

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

WEICHANG YANG

Applicant

and

BESCO INTERNATIONAL INVESTMENT CO., LTD.

Respondent

APPLICATION UNDER Section 243(1) of the *Bankruptcy and Insolvency Act*, RSC, 1985, c B-3, as amended, and section 101 of the *Courts of Justice Act*, RSO 1990, c C.43, as amended

**MOTION RECORD OF
BESCO INTERNATIONAL INVESTMENT CO., LTD.**

(RETURNABLE MAY 24, 2019)

May 15, 2019

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INDEX

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INDEX

Tab	Document
1	Notice of Motion, dated May 15, 2019
2	Affidavit of Hui Gang Sun, sworn May 15, 2019
A	Exhibit "A": copy of Receivership Order of Justice Penny, dated February 13, 2019
B	Exhibit "B": copies of the Application to Register the Receivership Order by Instrument No. ND179652 and the Parcel Register
C	Exhibit "C": copies of the Mortgage Loan agreement with each of Kingspound Capital Inc., Sunnyways Investments Inc. and Young & Young Capital Inc.
D	Exhibit "D": copy of the Property Tax Agreement, dated April 26, 2019
E	Exhibit "E": copies of a Mortgage Loan Agreement Amendment with each of Kingspound Capital Inc., Sunnyways Investments Inc. and Young & Young Capital Inc., dated April 29, 2019

Tab 1

**ONTARIO
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APPLICATION UNDER Section 243(1) of the *Bankruptcy and Insolvency Act*, RSC, 1985, c B-3, as amended, and section 101 of the *Courts of Justice Act*, RSO 1990, c C.43, as amended

**NOTICE OF MOTION
(RETURNABLE MAY 24, 2019)**

The Respondent will make a Motion to a Judge presiding over the Commercial List on Friday, May 24, 2019 at 10:00 a.m., or as soon after that time as the Motion can be heard at the court house, 330 University Avenue, 8th Floor, Toronto, Ontario, M5G 1R7.

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

THE MOTION IS FOR:

1. Leave to abridge the time for service of the Motion Record, if necessary;
2. an Order lifting the stay of proceedings granted under the Order of the Honourable Mr. Justice Penny dated February 13, 2019 appointing KSV Kofman Inc. (“KSV”) as receiver and manager (in such capacities, the “Receiver”) of the Property (as defined below) (the

- “Receivership Order”) in order to permit the Respondent, Besco International Investment Co., Ltd. (“Besco”), to redeem the Yang Mortgage (as defined below);
3. an Order terminating this receivership proceeding (the “Receivership Proceeding”) and discharging the Receiver with effect upon the filing by the Receiver of a certificate certifying that the proposed redemption transaction has closed to the satisfaction of the Receiver (the “Discharge Certificate”);
 4. an Order directing the Registrar to amend the parcel register by deleting the Receivership Order registered as Instrument No. ND179652 on title to the land with PIN 51082-0010 (LT), legally described as PT LT 1-2 Con 1 Hope PT 2(R2307 EXCEPT PT 1 39R9406; Port Hope and municipally known as 414 Croft Street, Port Hope, Ontario (the “Property”);
 5. in the event that the redemption of the Yang Mortgage does not close, an Order directing Besco and its principal, Hui Gang Sun (“Sun”), to deliver to the Receiver by no later than June 4, 2019 all accounting records and bank statements of Besco for the period from and after January 1, 2016 up to the effective date of the Receiver’s appointment under the Receivership Order;
 6. an Order approving the First Report of the Receiver and the Receiver’s activities described therein (the “First Report”);
 7. an Order approving the fees and disbursements of the Receiver and the Receiver’s legal counsel, DLA Piper (Canada) LLP, as set out in the First Report and the fee affidavits appended thereto; and
 8. such further and other Relief as to this Honourable Court may seem just.

THE GROUNDS FOR THE MOTION ARE:

1. Pursuant to the Receivership Order, KSV was appointed as Receiver of the Property upon the Application of Weichang Yang (“Yang”).
2. Besco is the registered owner of the Property. Besco granted a \$5 million mortgage over the Property in favour of Yang (“Yang Mortgage”) to secure Besco’s guarantee of the indebtedness of Sun to Yang.
3. Pursuant to demand letters dated March 14, 2018 (together, the “Yang Demands”), Yang demanded repayment of (i) Sun’s indebtedness to Yang and (ii) Besco’s indebtedness to Yang pursuant to the Besco guarantee. As at March 14, 2018, Sun was indebted to Yang in the amount of \$3,242,797.53, excluding legal fees incurred by Yang, with interest continuing to accrue until the date of repayment.
4. Each of the Yang Demands were accompanied by a Notice of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”).
5. On or about May 17, 2018, Sun and Besco entered into a Forbearance Agreement with, among others, Yang. Pursuant to the Forbearance Agreement, Besco consented to the appointment of a Receiver pursuant to section 243(1) of the BIA over the Property in the event of a default under the Forbearance Agreement.
6. After entering into the Forbearance Agreement, Sun and Besco tried to secure funds to repay Yang.
7. Besco was unable to close a refinancing transaction to repay Yang and redeem the Yang Mortgage registered against the Property.

