turuss and is supportive of the Turuss Distribution. Virtual Planning Meeting 3 occurred on April 25, 2022. During this meeting, the Receiver

addressed questions, concerns and any other alternative suggestions presented by Lawrence.

- 21. During Virtual Planning Meeting 3, Lawrence expressed some concerns regarding the proposed Turuss Distribution and the ability for Veyron to receive its equity share in the Residual Sale Proceeds. In response, the Receiver advised Lawrence to seek legal advice. The Receiver has attempted to seek an update from Lawrence on various occasions without success. On June 22, 2022, Dentons sent email correspondence to Lawrence advising him of the Receiver's intention to proceed with the motion for an Order approving and directing the Receiver to complete the Turuss Distribution. As of the date of this Report, the Receiver has not heard from Lawrence.
- 22. None of the directors or officers of Turuss oppose the proposed Turuss Distribution. The Receiver is of the view that the Turuss Distribution is fair and reasonable in the circumstances.

#### FEES AND DISBURSEMENTS

- 23. As noted above, the Receiver has provided services and incurred disbursements during the period October 1, 2021 to June 29, 2022 totaling \$93,703.56 inclusive of disbursements and applicable HST as set out in the Henechowicz Affidavit. A copy of the Henechowicz Affidavit is attached hereto as **Appendix "G"**.
- Additionally, the Receiver has incurred legal fees of its legal counsel, Dentons, in respect of these proceedings, as more particularly set out in the Kennedy Affidavit. A copy of the Kennedy Affidavit attached hereto as Appendix "H".
- 25. The Receiver requests that this Court approve its interim accounts for the period of October 1, 2021 to June 29, 2022 in the amount of \$93,703.56 inclusive of disbursements and HST, and approve the interim accounts of its legal counsel for the period of October 1, 2021 to June 30, 2022 in the amount of \$188,509.58 inclusive of disbursements and HST (collectively, the "**Professional Fees**").

- 26. The Receiver and its counsel, Dentons, have incurred fees from July 1, 2022 to July 9, 2022 and will continue to incur fees as it completes the Remaining Activities (as defined herein). The Receiver respectfully requests that the Court authorize and direct the Receiver to retain the amount of \$70,000 from the Residual Sale Proceeds (the "Fee Holdback") to satisfy these fees (the Remaining Fees).
- 27. The Receiver submits that the Professional Fees including the Remaining Fees to be incurred, are reasonable in the circumstances and have been or will be validly incurred in accordance with the provisions of the Receivership Order.

## **RECEIPTS AND DISBURSEMENTS**

28. The R&D reports net final receipts over disbursements, as at July 6, 2022, of \$3,431,464.60. The Receiver respectfully requests that the Court approve the R&D. A copy of the R&D is attached hereto as Appendix "I".

## **RECEIVER DISCHARGE**

- 29. The Receiver has concluded the majority of its administration of the receivership. The remaining tasks to conclude the receivership administration are as follows (collectively, the "**Remaining Activities**"):
  - (a) retaining and administering the Fee Holdback;
  - (b) completing the Turuss Distribution;
  - (c) preparation and filing of all remaining post-receivership HST returns and reporting;
  - (d) collection of any available HST refunds (which will be distributed to Turuss as part of the Turuss Distribution, or as a further distribution depending on the timing of receipt of any refunds);
  - (e) prepare and file the Receiver's final report as required under section 246(3) of the BIA, and other administrative filings; and

- (f) any incidental tasks that may be required in connection with concluding the receivership proceedings including, without limitation, the filing of the Receiver's Discharge Certificate.
- 30. To the best of the Receiver's knowledge, following the completion of the Remaining Activities, the Receiver will have completed its administration of the receivership estate in accordance with the terms of the Receivership Order, and the various Orders rendered by the Court in the course of these proceedings. The Receiver is not aware of its services being required for any further purpose other than as set out in this Ninth Report. Accordingly, the Receiver is seeking its discharge in accordance with the terms of the Distribution and Discharge Order.

## CONCLUSION AND RECOMMENDATION

31. Based on the foregoing and as outlined in this Ninth Report, the Receiver respectfully requests that this Court issue an order as outlined in paragraph 7(e).

All of which is respectfully submitted this 8<sup>th</sup> day of July, 2022.

MNP Ltd, in its capacity as the Courtappointed Receiver and Manager of Turuss (Canada) Industry Co., Ltd. and not in its personal or corporate capacity

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Jerry Henechowicz CPA, CA, CIRP, LIT Senior Vice President

PILLAR CAPITAL CORP. Applicant	- and -	TURUSS (CANADA) INDUSTRY CO., LTD. Respondent ONTARIO SUPERIOR COURT OF JUSTICE
		PROCEEDING COMMENCIAL LIST) PROCEEDING COMMENCED AT TORONTO NINTH REPORT OF THE RECEIVER
		<b>DENTONS CANADA LLP</b> 77 King Street West, Suite 400 Toronto-Dominion Centre Toronto, Ontario M5K 0A1
		Robert Kennedy (LSO #474070)        Tel:      (416) 367-6756        Fax:      (416) 863-4592        robert.kennedy@dentons.com
		Daniel Loberto (LSO # 79632Q)Tel:(416) 863-4760daniel.loberto@dentons.comLawyers for the Receiver

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# Appendix "C" to the Eleventh Report of the Receiver

Court File No. CV-20-00646729-00CL

## ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)

**BETWEEN**:

## PILLAR CAPITAL CORP.

Applicant

- and -

## TURUSS (CANADA) INDUSTRY CO., LTD.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED

# TENTH REPORT OF MNP LTD. AS RECEIVER AND MANAGER OF THE ASSETS, UNDERTAKINGS AND PROPERTIES OF TURUSS (CANADA) INDUSTRY CO., LTD.

June 26, 2023

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## **APPENDICES**

Appendix "A":	Order of the Ontario Superior Court of Justice (Commercial List) dated
	September 18, 2020, and its corresponding endorsement.
Appendix "B"	Ninth Report of the Receiver (without appendices)
Appendix "C":	Chesley Wood Industry Co. Inc. corporate profile report, dated January 5,
	2022
Appendix "D"	July 18 Endorsement
Appendix "E":	Form of Stakeholder Support Agreement, June 2023
Appendix "F":	Affidavit of Jerry Henechowicz, dated June 23, 2023
Appendix "G":	Affidavit of Robert Kennedy, dated June 26, 2023
Appendix "H":	Interim statement of receipts and disbursements, dated June 16, 2023

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## **INTRODUCTION**

- On September 18, 2020, MNP Ltd. ("MNP") was appointed as the receiver and manager (the "Receiver") without security, of the assets, undertakings and properties (the "Property") of Turuss (Canada) Industry Co., Ltd. ("Turuss" or the "Company") pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) (the "Court"), dated September 18, 2020 (the "Receivership Order"). A copy of the Receivership Order and its corresponding endorsement is attached as Appendix "A".
- 2. The circumstances leading to the appointment of the Receiver are set out in the affidavit of Steve Dizep sworn September 4, 2020, filed in support of the Receivership Order.
- 3. Turuss is a federally incorporated entity that previously manufactured, imported and distributed hardwood flooring. Ms. Yang Jiang ("**Jiang**") is an officer and director of Turuss, and key contact for the Receiver.
- 4. The Receiver filed nine (9) reports and has obtained numerous Orders in this receivership proceeding, namely:
  - (a) the Receiver's first report to the Court, dated October 21, 2020, in support of its motion seeking an order, *inter alia*, authorizing the Receiver to complete a sale process (the "Sale Process") for the Property. On October 2, 2023, the Court granted an order approving the Sale Process and authorized the Receiver to commence such Sale Process for the sale of Property (the "Sale Process Order"), including the commercial property and adjacent vacant land located at 60 Industrial Park Road, Chesley, Ontario (the "Chesley Property");
  - (b) the Receiver's second report to the Court, dated November 9, 2020 in support of its motion seeking an order, *inter alia*, directing Jiang to deliver Turuss' books and records (the "Books and Records") to the Receiver. On November

10, 2020, the Court granted an order which ordered and directed Jiang to deliver all Book and Records to the Receiver;

- (c) the Receiver's third report to the Court, dated January 5, 2021 (the "Third Report"), together with the Receiver's supplement to the Third Report, dated January 20, 2021, in support of its motion seeking an order, *inter alia*, extending the Deadline (as such term is defined in the Sale Process) for the submission of offers in the Sale Process from January 11, 2021 to February 26, 2021. On January 11, 2021, the Court granted an order which approved such Deadline extension, and allowed the Receiver to extend the dates and deadlines contemplated in the Sale Process for a total period of no greater than four (4) weeks (up to March 26, 2021);
- (d) the Receiver's fourth report to the Court, dated March 23, 2021, in support of its motion seeking an order, *inter alia* authorizing the Receiver to further extend the Deadline from March 26 to April 16, 2021, and approving the auction procedures to be implemented by the Receiver in the event there were multiple competitive offers received for the Chesley Property on or before the Deadline. On March 26, 2021, the Court granted an order approving such Deadline extension and auction procedures;
- (e) the Receiver's fifth report to the Court, dated April 13, 2021 (the "Fifth Report"), in support of its motion seeking an order, *inter alia*: (i) approving the stalking horse bidding procedures as set out in the Fifth Report, and extending the Deadline to April 30, 2021; and (ii) authorizing the Receiver to execute the Asset Purchase Agreement dated April 13, 2021 (the "Stalking Horse Bid") between the Receiver and Westmount Park Investments Inc. in respect of the Chesley Property. On April 14, 2021, the Court granted an Order approving such stalking horse bidding procedures and Deadline extension, and authorizing the Receiver to execute the Stalking Horse Bid;
- (f) the Receiver's sixth report to the Court, dated May 31, 2021, in support of its motion seeking an order, *inter alia*: (i) approving and authorizing the asset purchase agreement between the Receiver and Chelsea Property Holdings

Inc. (the "**Purchaser**") dated May 31, 2021 (as amended) (the "**Chelsea APA**"), and vesting Turuss' right, title and interest, if any, in and to the Chesley Property to the Purchaser, free and clear of any encumbrances, save and except as otherwise contemplated by the Chelsea APA; and (ii) authorizing and directing distributions to Pillar Capital Corp. ("**Pillar**") and Kuo-Tong Hsieh ("**Hsieh**") from the sale proceeds resulting from closing the transaction provided for in the Chelsea APA (the "**Sale Proceeds**"). On June 7, 2021, the Court granted an order approving the transaction provided for in thereof by the Receiver, and authorized and directed the Receiver to take such steps as are necessary and appropriate to facilitate the closing of the transaction. In addition, the Court authorized and directed the Receiver to make the requested distributions to Pillar and Hsieh;

- (g) the Receiver's supplemental report to the sixth report, dated June 28, 2021, provided the Court with an update on the status of the transaction provided for in the Chelsea APA, and sought advice and direction in connection with a proposed first amendment to the Chelsea APA. On June 25, 2021, the Court issued an endorsement authorizing the Receiver to execute the amendment and complete the transaction contemplated by the Chelsea APA, as amended;
- (h) the Receiver's seventh report to the Court, dated July 27, 2021 in support of its motion seeking an order, *inter alia*: (i) authorizing and approving a distribution to Pillar from the Sale Proceeds, in an amount sufficient to repay to Pillar all remaining amounts owing by Turuss in respect of accrued interest and fees, and all remaining amounts owing by the Receiver pursuant to the Receiver's borrowings; (ii) authorizing and approving the Receiver to distribute to Hsieh from the Sale Proceeds such further funds on account of proper interest and fees owing to Hsieh by Turuss, and (iii) approving and authorizing a claims procedure (the "Claims Procedure"). On August 3, 2021, the Court granted an order approving all of the aforementioned relief;
- (i) the Receiver's eighth report to the Court, dated October 25, 2021 in support of its motion seeking an order, *inter alia*, approving and authorizing a

distribution from the Sale Proceeds by the Receiver to the unsecured creditors of Turuss with proven claims. On October 29, 2021, the Court granted an order approving the distribution to unsecured creditors;

(i) the Receiver's ninth report to the Court, dated July 8, 2022 (the "Ninth Report") in support of its motion seeking an order, inter alia, authorizing and directing the Receiver to distribute the remaining sale proceeds (the "**Residual Sale Proceeds**") in the receivership estate, net of the Fee Holdback (as defined in the Ninth Report), to a Turuss' bank account held with Royal Bank of Canada (the "Turuss Distribution"), and discharging and releasing MNP as Receiver of Turuss, upon the Receiver filing with the Court a receiver's certificate, as further contemplated in the Ninth Report. On July 18, 2022, the Court granted an Order approving the Receiver's activities and fees for the periods set out in the Ninth Report (the "Approval Order") and also issued an endorsement ("July 18 Endorsement"), which directed the Receiver to consult with the relevant stakeholders (the "Stakeholders") with respect to the distribution of the Residual Sale Proceeds, and to report back to the Court with an alternative distribution plan concerning the Turuss Distribution (such relief was adjourned sine die). A copy of the Ninth Report (without appendices) is attached as Appendix "B".

#### **PURPOSES OF THIS TENTH REPORT**

- 5. The purpose of this tenth report dated June 26, 2023 (the "**Tenth Report**") is to provide the Court with information regarding:
  - (a) the Receiver's activities since the time of filing the Ninth Report;
  - (b) an update in connection with: (i) Turuss' CRA HST Audits and Reassessments, and (ii) the financial statements and income tax-related filings of Chesley Wood Industry Co. Inc., ("Chesley Wood") (the 100% shareholder of Turuss);

- (c) an update regarding its consultations and discussions with the Stakeholders regarding the Residual Sale Proceeds, consistent with the July 18 Endorsement;
- (d) the Receiver's recommendation for an order:
  - (i) abridging the time for service of this Notice of Motion, the Motion Record and the Tenth Report so that this Motion is properly returnable on June 28, 2023, and dispensing with further service thereof;
  - (ii) appointing MNP as claims officer (the "Claims Officer") with respect to Chesley Wood for the limited purpose of administering a claims procedure (the "Chesley Wood Claims Procedure");
  - (iii) authorizing and approving the Chesley Wood Claims Procedure and authorizing, directing and empowering the Claims Officer to implement and carry out the Chesley Wood Claims Procedure;
  - (iv) approving the Stakeholder Support Agreement (as defined herein), and approving and authorizing the execution of the Stakeholder Support Agreement by the Receiver;
  - (v) approving the fees and disbursements of the Receiver as set out in the affidavit of Jerry Henechowicz sworn June 23, 2023 (the "Henechowicz Affidavit"), the fees and disbursements of the Receiver's counsel, Dentons Canada LLP ("Dentons"), as set out in the affidavit of Robert Kennedy sworn June 26, 2023 (the "Kennedy Affidavit", and together with the Henechowicz Affidavit, the "Fee Affidavits");
  - (vi) approving the Tenth Report and the activities of the Receiver as set out therein;
  - (vii) approving the interim statement of receipts and disbursements datedJune 16, 2023 (the "R&D"); and

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(viii) granting such further and other relief as counsel may advise and this Court may permit.