8. The Receiver was appointed over the Property pursuant to the Receivership Order and the Receivership Order was registered on title to the Property by Instrument No. ND 179652 on March 27, 2019.
9. Besco has now arranged financing in the aggregate amount of \$4.3 million to fund the redemption of the Yang Mortgage (including all accrued interest and costs) and to pay the professional fees and costs arising from the Receivership Proceeding pursuant to mortgage loan agreements dated March 25, 2019 and March 26, 2019, and entered into with each of Kingspound Capital Inc. (\$2 million), Sunnyways Investments Inc. (\$2.1 million) and Young & Young Capital Inc. (\$200,000).
10. The \$4.3 million is currently held in trust by the law firm of Tan & Associates, counsel for the lenders under the mortgage loan agreements.
11. The mortgage loan agreements require that Besco pay any outstanding property tax arrears owing on the Property.
12. Pursuant to the Property Tax Arrears Payment Arrangement dated April 26, 2019 (the "Property Tax Arrears Agreement"), the Municipality of Port Hope (the "Municipality") agreed to terms for the payment of all outstanding property tax arrears by a partial lump sum payment followed by monthly installment payments until all arrears are paid in full. The Municipality also agreed to Besco's redemption of the Yang Mortgage and to the repayment of Besco's indebtedness to Yang in priority to the outstanding property tax arrears.

13. Pursuant to amendment agreements dated April 29, 2019, each of the proposed lenders accepted the Property Tax Arrears Agreement and waived the requirement under the mortgage loan agreements that all property tax arrears be paid in full prior to closing the proposed refinancing.
14. If the stay of proceedings is lifted, the mortgage loan agreements are ready to close and the Yang Mortgage can be redeemed.
15. Lifting the stay of proceedings to permit Besco to complete the redemption of the Yang Mortgage is in the best interests of all parties. Yang will receive payment in full of all amounts owing to him and the professional fees and costs arising from the Receivership Proceeding to date will be paid in full.
16. Besco will be substantially prejudiced if the stay of proceedings is not lifted and it is not permitted to redeem the Yang Mortgage.
17. After Besco completes the redemption of the Yang Mortgage, there will be no further purpose to the Receivership Proceeding.
18. Rule 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended.
19. Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c.C.43, as amended.
20. Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended.
21. Sections 22 and 23 of the *Mortgages Act*, R.S.O. 1990, c.M.40, as amended.
22. Such further and other grounds as the lawyers may advise.

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

1. The Affidavit of Hui Gang Sun, sworn May 15, 2019;
2. The First Report of the Receiver and the fee affidavits appended thereto; and
3. Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

May 15, 2019

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WEICHANG YANG

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Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
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Proceeding commenced at Toronto

**NOTICE OF MOTION
(RETURNABLE MAY 24, 2019)**

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Lawyers for the Respondent

Tab 2

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AFFIDAVIT OF HUI GANG SUN

I, HUI GANG SUN, of the City of Vancouver, in the Province of British Columbia, MAKE OATH AND SAY:

1. I am an officer and director of Besco International Investment Co., Ltd. (“Besco”), the respondent in this proceeding and, as such, have knowledge of the matters contained in this affidavit. I swear this affidavit in my capacity as Besco’s officer and director.
2. I am swearing this affidavit in support of Besco’s motion for an order lifting the stay of proceedings granted under the Order of Justice Penny dated February 13, 2019 appointing KSV Kofman Inc. (“KSV”) as receiver and manager (“Receiver”) of the Property (defined below) (“Receivership Order”) in order to permit Besco to redeem the Yang Mortgage (defined below). Besco also seeks an order terminating the receivership proceedings, discharging the Receiver, and

directing the Registrar to amend the parcel register by deleting the Receivership Order registered against the Property.

Yang Mortgage and Receivership Order

3. Besco is the registered owner of PT LT 1-2 Con 1 Hope PT 2(R2307 EXCEPT PT 1 39R9406; Port Hope and municipally known as 414 Croft Street, Port Hope, Ontario (the “Property”).

4. In 2017, Besco granted a \$5 million mortgage over the Property in favour of Yang (“Yang Mortgage”) to secure Besco’s guarantee of my indebtedness of Yang.