## **TERMS OF REFERENCE**

- 6. In preparing this Tenth Report and all preceding reports, the Receiver has relied on unaudited financial and other information regarding Turuss and its assets which includes, but is not limited to, the following information (collectively the "Information"):
  - (a) as provided by Jiang, which includes Turuss' available Books and Records;
  - (b) obtained in discussions with creditors and stakeholders, generally;
  - (c) as provided by a former employee of Turuss, who was retained by the Receiver on a contract basis; and
  - (d) as otherwise available to the Receiver and its counsel.
- 7. Except as described in this Tenth Report, the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with the Generally Accepted Assurance Standards of the Chartered Professional Accountants of Canada.
- 8. All currency references are in Canadian Dollars unless otherwise specified.
- 9. Information regarding the receivership proceedings has been posted to the Receiver's case website at www.mnpdebt.ca/turuss (the "Website").

## **ACTIVITIES TO DATE**

- 10. Since the date of the Ninth Report, the Receiver's activities include:
  - (a) updating the Website, as necessary;
  - (b) responding to enquiries from creditors regarding their claims and the payment of same;

- (c) completing the review and investigation of Turuss' corporate structure;
- (d) discussions and consultations with the Stakeholders regarding a process for the distribution of the Residual Sale Proceeds;
- (e) arranging for the compilation and filing of the Company's outstanding income tax returns;
- (f) coordinating and assisting CRA with its audit of the Company's pre and post Receivership HST liabilities including filing Notices of Objection to certain of CRA's reassessments of the Company and Receiver's HST filings; and
- (g) preparing this Tenth Report.

## UPDATES REGARDING TAX AND FINANCIAL STATEMENTS

CRA HST Audit and Reassessment Update

- 11. Commencing in early November, 2022, CRA began an audit of both the Company's HST liabilities for the periods two calendar years preceding the Receiver's appointment (the "**Pre-Receivership HST Audit**"). Concurrently, CRA commenced an audit of the Receiver's post-receivership HST filings (the "**Post-Receivership HST Audit**").
- 12. The Receiver assisted both Jiang and CRA in connection with the both Pre-Receivership HST Audit and coordinated the Post Receivership HST Audit. Ultimately, CRA accepted the Receiver's post-Receivership filings and on June 20, 2023 received a refund of HST in the amount of \$81,964.43.
- 13. Following discussions and negotiations with CRA, in early May 2023, the Receiver and CRA agreed to accept a further pre-receivership HST reassessment for unremitted HST of \$67,970.09. The Receiver intends to remit this amount to CRA prior to any final distribution.

- 14. Chesley Wood is the 100% shareholder of Turuss. On March 31, 2023, the Receiver was provided with copies of Chesley Wood's annual financial statements for the years ending December 31, 2013 to December 31, 2015, as well as a copy of Chesley Wood's federal income tax return for the year ended December 31, 2016 (collectively the "Chesley Wood FS").
- 15. From review of the Chesley Wood FS by the Receiver, the following table summarizes Chesley Wood's balance sheet as of December 31, 2016:

Assets	Unaudited As at 12/31/16
Cash	19,402
Investment in subsidiary	9,912,607
Advances to related companies	5,134,059
	15,066,068
Liabilities	
Advances from corporate shareholder	5,126,285
Share capital	9,917,707
Retained Earnings	22,076
	15,066,068

16. The Receiver was advised by Chesley Wood's principal, Jiang, that Chesley Wood has been inactive since 2016, and has not prepared any financial statements or filed any income tax returns after 2016. The Receiver understands that Chesley Wood is currently an active corporation pursuant to a corporate profile report, dated January 5, 2022 (the "Chesley Wood Corporate Profile Report"). A copy of the Chesley Wood Corporate Profile Report is attached hereto as Appendix "C".

## STAKEHOLDER SUPPORT AGREEMENT AND CLAIMS OFFICER APPOINTMENT

- 17. The Receiver remains in possession of the Residual Sale Proceeds in the amount of approximately \$3,206,795.50, as at June 16, 2023 (the "**Remaining Cash**").
- 18. Given the surplus of Remaining Cash, the Receiver reviewed the books and records of Turuss to identify its current shareholders, directors and officers, so as to ascertain which parties would have a claim to the Remaining Cash. The Receiver

also reviewed the available books and records of Chesley Wood, being the 100% shareholder of Turuss. The Receiver understands that Chesley Wood is a holding company with no active operations, as a result, the Receiver also reviewed the books and records of Chesley Wood and determined that Dalian Turuss Wood Industry Co., Ltd. ("**Dalian**") owns 84% of the outstanding common shares of Chesley Wood, and Veyron Wood Industry Inc. ("**Veyron**") owns the remaining 16% of Turuss' outstanding common shares.

- 19. Having substantially completed its mandate with respect to Turuss, the Receiver determined in July 2022 that the Remaining Cash should be distributed by way of the Turuss Distribution, and moved towards filing a distribution, approval and discharge motion on July 18, 2022 before Justice McEwen. Prior to this motion, the Receiver conducted several meetings with the directors and officers of Turuss and Chesley Wood, Dalian and Veyron regarding the proposed Turuss Distribution. A summary of these meetings is set out below:
  - (a) the Receiver met with the directors and officers of Turuss to, among other things, communicate its original plan to complete the Turuss Distribution. Both of Turuss' directors Jiang and Guoning Li ("Guoning") were supportive of this plan at the time. The Receiver understands that Guoning is also a director of Dalian; and
  - (b) the Receiver also met with the principal of Veyron, being Zhenghang Li (also known as Lawrence Li) ("Lawrence"), to discuss the proposed Turuss Distribution. During this meeting, Lawrence expressed some concerns regarding the Turuss Distribution and the ability for Veyron to protect and receive its equity interest in the Remaining Cash that will be paid to Chesley Wood.
- 20. Following the concerns raised by Lawrence, the Receiver attempted to communicate further with Lawrence regarding the Remaining Cash, but was unable to have any further discussions. Therefore, the Receiver proceeded with the motion seeking the approval of the Turuss Distribution. At the motion and as noted above,

Justice McEwen granted only the Approval Order, adjourned the Receiver's distribution and discharge motion *sine die*, and issued the July 18 Endorsement. The July 18 Endorsement reflected the Court's concerns with the proposed Turuss Distribution (as expressed by Lawrence in Court), in that the proposed Turuss Distribution may not result in the proper receipt of funds among the Stakeholders. As such, the Court directed the Receiver to consult again with the Stakeholders and report back to his Honour with a plan concerning the distribution of the Remaining Cash. A copy of the July 18 Endorsement is attached as **Appendix "D"**.

- 21. In accordance with the Court's direction, the Receiver held various meeting and discussions with the Stakeholders between the period of July 2022 to April 2023. During the course of these meetings and discussions, the Receiver explained its views on a potential process to address the distribution of the Remaining Cash, discussed potential tax implications and other issues with distributions to shareholders, reviewed and assessed the positions of each of Jiang and Lawrence in relation to alternative distribution plans, assessed various concerns raised by Jiang and Lawrence concerning the distribution of the Remaining Cash, and coordinated a consensual distribution plan among the Stakeholders.
- 22. In April 2023, the Stakeholders, being Chesley Wood, Dalian, Veyron, Jiang and Lawrence, together with the Receiver, reached an agreement on a distribution plan for the Remaining Cash (the "**Stakeholder Support Agreement**"). The form of Stakeholder Support Agreement has been finalized and the parties are in the process of delivering signature pages. A fully executed and compiled copy of the Stakeholder Support Agreement is not yet complete. The Receiver intends on delivering a fully executed copy of the Stakeholder Support Agreement to the service list prior to the June 28, 2023 motion date. An unexecuted copy of the Stakeholder Support Agreement is attached as **Appendix "E"**.
- 23. The Stakeholder Support Agreement sets out the distribution plan and in particular the distribution steps (the "Distribution Plan"). The Distribution Plan is summarized as follow:

- (a) Claims Officer to be appointed to administer the Chesley Wood Claims Procedure in order to identify and determine all creditor claims against Chesley Wood;
- (b) Claims Officer to pay all proven claims submitted pursuant to the Chesley Wood Claims Procedure; and
- (c) the parties acknowledge and support the distribution of the Remaining Cash to Chesley Wood as a dividend on account of its shareholdings in Turuss, following the Receiver's discharge, payment of the Chesley Wood proven claims and other amounts secured by Court ordered charges, and the Claims Officer's discharge.
- 24. As part of the Distribution Plan, the appointment of the Claims Officer is required to address any and all creditor claims as against Chesley Wood prior to the Remaining Cash being made available for distribution on account of equity holders. Once the Distribution Plan is complete, control of the net Remaining Cash will transition from the Receiver to Chesley Wood and its officers, directors and shareholders, clear of any outstanding priority, secured or unsecured claims that may be made by creditors against Chesley Wood.
- 25. The Receiver is seeking the Court's approval of the Stakeholder Support Agreement. The Receiver is of the view that the Stakeholder Support Agreement is appropriate and necessary in the circumstances. The Distribution Plan contained in the Stakeholder Support Agreement serves to protect the stakeholders interests in the Remaining Cash, and also provides for a Court approved and supervised claims procedure to identify, determine and pay all creditor claims of those creditors that have a claim against Chesley Wood (and to the Remaining Cash). The Receiver is of the view that the appointment of the Claims Officer, the approval of the Stakeholder Support Agreement, and approval of the Chesley Wood Claims Procedure is necessary and addresses the interests of all Turuss and Chesley Wood stakeholders in a fair and efficient manner and also addresses the concerns of this Court as outlined in the July 18 Endorsement.

## CHESLEY WOOD CLAIMS PROCEDURE APPROVAL

- 26. Unless otherwise defined in this section, capitalized terms not otherwise defined shall have the meaning ascribed to them pursuant to the Chesley Wood Claims Procedure Order.
- 27. As set forth in the R&D, the Receiver holds the Remaining Cash (subject to certain holdbacks in place to deal with disputed amounts claimed by the CRA) that should be paid to Chesley Wood as the 100% shareholder of Turuss. The Receiver has reviewed Chesley Wood's available books and records, and has determined that such books and records are insufficient to determine the full extent of claims and liabilities outstanding against Chesley Wood. As part of the Distribution Plan, the Receiver has therefore developed the Chesley Wood Claims Procedure Order to call for, review and assess creditor claims.
- 28. A summary of the Chesley Wood Claims Procedure is set forth below:
  - (a) the Chesley Wood Claims Procedure provides for an Instruction Letter, Notice to Creditors, Proof of Claim and Notice of Revision or Disallowance for the purpose of administering the Chesley Wood Claims Procedure, and authorizes the Receiver to administer same;
  - (b) there shall be no presumption of validity or deeming of the amount due in respect of amounts claimed in any Assessment, and no Claim shall be determined, and no payment shall be made by Chesley Wood in respect of any Claim, except in accordance with the Chesley Wood Claims Procedure Order and the Claims Procedure set out therein;
  - (c) the Claims Officer shall publish and advertise its Notice to Creditors, and distribute a copy of the Claim Document Package to any Person: (i) who claims to be a Creditor, and (ii) requests such material in writing;
  - (d) every Creditor asserting a Claim against Chesley Wood shall set out its aggregate Claim in a Proof of Claim, including supporting documentation, and deliver that Proof of Claim to the Receiver so that it is actually received

by the Claims Officer by no later than the Claims Bar Date, being August 14, 2023;

- (e) subject to the terms of the Chesley Wood Claims Procedure Order, the ClaimsOfficer shall review all Proofs of Claim and may:
  - (i) request additional information from a Creditor and / or Chesley Wood to assist with such review and assessment;
  - (ii) request that a Creditor file a revised Proof of Claim;
  - (iii) attempt to resolve and settle any issue arising in a Proof of Claim in respect of a Claim;
  - (iv) accept (in whole or in part) the amount of any Claim and notify the Creditor in writing; and
  - (v) revise or disallow (in whole or in part) the amount of any Claim by delivering a Notice of Revision or Disallowance to such Creditor;
- (f) where the Claims Officer accepts, such Claim shall constitute a Proven Claim;
- (g) the Claims Officer may from time to time apply to this Court to amend, vary, supplement or replace this Chesley Wood Claims Procedure Order or for advice and directions concerning the discharge of its powers and duties under this Chesley Wood Claims Procedure Order or the interpretation or application of this Chesley Wood Claims Procedure Order; and
- (h) the Chesley Wood Claims Procedure Order addresses further details concerning actions to be taken in respect of creditor disputes, barred Claims, set-off, and transfer of Claims.
- 29. The Receiver is of the view that the implementation of the Chesley Wood Claims Procedure to identity Claims of creditors is appropriate and necessary in the circumstances. The Receiver is therefore seeking the Court's authorization and direction to administer the Claims Procedure with corresponding powers to

determine and settle all claims against Chesley Wood and/or in respect of the Remaining Cash.

## FEES AND DISBURSEMENTS

- 30. As noted above, the Receiver has provided services and incurred disbursements during the period June 30, 2022 to April 28, 2023 totaling \$121,290.53 inclusive of disbursements and applicable HST as set out in the Henechowicz Affidavit. A copy of the Henechowicz Affidavit is attached hereto as **Appendix "F"**.
- Additionally, the Receiver has incurred legal fees of its legal counsel, Dentons, in respect of these proceedings, as more particularly set out in the Kennedy Affidavit.
  A copy of the Kennedy Affidavit attached hereto as Appendix "G".
- 32. The Receiver requests that this Court approve its interim accounts for the period of July 1, 2022 to April 28, 2023 in the amount of \$121,290.53 inclusive of disbursements and HST, and approve the interim accounts of its legal counsel for the period of July 1, 2023 to May 31, 2023 in the amount of \$300,548.48 inclusive of disbursements and HST (collectively, the "**Professional Fees**").
- 33. The Receiver submits that the Professional Fees, are reasonable in the circumstances and have been validly incurred in accordance with the provisions of the Receivership Order.

## **RECEIPTS AND DISBURSEMENTS**

34. The R&D reports net interim receipts over disbursements, as at June 16, 2023, of \$3,206,795.50. The Receiver respectfully requests that the Court approve the R&D. A copy of the R&D is attached hereto as Appendix "G".

## CONCLUSION AND RECOMMENDATION

35. Based on the foregoing and as outlined in this Tenth Report, the Receiver respectfully requests that this Court issue the Orders outlined above.

All of which is respectfully submitted this 26<sup>th</sup> day of June, 2023.

MNP Ltd, in its capacity as the Courtappointed Receiver and Manager of Turuss (Canada) Industry Co., Ltd. and not in its personal or corporate capacity

doe er Per: Ann

Jerry Henechowicz CPA, CA, CIRP, LIT Senior Vice President

		Court File No: CV-20-00646729-00CL
PILLAR CAPITAL CORP. Applicant	- and -	TURUSS (CANADA) INDUSTRY CO., LTD. Respondent
		ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)
		PROCEEDING COMMENCED AT TORONTO
		TENTH REPORT OF THE RECEIVER
	L	<b>DENTONS CANADA LLP</b> 77 King Street West, Suite 400 Toronto-Dominion Centre Toronto, Ontario M5K 0A1
		Robert Kennedy (LSO #474070)        Tel:      (416) 367-6756        Fax:      (416) 863-4592        robert.kennedy@dentons.com
		Lawyers for the Receiver

NATDOCS/72040823/V-4
# Appendix "D" to the Eleventh Report of the Receiver

#### STAKEHOLDER SUPPORT AGREEMENT

THIS STAKEHOLDER SUPPORT AGREEMENT (this "Agreement") is entered into as of June 27, 2023, by and among MNP Ltd. ("MNP"), in its capacity as the Court-appointed receiver (the "Receiver") of the assets, undertakings and properties of Turuss (Canada) Industry Co., Ltd., a company incorporated pursuant to the CBCA ("Turuss"), Chesley Wood Industry Co. Inc., a company incorporated pursuant to the CBCA ("Chesley Wood"), Dalian Turuss Wood Industry Co., Ltd., a company incorporated in China ("Dalian"), Veyron Wood Industry Inc., a company incorporated pursuant to the CBCA ("Veyron"), Yang Jiang ("Yang"), and Zhenghang Li, also known as Lawrence Li ("Lawrence", and collectively with the Receiver, Chesley Wood, Dalian, Yang and Lawrence, the "Parties" and each a "Party").

#### **RECITALS**

**WHEREAS** MNP was appointed as Receiver pursuant to the Receivership Order of the Superior Court of Justice (Commercial List) (the "**Court**") dated September 18, 2020;

**AND WHEREAS** the Receiver administered a sale process in the Receivership Proceedings for the purposes of soliciting interest in and opportunities for the acquisition of the Property pursuant to the Sale Process Order;

**AND WHEREAS** the Court granted the Approval and Vesting Order which, among other things, approved and authorized the sale transaction provided for in the APA with respect to the Property;

**AND WHEREAS** the Receiver closed the transaction contained in the APA which generated net sale proceeds in the amount of approximately \$9,200,000 (the "**Sale Proceeds**");

**AND WHEREAS** the Receiver has made the following distributions from the Sale Proceeds to satisfy all debt and creditor claims owed by Turuss: (i) distributions to the secured creditors of Turuss, and (ii) distributions the unsecured creditors of Turuss, in accordance with the Claims Procedure Order and Distribution Order;

**AND WHEREAS** the Receiver currently holds residual amounts from the Sale Proceeds in the amount of approximately \$3,206,795.50 (the "**Residual Sale Proceeds**"), subject to those amounts that may be owing on account of priority payables (i.e. Tax Authority Claims and amounts secured by the Receiver's Charge);

**AND WHEREAS** Turuss was a holding company for the purposes of being the registered owner of the Property, with no other business operations;

AND WHEREAS Chesley Wood holds 100% of the outstanding common shares of Turuss (the "Turuss Shares");

**AND WHEREAS** Chesley Wood is a holding company for the purposes of holding the Turuss Shares, with no other business operations;

**AND WHEREAS** Dalian owns 84% of the outstanding common shares of Chesley Wood, and Veyron owns 16% of the outstanding common shares of Chesley Wood;

**AND WHEREAS** the Parties support the distribution of the Residual Sale Proceeds from Turuss to Chesley Wood as a dividend (the "**Chesley Dividend**");

**AND WHEREAS** the Receiver intends to schedule the required motions with the Court to seek the appointment of the Claims Officer, and the required relief to authorize and approve the procedures, distributions, approvals and discharges and all other ancillary matters required to implement and complete the Distribution Plan, as set out in <u>Schedule "A"</u>;

**AND WHEREAS** the Parties support Chesley Wood having the option to distribute the net cash held by Chesley Wood following the receipt of the Chesley Dividend, after payment of all Proven Claims and the Chesley Proceedings costs and expenses (the "**Chesley Cash**"), to Dalian and Veyron based on the current shareholding percentages as set forth in the Chesley minute book and corporate records (the "**Chesley Surplus**"), retain the Chesley Surplus or otherwise deal with the Chesley Surplus in its discretion;

**AND WHEREAS** the Parties agree that this Agreement and the Distribution Plan are the product of arm's-length, good faith negotiations among all of the Parties;

**AND WHEREAS** the Parties desire to express to each other their mutual support and commitment in respect of the matters provided for in the Distribution Plan and hereunder;

**NOW THEREFORE**, in consideration of the foregoing, the terms, covenants and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

#### 1. Definitions.

The following terms used in this Agreement have the meanings ascribed to such terms as stated below:

- (a) **"APA**" means the asset purchase agreement dated May 31, 2021 (as amended), executed between the Receiver and Chelsea Property Holdings Inc;
- (b) **"Approval and Vesting Order**" means the approval and vesting order dated June 7, 2021 granted in the Receivership Proceedings;
- (c) "CBCA" means the Canada Business Corporations Act, R.S.C., 1985, c. C-44;
- (d) "Chesley Proceedings" means the proceedings commenced by an Order granted by the Court appointing MNP as the Claims Officer of Chesley Wood for the purposes of, among other things, implementing and administering the Chesley Claims Procedure;
- (e) "Chesley Claims Procedure" means the claims procedure to be implemented and administered by the Claims Officer to, among other things, call and determine all Claims and Tax Authority Claims as against Chesley Wood;
- (f) **"Chesley Claims Procedure Order**" means an Order of the Court approving the Chesley Claims Procedure;
- (g) "Chesley Distribution Order" means an Order of the Court authorizing and directing the distribution of the Chesley Cash on account of Proven Claims and the Chesley Surplus as directed by Chesley Wood;

- (h) "Claim" means any right or claim of any Person (other than counsel for Chesley Wood) against Chesley Wood, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind of Chesley Wood, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, unknown, by guarantee, by surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any assessment and any right or ability of any person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, and any other claims that would be claims provable in bankruptcy had Chesley Wood made an assignment in bankruptcy as of the date hereof (each, a "Claim", and collectively, the "Claims");
- (i) **"Claims Officer**" means the claims officer appointed by the Court for the purposes of, among other things, implementing and administering the Chesley Claims Procedure;
- (j) **"Claims Officer Appointment Order**" means an order of the Court appointing MNP as Claims Officer of Chesley Wood;
- (k) "Claims Procedure Order" means the claims procedure order dated August 3, 2021 granting in the Receivership Proceedings;
- (I) **"Consenting Stakeholder**" has the meaning set forth in section 4 herein;
- (m) **"Distribution Order**" means the distribution order dated October 29, 2021 granted in the Receivership Proceedings;
- (n) **"Distribution Plan**" means that distribution plan, and all other ancillary steps necessary to implement the Distribution Plan, as set forth in <u>Schedule "A"</u> hereto;
- (o) **"Distribution Plan Deadline**" means September 8, 2023 (which may be amended on consent of the Parties, each acting reasonably);
- (p) **"Orders**" means all current and future Orders and endorsements issued in the Receivership Proceedings;
- (q) **"Property**" means the property municipally known as 60 Industrial Park Road, Chesley, Ontario;
- (r) **"Proven Claim**" means a Claim or Tax Authority Claim as finally determined in accordance with the Chesley Claims Procedure;
- (s) "Receiver's Charge" means the receiver's charge as granted in the Receivership Order;
- (t) **"Receivership Order**" means the receivership order dated September 18, 2020 granted in the Receivership Proceedings;
- (u) **"Receivership Proceedings**" means the Turuss receivership proceedings commenced under Court File Number CV-20-00646729-00CL;

- (v) "Residual Sale Proceeds Distribution Order" means an Order of the Court in the Receivership Proceedings authorizing and approving the distribution of the Residual Sale Proceeds to Chesley Wood;
- (w) **"Sale Process Order**" means the sale process order dated October 29, 2020 granted in the Receivership Proceedings;
- (x) **"Support Period"** means the period commencing on the date hereof and ending on the date on which this Agreement is terminated in accordance with Section 6 herein;
- (y) "Tax Authority Claim" means any Claim of His Majesty the King in Right of Canada or of any Province or Territory or Municipality or any other taxation authority in any Canadian or foreign jurisdiction, including, without limitation, amounts which may arise or have arisen under any notice of assessment, notice of reassessment, notice of objection, notice of appeal, audit, investigation, demand or similar request from any taxation authority.

#### 2. Gender and Number

Words importing the singular include the plural and *vice versa* and words importing gender include all genders.

#### 3. Effective Date

This Agreement shall become effective, and the obligations contained herein shall become binding upon:

- (a) the Consenting Stakeholders on the date this Agreement is executed and delivered by each Consenting Stakeholder; and
- (b) the Receiver on the granting of an Order by the Court approving and authorizing the Receiver's execution and delivery of this Agreement.

#### 4. Agreement of the Consenting Stakeholders

During the Support Period, subject to the terms and conditions hereof, each of Chesley Wood, Dalian, Veyron, Yang, and Lawrence (collectively, the "**Consenting Stakeholders**") acknowledge and agree as follows:

- (a) each will use commercially reasonable efforts to support, cooperate and assist (as applicable) the Receiver in the implementation and completion of the Distribution Plan;
- (b) each will act in good faith and take all actions that are reasonable, necessary, or appropriate, to achieve the effective implementation and completion of the Distribution Plan;
- (c) no Consenting Stakeholder will directly or indirectly, knowingly encourage any other person or entity to directly or indirectly:
  - (i) object to, delay, impede, or take any other action or any inaction to interfere with the implementation and completion of the Distribution Plan;

- propose, file, support, or take any other action in furtherance of any plan or process in connection with the Residual Sale Proceeds and / or Chesley Cash that is inconsistent with this Agreement or the Distribution Plan;
- (iii) exercise any right or remedy for the enforcement, collection, or recovery of any Claim against Chesley Wood, except in a manner consistent with this Agreement; nor
- (iv) take any action inconsistent with such Consenting Stakeholder's obligations under this Agreement or the Distribution Plan, it being understood and acknowledged by the Parties that ordinary course payments by Chesley Wood including, without limitation, payments to Chesley Wood's counsel on account of legal fees, are consistent with the Distribution Plan.

#### 5. Agreement of the Receiver and Claims Officer

During the Support Period, subject to the terms and conditions hereof, the Orders, and any further direction of the Court, MNP, in its capacity as the Receiver and Claims Officer (as applicable), agrees that it shall take all commercially reasonable steps, actions and efforts to implement the Distribution Plan, in a manner consistent with this Agreement.

MNP, in its capacity as the Receiver and Claim Officer (as applicable), shall provide draft copies of all motion and application materials, and other documents, that it intends to file with the Court in connection with the Claim Officer Appointment Order, the Residual Sale Proceeds Distribution Order, the Chesley Claims Procedure Order, and the Chesley Distribution Order and the other matters contemplated by this Agreement, to Chesley Wood and its counsel at least 5 days prior to the date when it intends to file such documents.

#### 6. Termination of Agreement

- (a) Termination by Consenting Stakeholder. This Agreement may be terminated by any Consenting Stakeholder upon the delivery of a written notice to the Parties, in accordance with Section 17 hereof, following the occurrence of any of the following events:
  - (i) the failure of the Receiver to obtain the Claims Officer Appointment Order, the Residual Sale Proceeds Distribution Order, the Chesley Claims Procedure Order, and the Chesley Distribution Order on or before the Distribution Plan Deadline; or
  - (ii) the issuance by any governmental authority, including any regulatory authority or Court, of any ruling, judgment, or order enjoining the consummation of, rendering illegal, or otherwise preventing or prohibiting the Distribution Plan or any material portion thereof, and such ruling, judgment, or order is final and not subject to appeal.
- (b) **Termination by Receiver.** This Agreement may be terminated by the Receiver upon the delivery of a written notice to the Consenting Stakeholders, in accordance with Section 17 hereof, following the occurrence of any of the following events:
  - (i) the breach by any Consenting Stakeholder of any provision contained in this Agreement;

- (ii) any representation or warranty in this Agreement made by a Consenting Stakeholder was untrue at the time of execution of this Agreement or becomes untrue, and such breach remains uncured for a period of three (5) business days following the Receiver's delivery of written notice of such breach;
- (iii) the failure of the Receiver to obtain the Claims Officer Appointment Order, the Residual Sale Proceeds Distribution Order, the Chesley Claims Procedure Order, and the Chesley Distribution Order on or before the Distribution Plan Deadline;
- (iv) the issuance by any governmental authority, including any regulatory authority or Court, of any ruling, judgment, or order enjoining the consummation of, rendering illegal, or otherwise preventing or prohibiting the Distribution Plan or any material portion thereof, and such ruling, judgment, or order is final and not subject to appeal; or
- (v) the Distribution Plan Deadline.

#### 7. Representations and Warranties

- (a) Each Consenting Stakeholder represents and warrants to the Receiver that the following statements are true, correct, and complete as of the date hereof:
  - (i) if the Consenting Stakeholder is a corporation:
    - A. such Party is validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, and has all requisite corporate, partnership, limited liability company, or similar authority to enter into this Agreement and carry out the terms contemplated hereby and perform its obligations contemplated hereunder; and the execution and delivery of this Agreement and the performance of such Party's obligations hereunder have been duly authorized by all necessary corporate, limited liability company, partnership, or other similar action on its part; and
    - B. the execution, delivery, and performance by such Party of this Agreement does not and will not violate any provision of law, rule, or regulation applicable to it, its articles, bylaws, or shareholder agreement (or other similar governing documents), or conflict with, result in a breach of, or constitute a default under any material contractual obligation to which it is a party;
  - (ii) if the Consenting Stakeholder is an individual, the Consenting Stakeholder is at least 18 years old, and has not been found incapable of managing property under the Substitute Decisions Act, 1992 (Ontario) or under the Mental Health Act (Ontario) to be incapable of managing property or found to be incapable by a court in Canada or elsewhere;
  - (iii) the Receiver has provided the Consenting Stakeholders with a reasonable opportunity to obtain independent legal advice regarding this Agreement, and the Consenting Stakeholder has reviewed and understands its terms, and

this Agreement is a legally valid and binding obligation of the Consenting Stakeholder, enforceable against each in accordance with it terms.

- (b) Chesley Wood represents and warrants to the Receiver that as at the date hereof, Chesley Wood holds and is the owner of 100% of the outstanding common shares of Turuss;
- (c) Dalian represents and warrants to the Receiver that as at the date herein, Dalian holds and is the owner of 84% of the outstanding common shares of Chesley Wood; and
- (d) Veyron represents and warrants to the Receiver that as at the date herein, Dalian holds and is the owner of 16% of the outstanding common shares of Chesley Wood.

#### 8. Amendments and Waivers

This Agreement may only be modified, amended, or supplemented in writing if signed by all of the Parties.

#### 9. Governing Law; Jurisdiction

- (a) This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by the laws of the Province of Ontario.
- (b) Each of the Parties irrevocably agrees that any legal action, suit, or proceeding arising out of or relating to this Agreement brought by any Party or its successors or assigns shall be brought and determined in the Court, and each of the Parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid Court, generally and unconditionally, with regard to any such proceeding arising out of or relating to this Agreement or the Distribution Plan. Each of the Parties agrees not to commence any proceeding relating hereto or thereto except in the Court. Each of the Parties further agrees that notice as provided herein shall constitute sufficient service of process and the Parties further waive any argument that such service is insufficient.

#### 10. Specific Performance

The Consenting Stakeholders understand and agree that money damages would not be a sufficient remedy for any breach of this Agreement by any Party and each non-breaching Party shall be entitled to specific performance and injunctive or other equitable relief (including legal fees and costs) as a remedy of any such breach, without the necessity of proving the inadequacy of money damages as a remedy, including an order of the Court requiring any Party to comply promptly with any of its obligations hereunder.

#### 11. Headings

The headings of the sections, paragraphs, and subsections of this Agreement are inserted for convenience only and shall not affect the interpretation hereof or, for any purpose, be deemed a part of this Agreement.

#### 12. Successors and Assigns; Severability; Several Obligations

This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, permitted assigns, heirs, executors, administrators, and representatives. If any provision of this Agreement, or the application of any such provision to any person or entity or circumstance, shall be held invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or

part thereof and the remaining part of such provision hereof and this Agreement shall continue in full force and effect so long as the economic or legal substance of the terms contemplated hereby is not affected in any manner materially adverse to any Party.

#### 13. Entire Agreement; Prior Negotiations

This Agreement constitutes the entire agreement of the Parties, and supersedes all other prior negotiations, with respect to the subject matter hereof and thereof.

#### 14. Assignments; No Third Party Beneficiaries

This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns; provided that the Consenting Stakeholders shall not be entitled to assign any of their rights or remedies set forth in this Agreement without the prior written consent of the Parties in their sole discretion. No person other than the Parties hereto shall have any rights hereunder or shall be entitled to rely on this Agreement and all third-party beneficiary rights are hereby expressly disclaimed.

#### 15. Counterparts

This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same agreement. Execution copies of this Agreement may be delivered by electronic mail, or otherwise, which shall be deemed to be an original for the purposes of this paragraph.

#### 16. Further Assurances

The Parties agree to execute and deliver such further and other documents and perform and cause to be performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part thereof, including all acts, deeds and agreements as may be necessary or desirable for the purpose of registering or filing notice of the terms of this Agreement.

#### 17. Notices

All notices hereunder shall be deemed given if in writing and delivered, if contemporaneously sent by electronic mail, courier or by registered or certified mail (return receipt requested) to the following addresses:

#### (a) If to the Receiver:

MNP Ltd. 1 Adelaide Street East Toronto, Ontario M5C 2V9

Attention: Jerry Henechowicz, Senior Vice President

E-mail: jerry.henechowicz@mnp.ca

with a copy to:

Dentons Canada LLP 77 King Street West Suite 400 Toronto, Ontario M5K 0A1

Attention: Robert Kennedy

E-mail: robert.kennedy@dentons.com

#### (b) If to Yang or Dalian:

399 South Park Road, Unit 303 Thornhill, Ontario L3T 7W6

Attention: Yang Jiang

Email: jiangyang818@gmail.com

with a copy to:

Torys LLP 79 Wellington St. W. 30<sup>th</sup> Floor Box 270 TD South Tower Toronto, Ontario M5K 1N2

Attention: Adam Slavens

Email: aslavens@torys.com

#### (c) If to Lawrence or Veyron:

• Attention: Lawrence Li Email: <u>lawh527@163.com</u>

#### (d) If to Chesley Wood: The Notice addresses provided for in (b) and (c) above.

with a copy to:

Torys LLP 79 Wellington Street W. 30<sup>th</sup> Floor, Box 270, TD South Tower Toronto, Ontario M5K 1N2

Attention: Adam Slavens

#### E-mail: <u>aslavens@torys.com</u>

Any notice given by electronic mail, personal delivery, or courier shall be deemed effectively given: (i) upon personal delivery to the Party to be notified, (ii) when sent by electronic mail on that business day if sent before 5:00 p.m. (Toronto time) and otherwise on the next day that is a business day; or (iii) one (1) business day after deposit with an internationally recognized overnight courier, specifying next day delivery, with written verification of receipt.

#### 18. Reservation of Rights

- (a) Nothing contained herein shall limit:
  - (i) the ability of any Party to consult with other Parties, or
  - (ii) the rights of any Party under any applicable bankruptcy, insolvency, foreclosure, or similar proceeding, including the right to appear as a party in interest in any matter to be adjudicated in order to be heard concerning any matter arising in connection with the Distribution Plan, in each case, so long as such consultation or appearance is consistent with such Party's obligations hereunder.
- (b) Except as expressly provided in this Agreement, nothing herein is intended to, or does, in any manner waive, limit, impair, or restrict the ability of each of the Parties to protect and preserve its rights, remedies, and interests, including its claims against any of the other Parties (or their respective affiliates or subsidiaries).

#### 19. Interpretation

This Agreement is the product of negotiations between the Parties and is to be enforced and interpreted in a neutral manner, and any presumption with regard to interpretation hereof for or against any Party by reason of that Party having drafted or caused to be drafted this Agreement, or any portion hereof, shall not be effective in regard to the enforcement or interpretation hereof.

#### 20. Release

Effective upon the date hereof, to the fullest extent permitted by applicable law, the Parties, with exception of the Receiver, and each of their predecessors, successors, assigns, subsidiaries, affiliates, current and former officers and directors, principals, equity holders, members, partners, managers, employees, subcontractors, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors (and employees thereof), and other professionals, and such entities' respective heirs, executors, estates, servants, and nominees, in each case in their capacity as such, shall remise, release and discharge the Receiver and its counsel from any and all claims, interests, obligations, suits, judgments, damages, demands, debts, rights, causes of action, losses, remedies, or liabilities whatsoever, other than any obligation arising under or pursuant to this Agreement or any other documentation providing for implementation of this Agreement.

[Signature Page to Follow]

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement on the date first written above.

MNP LTD. solely in its capacity as courtappointed receiver and manager of TURUSS (CANADA) INDUSTRY CO., LTD., and not in any other capacity

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Per:	18.4	0

Name: Jerry Henechowicz CPA, CA, CIRP, LIT

Title: Senior Vice-President

I have authority to bind the Receiver

#### CHESLEY WOOD INDUSTRY CO. INC.

Per:

Name: Yang Jiang

Title:			
THUC.			

I have authority to bind the Corporation

#### DALIAN TURUSS WOOD INDUSTRY CO., LTD.

Per:

Name: Yang Jiang

Title:

I have authority to bind the Corporation

#### **VEYRON WOOD INDUSTRY INC.**

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

Name: Zhenghang Li, also known as Lawrence Li

Title:

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement on the date first written above.

MNP LTD. solely in its capacity as courtappointed receiver and manager of TURUSS (CANADA) INDUSTRY CO., LTD., and not in any other capacity

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

Name: Jerry Henechowicz CPA, CA, CIRP, LIT

Title: Senior Vice-President

I have authority to bind the Receiver

#### CHESLEY WOOD INDUSTRY CO. INC.

7. Per:

Name: Yang Jiang

Title:	Director	
Title:	Director	

I have authority to bind the Corporation

#### DALIAN TURUSS WOOD INDUSTRY CO., LTD.

Per:

D.

Name: Yang Jiang

Title: Director/Authorized Signing Officer-in Canada

I have authority to bind the Corporation

#### **VEYRON WOOD INDUSTRY INC.**

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

Name: Zhenghang Li, also known as Lawrence Li

Title:

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement on the date first written above.

MNP LTD. solely in its capacity as courtappointed receiver and manager of TURUSS (CANADA) INDUSTRY CO., LTD., and not in any other capacity

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

Name: Jerry Henechowicz CPA, CA, CIRP, LIT

Title: Senior Vice-President

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#### CHESLEY WOOD INDUSTRY CO. INC.

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

Name: Yang Jiang

Title:			
nue.			

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#### DALIAN TURUSS WOOD INDUSTRY CO., LTD.

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

Name: Yang Jiang

Title:

I have authority to bind the Corporation

#### **VEYRON WOOD INDUSTRY INC.**

Per:

anulle

Name: Zhenghang Li, also known as Lawrence Li

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

YANG JIANG

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ZHENGHANG LI, also known as LAWRENCE LI

YANG JIANG

ZHENGHANG LI, also known as LAWRENCE LI

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#### SCHEDULE "A" DISTRIBUTION PLAN

Capitalized terms not otherwise defined herein, shall have the meaning set forth in the in the Stakeholder Support Agreement dated June 27, 2023.

#### **Distribution Plan**

#### (a) <u>Appointment of Claims Officer – Chesley Wood</u>

- Receiver to file a motion in the Receivership Proceedings to appoint MNP as Claims Officer in respect of Chesley Wood, with the authority to conduct the Chesley Claims Procedure with the assistance of Chesley Wood;
- (ii) approval of Chesley Claims Procedure with respect to all current and future Claims and Tax Authority Claims against Chesley Wood (45-60 day standard claims procedure); and
- (iii) approval of charges over the Residual Sale Proceeds for the fees and disbursements of the Claims Officer and its counsel, and counsel to Chesley Wood in connection with the Chesley Claims Procedure.

#### (b) <u>Distribution and Receiver's Discharge</u>

- (i) Receiver to file a motion in the Receivership Proceedings approving:
  - A. the Receiver's final report, activities and fees;
  - B. the funding of any required cash reserves (from the Residual Sale Proceeds) for the payment of priority payables (i.e. Tax Authority Claims, amounts secured by the Receiver's Charge);
  - C. the distribution of the net Residual Sale Proceeds to Chesley Wood, following the completion of the Chesley Claims Procedure; and
  - D. the discharge of the Receiver upon the filing of a Receiver's discharge certificate.
- (c) <u>Distribution and Discharge of Claims Officer</u>
  - (i) Claims Officer to file motion approving or confirming, as applicable:
    - A. distribution of the Chesley Cash towards payment of all Proven Claims and other amounts secured by the charges over the Residual Sale Proceeds, as their relative priorities appear;
    - B. Chesley Wood's option to distribute the Chesley Surplus (for clarity following payment of Proven Claims, priority payables and the funding of any required cash reserves) to Dalian and Veyron on a percentage basis calculated pursuant to the current shareholdings of Dalian (84%) and

Veyron (16%) in Chesley Wood, retain the Chesley Surplus or otherwise deal with the Chesley Surplus in its sole discretion

- C. the Claims Officer's final report, activities and fees;
- D. releases of the Claims Officer and Chesley Wood, their respective counsel, and officers and directors, as applicable in connection with the Chesley Claims Procedure; and
- E. the discharge of the Claims Officer upon the filing of a Claims Officer discharge certificate.

#### AMENDMENT TO STAKEHOLDER SUPPORT AGREEMENT

THIS AMENDMENT TO STAKEHOLDER SUPPORT AGREEMENT (this "Amendment Agreement") is entered into effective as of September 7, 2023, by and among MNP Ltd. ("MNP"), in its capacity as the Court-appointed receiver (the "Receiver") of the assets, undertakings and properties of Turuss (Canada) Industry Co., Ltd., a company incorporated pursuant to the CBCA ("Turuss"), Chesley Wood Industry Co. Inc., a company incorporated pursuant to the CBCA ("Chesley Wood"), Dalian Turuss Wood Industry Co., Ltd., a company incorporated in China ("Dalian"), Veyron Wood Industry Inc., a company incorporated pursuant to the CBCA ("Veyron"), Yang Jiang ("Yang"), and Zhenghang Li, also known as Lawrence Li ("Lawrence", and collectively with the Receiver, Chesley Wood, Dalian, Yang and Lawrence, the "Parties" and each a "Party"), and amends the Stakeholder Support Agreement entered into as of June 27, 2023 among the Parties (the "Stakeholder Support Agreement").

WHEREAS the Parties agree to extend the Distribution Plan Deadline to October 17, 2023;

**AND WHEREAS** the Receiver has scheduled a hearing before the Court on October 13, 2023, for the Receiver's motion seeking, among other things, the Residual Sale Proceeds Distribution Order and the Chesley Distribution Order;

**AND WHEREAS** the Stakeholder Support Agreement may be amended in writing, signed by all Parties, and the Distribution Plan Deadline may be amended on consent of the Parties, each acting reasonably;

**NOW THEREFORE**, in consideration of the foregoing, the terms, covenants and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

#### 1. Definitions

Capitalized terms used in this Amendment Agreement and not defined herein shall have the meaning ascribed to them in the Stakeholder Support Agreement

#### 2. Amendment to Distribution Plan Deadline

The definition of "Distribution Plan Deadline" in Section 1 of the Stakeholder Support Agreement is amended by deleting the text "September 8, 2023" and inserting in its place the text "October 17, 2023".

#### 3. Effective Date

This Agreement shall become effective, and the obligations contained herein shall become binding upon the Parties as of September 7, 2023.

#### 4. Confirmation of Remainder of Stakeholder Support Agreement

The Parties acknowledge and agree that the remainder of the Stakeholder Support Agreement is hereby acknowledged and confirmed as binding and continuing in full force and effect.

#### 5. Entire Agreement

This Amendment Agreement constitutes the entire agreement of the Parties, and may not be modified, amendment, altered or supplemented except upon the execution and delivery of a written agreement executed by the Parties

#### 6. Further Assurances

The Parties agree to execute and deliver such further and other documents and perform and cause to be performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part thereof, including all acts, deeds and agreements as may be necessary or desirable for the purpose of registering or filing notice of the terms of this Agreement.

#### 7. Headings

The headings of the sections, paragraphs, and subsections of this Agreement are inserted for convenience only and shall not affect the interpretation hereof or, for any purpose, be deemed a part of this Amendment Agreement.

#### 8. Counterparts

This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same agreement. Execution copies of this Agreement may be delivered by electronic mail, or otherwise, which shall be deemed to be an original for the purposes of this paragraph.

#### 9. Release

Effective upon the date that the Court grants the Residual Sale Proceeds Distribution Order and the Chesley Distribution Order, to the fullest extent permitted by applicable law, the Parties, with exception of the Receiver, and each of their predecessors, successors, assigns, subsidiaries, affiliates, current and former officers and directors, principals, equity holders, members, partners, managers, employees, subcontractors, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors (and employees thereof), and other professionals, and such entities' respective heirs, executors, estates, servants, and nominees, in each case in their capacity as such, shall remise, release and discharge the Receiver and its counsel from any and all claims, interests, obligations, suits, judgments, damages, demands, debts, rights, causes of action, losses, remedies, or liabilities whatsoever, other than any obligation arising under or pursuant to this Amendment Agreement or any other documentation or action providing for implementation of this Amendment Agreement.

#### [Signature Page to Follow]

**IN WITNESS WHEREOF** the parties hereto have executed this Amendment Agreement on the date first written above.

MNP LTD. solely in its capacity as courtappointed receiver and manager of TURUSS (CANADA) INDUSTRY CO., LTD., and not in any other capacity

Per:

Inchowed

Name: Jerry Henechowicz CPA, CA, CIRP, LIT

Title: Senior Vice-President

I have authority to bind the Receiver

#### CHESLEY WOOD INDUSTRY CO. INC.

Per:	Jivis	
Name:	Yang Jiang	

Title: Director	
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I have authority to bind the Corporation

#### DALIAN TURUSS WOOD INDUSTRY CO., LTD.

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

Name: Yang Jiang

Title: Director/Authorized Signing Officer-Canada

I have authority to bind the Corporation

#### **VEYRON WOOD INDUSTRY INC.**

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

Name: Zhenghang Li, also known as Lawrence Li

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

YANG JIANG Jion

ZHENGHANG LI, also known as LAWRENCE LI

# Appendix "E" to the Eleventh Report of the Receiver

# PROOF OF CLAIM AGAINST CHESLEY WOOD INDUSTRY CO. INC. (hereinafter referred to as the "Company")

Please read the enclosed Instruction Letter carefully prior to completing this Proof of Claim. Defined terms not defined within this Proof of Claim form shall have the meaning ascribed thereto in the Claims Procedure Order dated June 28, 2023.

# A. Particulars of Creditor

1. Full Legal Name of Creditor: <u>YANG JIANG</u> (the "Creditor") (Full legal name should be the name of the original Creditor, regardless of whether an assignment of a Claim has been made.)

2. Full Mailing Address of the Creditor (the original Creditor, and not of any applicable assignee, referred to herein as an "Assignee"):

303-399 South Park Rd, Thornhill, Ontario, L3T 7W6

3. Telephone Number: <u>437-2451688</u> Email: jiangyang818@gmail.com Attention (Contact Person): <u>YANG JIANG</u>

4. Has the Claim been sold, transferred or assigned by the Creditor to another party?

Yes: [\_\_]

No: [X]

# **B. Particulars of Assignee(s) (If any):**

1. Full Legal Name of Assignee(s): \_\_\_\_\_\_ (If a portion of the Claim has been assigned, insert full legal name of Assignee(s) of the Claim. If there is more than one Assignee, please attach a separate sheet with the required information.)

2.	Full Mailing Address of Assignee(s):
3.	Telephone Number of Assignee(s):
4.	Email of Assignee(s):
5.	Attention (Contact Person):

# C. Proof of Claim:

# YANG JIANG

I, \_\_\_\_\_ (name of individual Creditor or representative of corporate Creditor), of \_\_\_\_\_ Markham, Ontario \_\_\_\_\_ (City, Province or State) do hereby certify:

(a) that I

[X] am the Creditor; OR

[\_\_\_] am \_\_\_\_\_ (state position or title) of \_\_\_\_\_ (name of Corporate Creditor)

- (b) that I have knowledge of all the circumstances connected with the Claim referred to below;
- (c) the Creditor asserts its Claim against the Company;
- (d) The amount of the Creditor's Claim is

**S** CAD \$ 2,336,271.49

# **D.** Particulars of Claim:

Other than as already set out herein, the particulars of the Claim is attached.

(Provide full particulars of the Claim and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim, name of any guarantor(s) which has guaranteed the Claim, particulars and copies of any security and amount of Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed.)

# E. Filing of Claims:

The Claims Officer must receive this Proof of Claim before 5:00 p.m. (Toronto Time) on August 14, 2023 (the "**Claims Bar Date**").

# FAILURE TO FILE YOUR PROOF OF CLAIM ON OR BEFORE THE CLAIMS BAR DATE WILL RESULT IN YOUR CLAIM BEING <u>BARRED</u> AND <u>EXTINGUISHED</u> FOREVER, AND YOU WILL BE PROHIBITED FROM MAKING OR ENFORCING A CLAIM AGAINST THE COMPANY IN RESPECT OF SUCH CLAIM.

This Proof of Claim must be delivered to the Claims Officer by registered mail, personal delivery, email (in PDF format), courier or facsimile at the following addresses:

The Claims Officer:

MNP Ltd., in its capacity as Claims Officer of Chesley Wood Industry Co. Inc. 1900 – 1 Adelaide St. East Toronto, ON M5C 2V9 Attention: Jerry Henechowicz Email: jerry.henechowicz@mnp.ca

**DATE: 2023-08-14** 

Ganchun Li

Witness Signature

NAME OF CREDITOR:

0.

Per:

Name:

Title:

(Please Print)

**YANG JIANG** 

September 7<sup>th</sup>, 2023

VIA Email

# Attention: JERRY HENECHOWICZ Email: jerry.henechowicz@mnp.ca MNP Ltd., in its capacity as Claims Officer of Chesley Wood Industry Co. Inc. 1900 – 1 Adelaide St. East Toronto, ON M5C 2V9

# RE: WITHDRAWAL LETTER for the Claim against CHESLEY WOOD INDUSTRY CO. INC. ("Chesley Wood") which YANG JIANG (Creditor) filed with MNP on August 14<sup>th</sup>, 2023

#### Dear Mr. Henechowicz,

As there are conflicts to deal the matter of Claim Proceedings between my position as the director of Chesley Wood and personal capacity, and in considering all the current situations, I, Yang Jiang, would like to withdraw the claim against Chesley Wood which was submitted to you on August 14<sup>th</sup>, 2023. The submitted claim form is attached with this letter.

This letter confirms the withdrawal of Yang Jiang's claim against Chesley Wood submitted on August 14<sup>th</sup>, 2023. For further matters and discussion regarding the Claim Proceedings and Distribution Plans, please continue to contact to Chelsey Wood's lawyer Mr. Adam Slavens.

If you require more information or have any questions, please do not hesitate to contact me:

YANG JIANG Phone: 437-2451688 Email: jiangyang818@gmail.com Address: 303-399 South Park Rd, Thornhill, Ontario, L3T 7W6

Best regards,

Yang Jiang

# PROOF OF CLAIM AGAINST CHESLEY WOOD INDUSTRY CO. INC. (hereinafter referred to as the "Company")

Please read the enclosed Instruction Letter carefully prior to completing this Proof of Claim. Defined terms not defined within this Proof of Claim form shall have the meaning ascribed thereto in the Claims Procedure Order dated June 28, 2023.

# A. Particulars of Creditor

1. Full Legal Name of Creditor: <u>YANG JIANG</u> (the "Creditor") (Full legal name should be the name of the original Creditor, regardless of whether an assignment of a Claim has been made.)

2. Full Mailing Address of the Creditor (the original Creditor, and not of any applicable assignee, referred to herein as an "Assignee"):

303-399 South Park Rd, Thornhill, Ontario, L3T 7W6

3. Telephone Number: <u>437-2451688</u> Email: jiangyang818@gmail.com Attention (Contact Person): <u>YANG JIANG</u>

4. Has the Claim been sold, transferred or assigned by the Creditor to another party?

Yes: [\_\_]

No: [X]

# **B. Particulars of Assignee(s) (If any):**

1. Full Legal Name of Assignee(s): \_\_\_\_\_\_ (If a portion of the Claim has been assigned, insert full legal name of Assignee(s) of the Claim. If there is more than one Assignee, please attach a separate sheet with the required information.)

2.	Full Mailing Address of Assignee(s):
3.	Telephone Number of Assignee(s):
4.	Email of Assignee(s):
5.	Attention (Contact Person):

# C. Proof of Claim:

# YANG JIANG

I, \_\_\_\_\_ (name of individual Creditor or representative of corporate Creditor), of \_\_\_\_\_ Markham, Ontario \_\_\_\_\_ (City, Province or State) do hereby certify:

(a) that I

[X] am the Creditor; OR

[\_\_\_] am \_\_\_\_\_ (state position or title) of \_\_\_\_\_ (name of Corporate Creditor)

- (b) that I have knowledge of all the circumstances connected with the Claim referred to below;
- (c) the Creditor asserts its Claim against the Company;
- (d) The amount of the Creditor's Claim is

**S** CAD \$ 2,336,271.49

# **D.** Particulars of Claim:

Other than as already set out herein, the particulars of the Claim is attached.

(Provide full particulars of the Claim and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim, name of any guarantor(s) which has guaranteed the Claim, particulars and copies of any security and amount of Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed.)

# E. Filing of Claims:

The Claims Officer must receive this Proof of Claim before 5:00 p.m. (Toronto Time) on August 14, 2023 (the "**Claims Bar Date**").

# FAILURE TO FILE YOUR PROOF OF CLAIM ON OR BEFORE THE CLAIMS BAR DATE WILL RESULT IN YOUR CLAIM BEING <u>BARRED</u> AND <u>EXTINGUISHED</u> FOREVER, AND YOU WILL BE PROHIBITED FROM MAKING OR ENFORCING A CLAIM AGAINST THE COMPANY IN RESPECT OF SUCH CLAIM.

This Proof of Claim must be delivered to the Claims Officer by registered mail, personal delivery, email (in PDF format), courier or facsimile at the following addresses:

The Claims Officer:

MNP Ltd., in its capacity as Claims Officer of Chesley Wood Industry Co. Inc. 1900 – 1 Adelaide St. East Toronto, ON M5C 2V9 Attention: Jerry Henechowicz Email: jerry.henechowicz@mnp.ca

**DATE: 2023-08-14** 

Ganchun Li

Witness Signature

NAME OF CREDITOR:

0.

Per:

Name:

Title:

(Please Print)

**YANG JIANG** 



Tax Centre Hamilton ON L8R 3P7

August 01, 2023

Account Number 83868 9537 RC0001

CHESLEY WOOD INDUSTRY CO. INC. C/O MNP LTD. 1900-1 ADELAIDE ST. EAST TORONTO ON M5C 2V9

Dear Mr. Henechowicz:

Re: CHESLEY WOOD INDUSTRY CO. INC. of the City of Chesley in the Province of Ontario Date of the receivership: June 28, 2023

Please find enclosed our claim and supporting schedule in the above-noted insolvency event for the amount of \$13,679.40.

Issue dividend payment directly to the Receiver General quoting the account number shown on the schedule.

Please send individual, corporate, payroll and excise duty dividend payments to:

Canada Revenue Agency PO BOX 3800 STN A Sudbury ON P3A 0C3

Please send goods and services tax/harmonized sales tax (GST/HST) remittances, including dividend payments to the applicable tax centre (shown on your client's GST/HST return).

If you need more information about this claim, such as a more detailed breakdown of the debt, please contact the undersigned at one of the telephone numbers provided in this letter.

Yours truly,

Figaszewska Kamila

Complex Case Officer

Enclosure(s)



Canada National Insolvency Office 55 Bay Street North Hamilton ON L&R 3P7

'AA : site :



Proof of Claim (Form 31) (Sections 50.1, 81.5, 81.6, subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1), and paragraphs 51(1)(e)and 66.14(b) of the Act)

Send all notices or correspondence regarding this claim to the following address:

Canada Revenue Agency Shawinigan National Verification and Collection Centre Insolvency Intake Centre Collections Directorate 4695 Shawinigan-Sud Blvd. Shawinigan OC G9P 5H9

#### Attention: Kamila Figaszewska

In the matter of the receivership of CHESLEY WOOD INDUSTRY CO. INC. of the City of Chesley in the Province of Ontario, and the claim of His Majesty the King in Right of Canada as represented by the Minister of National Revenue, creditor.

I, Kamila Figaszewska, of the City of Hamilton in the Province of Ontario 9, do hereby certify:

1. That I am a collections officer of the Canada Revenue Agency.

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of the receivership namely the 28th day of June 2023, and still is, indebted to the creditor in the sum of \$13,679.40, as specified in the statement of account attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled.

4. (X) UNSECURED CLAIM of \$13,679.40. That in respect of this debt, I do not hold any assets of the debtor as security.

5. That, to the best of my knowledge, the above-named creditor is not related to the debtor within the meaning of section 4 of the Act, and has not dealt with the debtor in a non-arm's length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to the debtor within the three months immediately before the date of the initial bankruptcy
event within the meaning of section 2 of the Act.

-NIL-

Dated at the City of Hamilton on the 1st day of August 2023.

Signature of claimant

• ··· · ·

#### Schedule "A"

Name: CHESLEY WOOD INDUSTRY CO. INC.

Income Tax Act Account number: 83868 9537 RC0001 2017-12-31 to 2021-12-31 Assessed period(s): Principal: \$0.00 Penalty and interest: \$13,679.40 \$13,679.40 Total:

Total Unsecured claim \$13,679.40

# Appendix "F" to the Eleventh Report of the Receiver

Court File No.: CV-20-00646729-00CL

#### ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)

BETWEEN:

#### PILLAR CAPITAL CORP.

Applicant

- and –

#### TURUSS (CANADA) INDUSTRY CO., LTD.

Respondent

#### APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C-43, AS AMENDED

# **AFFIDAVIT OF JERRY HENECHOWICZ**

(Sworn October 5, 2023)

I, Jerry Henechowicz, of the City of Markham, in the Province of Ontario,

#### MAKE OATH AND SAY AS FOLLOWS:

- I am a Senior Vice President and a licensed Trustee with MNP Ltd. the Court-appointed receiver and manager (the "Receiver") of Turuss (Canada) Industry Co., Ltd. (the "Company") and as such have knowledge of the matters deposed to herein, except where such knowledge is stated to be based on information and belief, in which case I state the source of the information and verily believe such information to be true.
- 2. The Receiver was appointed, without security, of the assets, property and undertaking of the Company by Order of the Honourable Justice Hainey dated September 18, 2020.
- 3. The Receiver has prepared two Statements of Account in connection with its appointment as Receiver detailing its services rendered and disbursements incurred for the period July

1 to September 30, 2023. Attached hereto and marked as Exhibit "A" to this my Affidavit is a summary of the Statement of Account.

- 4. Attached hereto and marked as Exhibit "B" are copies of the Statements of Account. The average hourly rate in respect of the account is \$590.52.
- 5. This Affidavit is made in support of a motion to, *inter alia*, approve the fees and disbursements of the Receiver and its accounts.
- Due to the circumstances of the COVID-19 pandemic, I am unable to be physically present to swear this Affidavit. I, however, was linked by way of video technology to the Commissioner commissioning this document.

)

SWORN before me by ) videoconference at the City of ) Markham, in the Province of Ontario ) This 5<sup>th</sup> day of October, 2023.

A Commissioner, etc. Matthew Eric Lem, a Commissioner, etc., Province of Ontario, for MNP Ltd. and MNP LLP. Expires February 21, 2026.

JERRY HENECHOWICZ

Attached is Exhibit "A"

Referred to in the

# AFFIDAVIT OF JERRY HENECHOWICZ

Sworn before me by video conference

This 5<sup>th</sup> day of October, 2023

Ca Ca

Commissioner for taking Affidavits, etc

# RECEIVERSHIP OF TURUSS (CANADA) INDUSTRY CO., LTD. SUMMARY OF STATEMENT OF ACCOUNT OF MNP LTD IN ITS CAPACITY AS COURT APPOINTED RECEIVER AND MANAGER AND CLAIMS OFFICER FOR THE PERIOD MAY 1 TO SEPTEMBER 30, 2023

MNP INVOICE	DATE	HOURS	FEES	DISBURSEMENTS	HST	TOTAL
11133720	11-Jul-23	36.00	20,083.00		2,610.79	22,693.79
11251954	03-Oct-23	21.65	13,960.50		1,814.86	15,775.36
		57.65 \$	34,043.50	\$ - 9	\$ 4,425.65	\$ 38,469.15
	1					

Average Hourly Rate\$ 590.52

Attached is Exhibit "B"

Referred to in the

# AFFIDAVIT OF JERRY HENECHOWICZ

Sworn before me video conference

This 5<sup>th</sup> day of October, 2023

a ~

Commissioner for taking Affidavits, etc

Invoice



Invoice Number :	11133720	Client Number : 0835555
Invoice Date :	Jul 11 2023	Invoice Terms : Due Upon Receipt

Turuss (Canada) Industry Co., Ltd. c/o MNP Ltd. 300-111 Richmond Street West Toronto, ON M5H 2G4

#### For Professional Services Rendered :

Professional services as Court-appointed Receiver and Manager of Turuss Industry (Canada) Co., Ltd. for the period ended June 30, 2023 as set out on the attached time and billing summary.	20,083.00
Harmonized Sales Tax	2,610.79
Total (CAD) :	22,693.79

HST Registration Number : 103697215 RT 0001

Invoices are due and payable upon receipt.

Thank you for your business. We sincerely appreciate your trust in us.

#### MNP LTD COURT APPOINTED RECEIVER AND MANAGER OF TURUSS INDUSTRY (CANADA) CO., LTD.

#### FOR THE PERIOD ENDED JUNE 30, 2023

DATE	PROFESSIONAL	HOURS	DESCRIPTION
01-May-2023	Chahna Nathwani	.10	Email sent to M. Lem on stop payment process for stale dated cheques
03-May-2023	Reina Patel	.20	Email to Martin S at TD to redeem a GIC.
03-May-2023	Matthew Lem	.20	Discussion with R. Patel and review Ascend re term deposit/GIC posting.
03-May-2023	Chahna Nathwani	.30	Reviewed company's folder and sent a brief email to Jerry on chq 110
04-May-2023	Reina Patel	.20	Update Ascend with GIC redemption.
04-May-2023	Reina Patel	.20	Cheque req for Dentons.
04-May-2023	Chahna Nathwani	.40	Preparing stop payment request form and sent it to J. Henechowicz for approval, Email communication with Maddie (TD Bank) on stop payment
04-May-2023	Chahna Nathwani	.40	Preparing cheque requisition for Receivership fee payment, forwarded to J. Henechowicz for initial approval, Processed cheque in Ascend for signing, Sent approved doc to M. Lem for second approval
04-May-2023	Chahna Nathwani	.50	Training R. Patel on GIC cash-in and interest entries in Ascend
05-May-2023	Jerry Henechowicz	.30	Review and approval of Dentons invoice
10-May-2023	Tyler Spicer	.50	Print of 3 returns and financials for Jerry and send
11-May-2023	Kal Ruprai	.20	Ems
11-May-2023	Chahna Nathwani	.40	Call with Ms. Yang (Director) on HST RT01 account query
12-May-2023	Chahna Nathwani	.10	Brief email to Tax team re: RT01 account HST audit
15-May-2023	Jerry Henechowicz	.40	Receipt and review of HST reassessment, consultation with MNP HST, update to file
15-May-2023	Bhavnoor Bhatia	1.00	review of additional docs and analysis of the way forward
16-May-2023	Kal Ruprai	1.00	dws and Ems w jerry to get info needed to prepare outstanding gst hst returns; dws bhavnoor re who will work on the returns
16-May-2023	Reina Patel	.20	Cheque req for our fees.
16-May-2023	Chahna Nathwani	.40	Reviewed GL reports for Jan to April 2023, Prepared calculation sheet and sent it to Jerry for approval re: HST filing
17-May-2023	Jerry Henechowicz	.30	Update call with George Benchetrit
17-May-2023	Karina He	.80	review documents received
18-May-2023	Jerry Henechowicz	.60	Initial review of stakeholder agreement
18-May-2023	Karina He	1.70	review documents received and send email to Channa request ITC invoices
19-May-2023	Jerry Henechowicz	.80	Review of stakeholder operational agreement
19-May-2023	Chahna Nathwani	.40	Sent supporting invoices to Karina He and Bhavnoor Bhatia as per their email
19-May-2023	Karina He	2.80	review invoices received from Chahna + Prepare returns
24-May-2023	Chahna Nathwani	.40	Efiled HST returns for the month of Jan, Feb, March and April 2023, saved filing confirmations in folder, sent email to Jerry
24-May-2023	Chahna Nathwani	.10	Updating Ascend with interest amount, Reconciled the April 2023 statement, Printed and attached with the bank statement, signed and handed it over to S. Title for review and approval.
24-May-2023	Karina He	.40	discuss with BB re turuss return and send email to Chahna

#### MNP LTD COURT APPOINTED RECEIVER AND MANAGER OF TURUSS INDUSTRY (CANADA) CO., LTD.

#### FOR THE PERIOD ENDED JUNE 30, 2023

DATE	PROFESSIONAL	HOURS	DESCRIPTION
29-May-2023	Jerry Henechowicz	1.80	Review of shareholder agreements re distribution and return of markup to Dentons, call with MNP tax group on potential tax consequences on dividend distribution
29-May-2023	Brandon Hodge	.50	E-amil and call with Jerry H. regarding tax consequences on distribution of \$3.5M to Chesley and then to corporation shareholders resident in China.
30-May-2023	Jerry Henechowicz	.20	Review of cash position
31-May-2023	Jerry Henechowicz	2.00	Updating cash position and R&D
01-Jun-2023	Jerry Henechowicz	1.00	Review of shareholders agreement and review of same with Dentons
08-Jun-2023	Reina Patel	.20	Deposit voucher from CRA.
12-Jun-2023	Jerry Henechowicz	.20	Update with Rob Kennedy on status
16-Jun-2023	Chahna Nathwani	.10	Email communication with Lisa Visconti re: reconciliation reports
22-Jun-2023	Jerry Henechowicz	4.00	Update to tenth report, preparation of R&D and Affidavit of Fees
22-Jun-2023	Chahna Nathwani	.20	Email received from Lisa V. regards to GIC redemption and bank reconciliation report, assisted with the required information and updated Ascend
26-Jun-2023	Jerry Henechowicz	2.60	Finalization and service of tenth report and draft orders
26-Jun-2023	Chahna Nathwani	.20	Uploaded MOTION RECORD to the webpage, sent email to Jerry
27-Jun-2023	Jerry Henechowicz	2.60	Multiple issues related to Chesley Wood claims bar process and related agreements
27-Jun-2023	Reina Patel	.20	Cheque req for Dentons.
27-Jun-2023	Reina Patel	.20	Receipt voucher from CRA.
28-Jun-2023	Jerry Henechowicz	2.50	Preparation for and attendance at hearing re Chesley Wood Claims officer appointment
29-Jun-2023	Lisa Visconti	.20	bank rec
29-Jun-2023	Jerry Henechowicz	1.00	Review of claims process, posting requiring and potential mailings

#### 36.00

BILLING SUMMARY					
PROFESSIONAL	HOURS	HOURLY	AMOUNT		
		RATE			
Bhavnoor Bhatia	2.00	475.00	950.00		
Brandon Hodge	0.50	750.00	375.00		
Chahna Nathwani	4.00	245.00	980.00		
Jerry Henechowicz	20.30	740.00	15,022.00		
Kal Ruprai	1.20	740.00	888.00		
Karina He	5.70	205.00	1,168.50		
Lisa Visconti	0.20	205.00	41.00		
Matthew Lem	0.20	740.00	148.00		
Reina Patel	1.40	245.00	343.00		
Tyler Spicer	0.50	335.00	167.50		
Total	36.00		20,083.00		

Invoice



Invoice Number :	11251954	Client Number : 0835555
Invoice Date :	Oct 3 2023	Invoice Terms : Due Upon Receipt

Turuss (Canada) Industry Co., Ltd. c/o MNP Ltd. 300-111 Richmond Street West Toronto, ON M5H 2G4

#### For Professional Services Rendered :

Professional services as Court-appointed Receiver and Manager of Turuss (Canada) Industry Co., Ltd. for the period ended September 30, 2023 as set out on the attached time and billing summary.		
Harmonized Sales Tax :	1,814.86	
Total (CAD) :	15,775.36	

HST Registration Number : 103697215 RT 0001

Invoices are due and payable upon receipt.

Thank you for your business. We sincerely appreciate your trust in us.

# MNP LTD. COURT APPOINTED RECEIVER AND MANAGER OF TURUSS (CANADA) INDUSTRY CO., LTD

	RIOD JULY 4 TO SE PROFESSIONAL	HOURS	DESCRIPTION
04-Jul-2023 、	Jerry Henechowicz	2.50	Arranging for and preparation of documents for claims process Chesley Wood
04-Jul-2023(	Chahna Nathwani	.80	Set up a separate section for Chesley Wood Industry Co. Inc. Claims Procedure and updated required documents
05-Jul-2023 I	Reina Patel	.50	Calls, emails and follow up on confirming advertising for Chesley Wood Industry Co Inc.
07-Jul-2023	Jerry Henechowicz	1.50	Follow up on placement of Chesley Wood advertisement and related claims process issues
10-Jul-2023、	Jerry Henechowicz	1.10	Calls with Dentons re Chesley Wood Claims Process, Review of emails on point from Jiang, updates to MNP Webpage
10-Jul-2023(	Chahna Nathwani	.20	Prepared chq req for Postmedia invoice, processed cheque in Ascend for signing
12-Jul-2023(	Chahna Nathwani	.20	Prepared chq req for receiver's fee, processed chq in Ascend for signing, sent email to Jerry for approval
14-Jul-2023 I	Reina Patel	.20	Cheque req for J. Henechowicz.
14-Jul-2023 I	Deborah Hornbostel	.20	Review and approve disbursement, sign cheque
21-Jul-2023 I	Lisa Visconti	.20	BANK REC
24-Jul-2023(	Chahna Nathwani	.20	Brief email to Kamila (CRA officer) re: received notice for RT01 HST payment with required attachments
25-Jul-2023 、	Jerry Henechowicz	.80	Review of RT0001 reassessment and approval of payment and CRA cover letter
25-Jul-2023 I	Reina Patel	.60	Adjust cover letter to CRA and Fuller Landau LLP, then fax and send out Registered mail with claims package.
25-Jul-2023 (	Chahna Nathwani	.60	Brief email to Jerry on Turuss RT01 HST notice, prepared requisition for the payment, drafted cover letter for CRA, forwarded to Jerry, prepared cheque for signing
27-Jul-2023 、	Jerry Henechowicz	1.10	Review and approval of payment for reassessment of pre receivership HST liability, email to Jiang to review status of Chesley Wood financials, calls with Fuller Landau LLP to discuss preparation of Chesley Wood o/s financials and tax returns
27-Jul-2023(	Chahna Nathwani	.10	Sent chq req to Jerry and Matthew for signing (CRA HST payment), printed cover letter and took Jerry's sign to mail along
28-Jul-2023	Jerry Henechowicz	.80	Call with Jiang re Chesley Wood Financials, review of emails of returns, follow up to Dentons
31-Jul-2023 I	Reina Patel	.30	Cover letters for two more creditors (Dalian & Veyron).
01-Aug-2023、	Jerry Henechowicz	.40	Sending of claims packages to Dalian and Veyron

#### FOR THE PERIOD JULY 4 TO SEPTEMBER 30, 2023

# MNP LTD. COURT APPOINTED RECEIVER AND MANAGER OF TURUSS (CANADA) INDUSTRY CO., LTD

DATE PROFESSIONAL		DESCRIPTION
01-Aug-2023 Chahna Nathwar		Forwarded chq req to M. Lem for signing
02-Aug-2023 Jerry Henechowi	cz .60	Preparation and resending of claims packages to Jiang and Lawrence
03-Aug-2023 Jerry Henechowi	cz .40	Review, approval and payment of deemed trust
08-Aug-2023 Jerry Henechowi	cz .20	Follow up email to Jiang re Claims process
09-Aug-2023 Chahna Nathwar	ii .70	Reviewed GL reports; prepared HST calculations; efiled HST returns for may, June and july, saved confirmations in a folder
11-Aug-2023 Jerry Henechowi	cz .60	Emails to Dalian shareholder on claims, review of CRA claim, forwarding of same to Dentons
14-Aug-2023 Jerry Henechowi	cz .50	Review of Jiang Chesley Wood Claim - forwarding of same to Dentons
22-Aug-2023 Jerry Henechowi	cz 1.30	Review of claims filed and discussion with Robert Kennedy of Dentons
22-Aug-2023 Reina Patel	.30	CRA receipt voucher for three cheques.
23-Aug-2023 Lisa Visconti	.10	BANK REC
24-Aug-2023 Jerry Henechowi	cz .80	Update call with Robert Kennedy and John Regus on Chesley claims process
05-Sep-2023 Jerry Henechowi	cz .60	Drafting and sending of reporting email re Chesley Wood Claims Process to A. Slaven, Torys
06-Sep-2023 Jerry Henechowi	cz .30	File update
07-Sep-2023 Jerry Henechowi	cz .70	Call with Robert Kennedy on claims process, approval and payment of Denton account, receipt and review of withdrawal of claim of Jiang
21-Sep-2023 Chahna Nathwar	ii .30	prepared payment requisitions for DENTONS CANADA LLP and processed cheque in Ascend for esign, forwarded requisition to M. Lem and J. Henechowicz for approval, printed and mailed cheque
28-Sep-2023 Glenn Willis	.25	c/f Matthew re: returning \$ to non-resident shareholders
28-Sep-2023 Matthew Lem	.70	Review file; discussion with G. Willis re tax consequence for distributions to Chesley Woods/its directors. discussion with R. Kennedy re same and report.
29-Sep-2023 Jerry Henechowi	cz .70	Review of amending shareholders agreement, discussion with M Lem on preparation of final report and withholding tax issues
29-Sep-2023 Matthew Lem	.20	Review minute book from R. Kennedy; email to G. Willis re share capital and tax consequence of distributions; update discussion with J. Henechowicz.
	21.65	•

#### FOR THE PERIOD JULY 4 TO SEPTEMBER 30, 2023

### MNP LTD. COURT APPOINTED RECEIVER AND MANAGER OF TURUSS (CANADA) INDUSTRY CO., LTD

### FOR THE PERIOD JULY 4 TO SEPTEMBER 30, 2023

DATE PROFESSIONAL HOURS

DESCRIPTION

BILLING SUMMARY					
PROFESSIONAL	HOURS	HOURLY	AMOUNT		
		RATE			
Chahna Nathwani	3.20	250.00	800.00		
Deborah Hornbostel	0.20	780.00	156.00		
Glenn Willis	0.25	780.00	195.00		
Jerry Henechowicz	14.90	780.00	11,622.00		
Lisa Visconti	0.30	200.00	60.00		
Matthew Lem	0.90	725.00	652.50		
Reina Patel	1.90	250.00	475.00		
Total	21.65		13,960.50		

# Appendix "G" to the Eleventh Report of the Receiver

Court File No.: CV-20-00646729-00CL

#### ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)

BETWEEN:

#### PILLAR CAPITAL CORP.

Applicant

- and –

#### TURUSS (CANADA) INDUSTRY CO., LTD.

Respondent

#### APPLICATION UNDER SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C-43, AS AMENDED

#### AFFIDAVIT OF ROBERT KENNEDY (sworn October 10, 2023)

I, ROBERT KENNEDY, of the City of Pickering, in the Province of Ontario, SWEAR

#### AND SAY AS FOLLOWS:

- 1. I am a Partner with Dentons Canada LLP ("**Dentons**"), as such, I have knowledge of the matters to which I hereinafter depose.
- Pursuant to an Order dated September 18, 2020 (the "Receivership Order"), MNP Ltd. was appointed receiver of Turuss (Canada) Industry Co., Ltd. in the within proceedings (the "Receiver").
- 3. The Receiver retained Dentons as counsel to advise it with regard to the matters related to its appointment and the exercise of its powers and performance of its duties.

- 4. The Receivership Order provides at paragraph 18 that the Receiver, and counsel to the Receiver, shall be paid their reasonable fees and disbursements at their standard rates and charges. matters to which I hereinafter depose.
- Pursuant to an Order dated June 28, 2023 (the "Claims Procedure Order"), MNP Ltd. was appointed claims officer of Chesley Wood Industry Co. Inc. in the within proceedings (the "Claims Officer").
- 6. The Claims Officer retained Dentons as counsel to advise it with regard to the matters related to its appointment and the exercise of its powers and performance of its duties.
- 7. The Claims Procedure Order provides at paragraph 14 that the Claims Officer, and counsel to the Claims Officer, shall be paid their reasonable fees and disbursements at their standard rates and charges.
- 8. The Dentons fees and disbursements for the period of June 1, 2023 to September 30, 2023 (the "**Fee Period**"), are summarized in the invoices rendered to the Receiver (the "**Invoices**"). The Invoices are a fair and accurate description of the services provided, the disbursements incurred and the amounts charged by Dentons. I am advised by the Receiver that it has reviewed the Invoices and that it considers the fees and disbursements as fair and reasonable. A copy of the Invoices, with minor redactions to protect confidentiality, are marked and attached as **Exhibit "A"**.
- 9. Attached and marked as **Exhibit "B"** is a schedule summarizing the Invoice, the total billable hours charged, the total fees charged (both prior to and after the application of the applicable discount) along with the average hourly rate charged.

- Attached and marked as <u>Exhibit "C"</u> is a schedule summarizing the respective years of call and standard billing rates of each of the solicitors at Dentons who acted for the Receiver.
- 11. The Dentons rates and disbursements are consistent with those in the market for these types of matters and have been previously approved by this Honourable Court in similar proceedings.
- 12. Due to the circumstances of the COVID-19 pandemic, I am unable to be physically present to swear this Affidavit. I, however, was linked by way of video technology to the Commissioner commissioning this document.
- 13. I make this affidavit in support of the motion for, among other things, approval of the fees and disbursements of Dentons and for no other or improper purpose.

**SWORN** by Robert Kennedy of the City of Pickering in the Province of Ontario, before me at the City of Toronto in the Province of Ontario on October 10, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by: Sarah Lam

A Commissioner for Taking Affidavits, etc. Sarah Lam (LSO # 87304S)

DocuSigned by: Robert Kenne 54ED26D71457484

#### **ROBERT KENNEDY**





Dentons Canada LLP 77 King Street West, Suite 400 Toronto-Dominion Centre Toronto, ON, Canada M5K 0A1

> T 416 863 4511 F 416 863 4592

> > dentons.com

#### **INVOICE # 3773895**

GST/HST # R121996078 QST # 1086862448 TQ 0001

Turuss (Canada) Industry Co., Ltd c/o MNP Ltd. Court Appointed Receiver and Manager 111 Richmond Street West Suite 300 Toronto ON M5H 2G4 Attention: Jerry Henechowicz

Date	Matter Number	Lawyer
June 30, 2023	541179-000007	Robert Kennedy

#### Turuss (Canada) Industry Co., Ltd Re: Turuss (Canada) Industry Co. Ltd.

Total Amount Due	<u>\$</u>	<u>55,878.50</u> CAD
HST (13.0%) on \$49,450.00		6,428.50
Other Fees/Charges & Disbursements		1,450.00
Net Professional Fees	\$	48,000.00
Less: Discount		(2,877.00)
Professional Fees	\$	50,877.00

Cheques:	Credit Card:
Cheques payable to Dentons Canada LLP	To pay online with a credit card, visit
and mailed to the following address:	https://www.dentons.com/canada-CADpay.
77 King Street West, Suite 400	
Toronto-Dominion Centre	Alternatively, credit card payment is accepted via telephone at 1-888-444-8859.
Toronto, ON Canada M5K 0A1	You will require your invoice number and amount to pay.
Interac e-Transfer:	Internet Banking:
e-Transfer funds to <u>AR.Canada@dentons.com</u>	Accepted at most financial institutions. Your payee is Dentons Canada LLP and
referencing invoice number in message. Auto-deposit	reference your payee account number (client ID) as 541179. Please email us at
is setup on our accounts and therefore no password	AR.Canada@dentons.com referencing invoice number and payment amount.
required.	
Wire Transfer / EFT:	
Bank of Montreal	Bank ID: 001 Transit: 00022
1st Canadian Place, Toronto, ON M5X 1A3	CAD Funds Bank Account: 0004-324 (or 00020004324)
Swift Code: BOFMCAM2	Routing: 000100022

#### **Invoice Detail**

TO PROFESSIONAL SERVICES RENDERED in connection with the above noted matter:

Date	Timekeeper	Description of Work
02-Jun-23	Robert Kennedy	Review and revise stakeholder agreement. Review corporate searches. Conference with John Regush. Review search result re: Dalian.
02-Jun-23	John Regush	Review of email from Robert Kennedy. Ordering searches.
06-Jun-23	Robert Kennedy	Review and revise stakeholder and support agreement. Correspondence to Adam Slavens. Review correspondence from Adam Slavens.
07-Jun-23	Robert Kennedy	Correspondence from and to Adam Slavens. Conversation with Adam Slavens re: support agreement and strategy. Consider support agreement and claims officer appointment matters.
08-Jun-23	Robert Kennedy	Review draft motion materials. Conference with John Regush re: motion materials and support agreement.
08-Jun-23	John Regush	Review of email from Robert Kennedy. Drafting and revising motion and orders. Email to Robert Kennedy.
09-Jun-23	Robert Kennedy	Review correspondence from John Regush. Review motion materials.
15-Jun-23	Robert Kennedy	
16-Jun-23	Robert Kennedy	
19-Jun-23	Robert Kennedy	Review draft motion materials. Review stakeholder support agreement.
20-Jun-23	Robert Kennedy	Review draft motion materials. Various correspondence to and from Jerry Henechowicz. Various conversations with Jerry Henechowicz re: motion matters. Review revised support agreement.
20-Jun-23	John Regush	Review of emails. Review of comments on Order. Call to Robert Kennedy.
21-Jun-23	Robert Kennedy	Various correspondence to and from John Regush. Review and work on motion materials. Review correspondence from Jerry Henechowicz.
21-Jun-23	John Regush	Drafting and revising motion materials.
22-Jun-23	Amanda Campbell	Draft Fee Affidavit in relation to the motion returnable June 28, 2023. Emails to Robert Kennedy and John Regush.

DocuSign Envelope ID: 0D768B6A-AB52-491A-8F28-00C90F173218 DENTONS CANADA LLP Turuss (Canada) Industry Co., Ltd Re: Turuss (Canada) Industry Co. Ltd.

Date	Timekeeper	Description of Work
22-Jun-23	Robert Kennedy	Various correspondence to and from John Regush. Review prior reports. Work on motion materials. Various correspondence to and from Jerry Henechowicz. Various correspondence to and from Adam Slavens. Conversation with Adam Slavens. Revise support agreement. Correspondence to Adam Slavens re: support agreement. Correspondence to Lawrence Li re: support agreement.
22-Jun-23	John Regush	Review of emails.
23-Jun-23	Robert Kennedy	Work on motion materials. Various correspondence to and from Jerry Henechowicz. Various conference with John Regush re: motion materials. Various correspondence to and from Adam Slavens. Correspondence to Lawrence Li.
23-Jun-23	John Regush	Review of email from receiver. Drafting and revising application materials. Call with Robert Kennedy. Coordinating swearing of affidavit. Email to stakeholder party.
24-Jun-23	John Regush	Review of email from Robert Kennedy. Drafting and revising support agreement.
26-Jun-23	Amanda Campbell	Update Fee Affidavit in relation to the motion returnable June 28, 2023. Emails to and from Robert Kennedy.
26-Jun-23	Robert Kennedy	Work on motion materials. Various correpsondence to and from Jerry Henechowicz. Review revised support agreement. Conference with John Regush. Review correpsondence from Jerry Henechowicz re: tenth report. Review revised Orders. Review fee affidavit. Review various correspondence from Adam Slavens re: comments on motion materials. Review and finalize motion materials. Service of motion materials. Various connversations with Adam Slavens re: motion matters. Various correpsondence to and from Commercial list.
26-Jun-23	John Regush	Review of emails regarding materials. Drafting and revising materials.
27-Jun-23	Robert Kennedy	Work on support agreement. Various correspondence to and form John Regush. Various correspondence to and from Adam Slavens re: execution of support agreement. Various correspondence to Lawrence Li. Review execution page from Yang Jiang. Various conversations with Adam Slavens re: motion matters. Various correspondence to and from Jerry Henechowicz. Preparation for Court attendance.
27-Jun-23	John Regush	Review of email from Amanda Campbell. Email to Robert Kennedy.

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Date	Timekeeper	Description of Work
28-Jun-23	Robert Kennedy	Preparation for motion. Various correspondence to and from Lawrence Li. Review support agreement. Review and revise claims officer appointment and procedure order, and approval order. Conversation with Adam Slavens re: motion matters. Attend motion. Conversation with Adam Slavens re: claims procedure matters. Conversation with Jerry Henechowicz re: claims procedure matters. Conference with John Regush.
28-Jun-23	John Regush	Review of emails regarding application. Review of emails from opposing counsel.
29-Jun-23	Robert Kennedy	Review filed Orders. Consider next steps re: implementation. Correspondence to and from Jerry Henechowicz re: claims procedure.
30-Jun-23	Robert Kennedy	Review claims procedure order. Consider implementation matters.

Timekeeper	Hours	Rate	Fees
Amanda Campbell	1.1	180.00	198.00
John Regush	9.6	690.00	6,624.00
Robert Kennedy	44.5	990.00	44,055.00
Total	55.2		\$50,877.00

TOTAL PROFESSIONAL FEES Less: Discount NET PROFESSIONAL FEES		\$ <del>;</del>	50,877.00 (2,877.00) 48,000.00
TAXABLE OTHER FEES/CHARGES			
Technology & Administration Fee	\$	1440.00	
TOTAL TAXABLE OTHER FEES/CHARGES	\$	1440.00	
TAXABLE DISBURSEMENTS			
Land Title/Court/Corp Agents Fee	\$ \$	10.00	
TOTAL TAXABLE DISBURSEMENTS	\$	10.00	
TOTAL OTHER FEES/CHARGES AND DISBURSEMENTS			1,450.00
TOTAL OTHER FEES/CHARGES AND DISBURSEMENTS TOTAL FEES, OTHER FEES/CHARGES AND DISBURSEMENTS		\$	<u>1,450.00</u> 49,450.00
		\$	
TOTAL FEES, OTHER FEES/CHARGES AND DISBURSEMENTS	\$	\$ 6,240.00	
TOTAL FEES, OTHER FEES/CHARGES AND DISBURSEMENTS	\$		
TOTAL FEES, OTHER FEES/CHARGES AND DISBURSEMENTS TAXES HST (13.0%) on Professional Fees of \$48,000.00	\$	6,240.00	



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#### **INVOICE # 3787511**

GST/HST # R121996078 QST # 1086862448 TQ 0001

Turuss (Canada) Industry Co., Ltd c/o MNP Ltd. Court Appointed Receiver and Manager 111 Richmond Street West Suite 300 Toronto ON M5H 2G4 Attention: Jerry Henechowicz

Date_	Matter Number	Lawyer
August 31, 2023	541179-000007	Robert Kennedy

#### Turuss (Canada) Industry Co., Ltd Re: Turuss (Canada) Industry Co. Ltd.

Total Amount Due	<u>\$</u>	<u>35,043.01</u> CAD
HST (13.0%) on \$30,711.51		3,992.50
Other Fees/Charges & Disbursements		1,233.51
Professional Fees	\$	29,817.00

Payment Options:	
<u>Cheques:</u>	Credit Card:
Cheques payable to Dentons Canada LLP	To pay online with a credit card, visit
and mailed to the following address:	https://www.dentons.com/canada-CADpay.
77 King Street West, Suite 400	
Toronto-Dominion Centre	Alternatively, credit card payment is accepted via telephone at 1-888-444-8859.
Toronto, ON Canada M5K 0A1	You will require your invoice number and amount to pay.
Interac e-Transfer:	Internet Banking:
e-Transfer funds to AR.Canada@dentons.com	Accepted at most financial institutions. Your payee is Dentons Canada LLP and
referencing invoice number in message. Auto-deposit	reference your payee account number (client ID) as 541179. Please email us at
is setup on our accounts and therefore no password	AR.Canada@dentons.com referencing invoice number and payment amount.
required.	
Wire Transfer / EFT:	
Bank of Montreal	Bank ID: 001 Transit: 00022
1st Canadian Place, Toronto, ON M5X 1A3	CAD Funds Bank Account: 0004-324 (or 00020004324)
Swift Code: BOFMCAM2	Routing: 000100022

#### **Invoice Detail**

TO PROFESSIONAL SERVICES RENDERED in connection with the above noted matter:

Date	Timekeeper	Description of Work
13-Jun-23	Robert Kennedy	Work on stakeholder support agreement. Review revised motion materials.
05-Jul-23	Robert Kennedy	Work on claims procedure matters. Various correspondence to and from Jerry Henechowicz.
06-Jul-23	Robert Kennedy	Various correspondence to and from Jerry Henechowicz. Consider claims procedure matters.
07-Jul-23	Robert Kennedy	Review claims procedure and consider next steps. Various correspondence to and from Jerry Henechowicz. Conversation with Jerry Henechowicz.
09-Jul-23	Robert Kennedy	Review various correspondence from Yang Jiang re: claims procedure matters.
10-Jul-23	Robert Kennedy	Review claims process order. Review various correspondence from Yang Jiang re: Chesley creditors. Conversation with Jerry Henechowicz re: claims procedure steps.
20-Jul-23	Robert Kennedy	Review claims procedure and endorsement.
21-Jul-23	Robert Kennedy	Review file re: support agreement. Consider claims process matters.
21-Jul-23	John Regush	Review and response to email from Robert Kennedy.
24-Jul-23	Robert Kennedy	Various correspondence to and from Jerry Henechowicz. Review claims procedure matters re: shareholder loans. Review tenth report.
31-Jul-23	Robert Kennedy	Review various correspondence from Jerry Henechowicz re: claims procedure matters. Review attachments.
01-Aug-23	Robert Kennedy	Review correspondence from Jerry Henechowicz. Review attachments.
03-Aug-23	Robert Kennedy	Conversation with Adam Slavens re: claims procedure matters. Review claims procedure order.
08-Aug-23	John Regush	Review of email from client.
10-Aug-23	Robert Kennedy	Review claims procedure Order. Consider next steps re: claims bar date. Review stakeholder support agreement. Voicemail left with Adam Slavens.
14-Aug-23	Robert Kennedy	Review correspondence from Jerry Henechowicz. Review Yang Jiang claim documents. Correspondence to Jerry Henechowicz.
16-Aug-23	Robert Kennedy	Review correspondence from John Regush. Review and consider claim matters re: Jiang claim.

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Date	Timekeeper	Description of Work
16-Aug-23	John Regush	Review of email from client. Review of email from Robert Kennedy.
17-Aug-23	Robert Kennedy	Review and consider claims procedure matters. Conversation with Adam Slavens re: claims. Consider next steps re: review of claims. Review Yang Jiang claim documents.
21-Aug-23	Robert Kennedy	Review claims procedure order and consider next steps. Review Yang Jiang claim documentation. Various correspondence to and from Jerry Henechowicz.
22-Aug-23	Robert Kennedy	Work on claims procedure matters. Review Yang Jiang claim documentation.
23-Aug-23	John Regush	Review of emails from Robert Kennedy. Review of emails from client.
24-Aug-23	Robert Kennedy	Correspondence from and to Jerry Henechowicz. Work on Yang Jiang claim.
24-Aug-23	John Regush	Call with Robert Kennedy and client regarding status of file.
25-Aug-23	Robert Kennedy	Review Yang Jiang claim and work on claims process matters.
28-Aug-23	Robert Kennedy	Work on claims procedure matters.
29-Aug-23	Robert Kennedy	Review Yang Jiang claim documents. Correspondence from and to Jerry Henechowicz.
30-Aug-23	Robert Kennedy	Review claims procedure order. Conversation with Adam Slavens re: claims. Work on Yang Jiang claim and consider next steps.
31-Aug-23	Robert Kennedy	Work on claims process matters. Review stakeholder support agreement.

Timekeeper	Hours	Rate	Fees
John Regush	0.6	690.00	414.00
Robert Kennedy	29.7	990.00	29,403.00
Total	30.3		\$29,817.00

#### TOTAL PROFESSIONAL FEES

TAXABLE OTHER FEES/CHARGES	
Technology & Administration Fee	\$ 894.51
TOTAL TAXABLE OTHER FEES/CHARGES	\$ 894.51
NON-TAXABLE DISBURSEMENTS	
Court Fees*	\$ 339.00
	\$ 339.00

TOTAL OTHER FEES/CHARGES AND DISBURSEMENTS

1,233.51

29,817.00

\$

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	TOTAL FEES, OTHER FEES/CHARGES AND DISBURSEMENTS		\$	31,050.51
	TAXES			
	HST (13.0%) on Professional Fees of \$29,817.00	\$	3,876.21	
	HST (13.0%) on Taxable Disbursements of \$894.51		116.29	
	TOTAL TAXES			3,992.50
	TOTAL AMOUNT DUE		<u>\$</u>	<u>35,043.01</u> CAD

# DENTONS

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#### **INVOICE # 3794021**

GST/HST # R121996078 QST # 1086862448 TQ 0001

Turuss (Canada) Industry Co., Ltd c/o MNP Ltd. Court Appointed Receiver and Manager 111 Richmond Street West Suite 300 Toronto ON M5H 2G4 Attention: Jerry Henechowicz

Date	Matter Number	Lawyer
September 30, 2023	541179-000007	Robert Kennedy

#### Turuss (Canada) Industry Co., Ltd Re: Turuss (Canada) Industry Co. Ltd.

Total Amount Due	Ś	4,816.19 41,863.75	CAD
Other Fees/Charges HST (13.0%) on \$37,047.56		1,079.06	
Professional Fees	\$	35,968.50	

Payment Options:	
Cheques:	Credit Card:
Cheques payable to Dentons Canada LLP	To pay online with a credit card, visit
and mailed to the following address:	https://www.dentons.com/canada-CADpay.
77 King Street West, Suite 400	
Toronto-Dominion Centre	Alternatively, credit card payment is accepted via telephone at 1-888-444-8859.
Toronto, ON Canada M5K 0A1	You will require your invoice number and amount to pay.
Interac e-Transfer:	Internet Banking:
e-Transfer funds to <u>AR.Canada@dentons.com</u>	Accepted at most financial institutions. Your payee is Dentons Canada LLP and
referencing invoice number in message. Auto-deposit	reference your payee account number (client ID) as 541179. Please email us at
is setup on our accounts and therefore no password	AR.Canada@dentons.com referencing invoice number and payment amount.
required.	
Wire Transfer / EFT:	
Bank of Montreal	Bank ID: 001 Transit: 00022
1st Canadian Place, Toronto, ON M5X 1A3	CAD Funds Bank Account: 0004-324 (or 00020004324)
Swift Code: BOFMCAM2	Routing: 000100022

#### **Invoice Detail**

TO PROFESSIONAL SERVICES RENDERED in connection with the above noted matter:

Date	Timekeeper	Description of Work
05-Sep-23	Robert Kennedy	Review correspondence from Jerry Henechowicz. Review Yang Jiang claim documentation.
06-Sep-23	Robert Kennedy	Review Yang Jiang claim. Review claims procedure order re: Turuss. Review stakeholder support agreement. Correspondence to Adam Slavens. Conversation with Adam Slavens re: claims. Consider next steps.
07-Sep-23	Robert Kennedy	Review stakeholder support agreement. Conference with John Regush re: amendment. Consider amendment terms. Review correspondence from Jerry Henechowicz. Review correspondence from Yang Jiang re: claim withdrawal. Review notice re: claim withdrawal. Review claims procedure order. Review draft amendment to support agreement.
07-Sep-23	John Regush	Review of emails from client. Review and response to email from Robert Kennedy. Drafting and revising amending agreement.
08-Sep-23	Robert Kennedy	Review claims procedure order. Consider next steps re: discharge and distribution order.
11-Sep-23	Robert Kennedy	Review claims procedure order. Review correspondence re: Yang Jiang claim. Consider next steps. Review support agreement.
12-Sep-23	Robert Kennedy	Review claims procedure order. Conversation with Adam Slavens re: claims process matters, distribution order and strategy. Review appointment order.
13-Sep-23	Robert Kennedy	Review stakeholder support agreement. Review and revise amendment to stakeholder support agreement. Review claims procedure order. Correspondence to Jerry Henechowicz. Conversation with Adam Slavens.
14-Sep-23	Robert Kennedy	Correspondence from and to Jerry Henechowicz. Consider motion strategy.
15-Sep-23	Robert Kennedy	Review claims procedure order. Consider next steps re: discharge and distribution motion. Review stakeholder support agreement.
19-Sep-23	Robert Kennedy	Review correspondence from Yang Jiang. Review file re: scheduling. Correspondence to Yang Jiang. Conversation with Adam Slavens. Review support agreement amendment.

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Date	Timekeeper	Description of Work
21-Sep-23	Robert Kennedy	Various correspondence re: discharge motion. Review correspondence from Yang Jiang. Review correspondence from Adam Slavens. Correspondence to Yang Jiang. Conversation with Jerry Henechowicz. Consider next steps.
22-Sep-23	Robert Kennedy	Review correspondence from Yang Jiang. Review stakeholder support agreement.
25-Sep-23	Robert Kennedy	Review various correspondence re: claims procedure matters. Correspondence to Yang Jiang re: claims procedure matters. Correspondence to Adam Slavens re: amendment. Consider motion matters. Conference with Sarah Lam. Review prior motion materials.
26-Sep-23	Robert Kennedy	Review claims procedure order. Review claims summary. Consider motion matters.
27-Sep-23	Mark Freake	Call with Robert Kennedy regarding matter background and upcoming discharge motion. Review of Receiver's Ninth and Tenth Reports.
27-Sep-23	Robert Kennedy	Consider motion matters and work on materials. Conference with Mark Freake re: receiver's report. Consider claims officer discharge matters.
28-Sep-23	Robert Kennedy	Correspondence from and to Adam Slavens. Conversation with Adam Slavens. Review revised stakeholder support amendment. Correspondence to Jerry Henechowicz and Matt Lem re: stakeholder support agreement. Conversation with Matt Lem re: amendment revisions. Revise amendment.
29-Sep-23	Mark Freake	Draft and revise Receiver's Eleventh Report and Claims Officer's First Report. Continued review of past orders and endorsements. Review of Stakeholder Support Agreement and communications. Correspondence with Robert Kennedy and Amanda Campbell regarding distribution and discharge motion materials.
29-Sep-23	Robert Kennedy	Review and revise amendment. Correspondence to Matt Lem re: amendment. Conversation with Mark Freake re: report. Work on motion materials.

Timekeeper	Hours	Rate	Fees
John Regush	0.4	690.00	276.00
Mark Freake	4.3	795.00	3,418.50
Robert Kennedy	32.6	990.00	32,274.00
Total	37.3		\$35,968.50

#### TOTAL PROFESSIONAL FEES

\$ 35,968.50

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Turuss (Canada) Industry Co., Ltd			Page 4 of 4
Re: Turuss (Canada) Industry Co. Ltd.		Matter #	541179-000007
TAXABLE OTHER FEES/CHARGES			
Technology & Administration Fee	<u>\$</u>	1079.06	
TOTAL TAXABLE OTHER FEES/CHARGES	\$	1079.06	
TOTAL OTHER FEES/CHARGES			1,079.06
TOTAL FEES AND OTHER FEES/CHARGES		\$	37,047.56
TAXES			
HST (13.0%) on Professional Fees of \$35,968.50	\$	4,675.91	
HST (13.0%) on Taxable Disbursements of \$1,079.06		140.28	
TOTAL TAXES			4,816.19
TOTAL AMOUNT DUE		<u>\$</u>	<u>41,863.75</u> CAD



## EXHIBIT "B"

# Summary of Invoices and Calculation of Average Hourly Billing Rates of Dentons Canada LLP

The Period from June 1	, 2023 to	September 3	30, 2023
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Date	Invoice No.	Fees	Discount	Disbursements	Taxes(HST)	Hours	Average Rate	Total
June 30, 2023	3773895	50,877.00	-2,877.00	1,450.00	6,428.50	55.2	620.00	55,878.50
August 31, 2023	3787511	29,817.00	0.00	1,233.51	3,992.50	30.3	840.00	35,043.01
September 30, 2023	3794021	35,968.50	0.00	1,079.06	4,816.19	37.3	825.00	41,863.75
TOTALS:		\$116,662.50	(\$2,877.00)	\$3,762.57	\$15,237.19	122.8	\$ 761.67	\$132,785.26



# EXHIBIT "C"

# **Billing Rates of Dentons Canada LLP**

For the period June 1, 2023 to September 30, 2023

	2023 Standard <u>Rate</u>	Year of Call
Robert Kennedy	\$990	2002
Mark Freake	\$795	2013
John Regush	\$690	2015 (AB)
Amanda Campbell	\$180	Legal Assistant

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Court File No.: CV-20-00646729-00CL TURUSS (CANADA) INDUSTRY CO., LTD.	Respondent	ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)	PROCEEDING COMMENCED AT TORONTO	AFFIDAVIT OF ROBERT KENNEDY	<ul> <li>DENTONS CANADA LLP</li> <li>77 King Street West, Suite 400</li> <li>Toronto-Dominion Centre</li> <li>Toronto, ON M5K 0A1</li> <li>Robert Kennedy (LSO #474070)</li> <li>Tel: (416) 367-6756</li> <li>Fax: (416) 863-4592</li> <li>robert.kennedy@dentons.com</li> <li>Mark A. Freake (LSO #63656H)</li> <li>Tel: (416) 863-4456</li> <li>mark.freake@dentons.com</li> <li>Mark freake@dentons.com</li> <li>Lawyers for the Receiver and Claims Officer</li> </ul>				
- and -									
PILLAR CAPITAL CORP.	Applicant								

# Appendix "H" to the Eleventh Report of the Receiver

#### IN THE MATTER OF THE RECEIVERSHIP OF TURUSS (CANADA) INDUSTRY CO., LTD. INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS FOR THE PERIOD ENDED OCTOBER 3, 2023

RECEIPTS	NOTE	
Sale of real property proceeds	1.	9,036,590.06
Rental income and expense reimbursements		1,232,545.97
Advance from Secured Creditor		597,500.00
Equipment auction proceeds	2.	215,000.00
HST Collected		131,823.43
HST refund		109,843.79
Cash in bank		8,389.17
Interest Income	3.	80,583.85
	-	11,412,276.27
DISBURSEMENTS	•	-
Distributions to Pillar Capital		2,461,590.99
Legal and disbursements		1,319,797.82
Distributions to Hsieh		664,082.50
Distribution to Proven Creditors		638,830.84
Repayment of Receiver's Certificate		600,000.00
Utilities		455,096.81
Municipal Taxes		436,170.39
Receiver's fees and disbursements		537,569.40
HST paid		329,640.05
Repairs & Maintenance		287,762.11
Statutory priorities		181,374.22
Salaries and wages		133,568.66
Interest on Receiver's Certificate		83,040.51
Insurance	4.	76,665.52
Security system upgrades		39,303.14
Hazardous waste removal		33,838.74
Property manager fees		30,675.00
License fees		8,742.50
Appraisal		6,750.00
Advertising re: sales process		5,062.62
Advertising re: claims process		8,860.36
Travel		830.67
Bank charges		754.89
Photocopies and printing		444.12
Filing fees	-	71.54
	-	8,340,523.40
	-	\$ 3,071,752.87

#### NOTES:

- 1. Represents receipt of purchase price of \$9,200,000 less closing adjustments for prepaid rent and security deposit toalling \$123,383.75 and other customary sdjoustments for a sale of a commercial property of this type.
- 2. Net of \$15,000 settlement with Liyuan Qi.
- 3. Includes interest earned to October 3, 2023.
- 4. Net of a refund of \$53,989.64.

NATDOCS/74017372/V-4