5. By letters dated March 14, 2018 to me and Besco, Yang demanded the repayment of my indebtedness to him and Besco’s indebtedness pursuant to Besco’s guarantee. Each of the March 14, 2018 demand letters were accompanied by a Notice of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”).

6. As at March 14, 2018, I was indebted to Yang in the amount of \$3,242,797.53, excluding legal fees incurred by Yang, with interest continuing to accrue until the date of repayment.

7. On or about May 17, 2018, I entered into a Forbearance Agreement with Yang. Besco was a party to the Forbearance Agreement as a guarantor of my indebtedness to Yang. Pursuant to the Forbearance Agreement, Besco consented to the appointment of a Receiver pursuant to section 243(1) of the BIA over the Property in the event of a default under the Forbearance Agreement.

8. After entering into the Forbearance Agreement, both Besco and I tried to secure funds to repay the Yang Mortgage. Besco was unable to close a refinancing transaction to redeem the Yang Mortgage registered against the Property by February 13, 2019.

9. Pursuant to an Application by Yang, Justice Penny appointed KSV as the Receiver over the Property pursuant to the Receivership Order attached hereto as Exhibit "A". The Receivership Order was registered on title of the Property by Instrument No. ND179652 on March 27, 2019. Attached hereto as Exhibit "B" are copies of the Application to Register the Receivership Order and the Parcel Register for the Property showing the registration of the Receivership Order on March 27, 2019.

Financing to Redeem the Yang Mortgage

10. After the Receivership Order was granted, Besco continued to try and arrange financing to fund the redemption of the Yang Mortgage.

11. Pursuant to mortgage loan agreements dated March 25, 2019 and March 26, 2019, Besco has now arranged financing in the total amount of \$4.3 million to: (i) fund the redemption of the Yang Mortgage, including all accrued interest and costs; and (ii) pay the professional fees and costs arising from the receivership proceedings. Attached as Exhibit "C" is a copy of the mortgage loan agreement with each of Kingspound Capital Inc. (\$2 million), Sunnyways Investments Inc. (\$2.1 million) and Young & Young Capital Inc. (\$200,000).

12. I am advised by Ping Tan and believe, that the \$4.3 million is currently held in trust by the law firm of Tan & Associates, counsel for the lenders under the mortgage loan agreements.

13. The mortgage loan agreements require that Besco pay any outstanding property tax arrears owing on the Property. There are currently outstanding property tax arrears owing on the Property.

14. Subsequent to entering into the mortgage loan agreements, Besco entered into a Property Tax Arrears Payment Arrangement dated April 26, 2019 (the "Property Tax Arrears Agreement") with the Municipality of Pope Hope ("Municipality"). A copy of the Property Tax Agreement is attached hereto as Exhibit "D".

15. Pursuant to the Property Tax Arrears Agreement, the Municipality agreed to terms for the payment of all outstanding property tax arrears by a partial lump sum payment followed by monthly installments until all arrears are paid in full. The Municipality also agreed to Besco's redemption of the Yang Mortgage and to the repayment by Besco of amounts owing to Yang in priority to the outstanding property tax arrears.

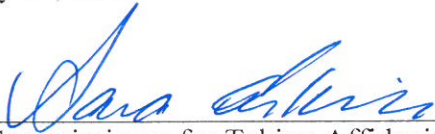
16. After entering into the Property Tax Arrears Payment Agreement, the lenders accepted the Agreement and agreed to waive the requirement under the mortgage loan agreements that all property tax arrears be paid in full prior to closing the refinancing transactions. Attached as Exhibit "E" are copies of a Mortgage Loan Agreement Amendment with each of Kingspound Capital Inc., Sunnyways Investments Inc. and Young & Young Capital Inc. dated April 29, 2019.

17. If the stay of proceedings is lifted, the mortgage loan agreements are ready to close and the Yang Mortgage can be redeemed. Yang will receive payment in full of all amounts owing to him and the professional fees and costs arising from the Receivership Proceeding to date will be paid in full.

18. Besco will be substantially prejudiced if the stay of proceedings is not lifted and it is not permitted to redeem the Yang Mortgage. Professional fees and costs arising from the Receivership Proceedings will continue to be incurred.

19. Further, the Property is a manufacturing facility and Besco has a tenant, Viceroy Houses Ltd. who manufactures houses and other wood products in the manufacturing facilities. If the stay is not lifted, it will cause harm to Besco's tenant.

SWORN BEFORE ME at the City of
Toronto, in the in the Province of Ontario
on May 15, 2019



Commissioner for Taking Affidavits
(or as may be)

SARA J. ERSKINE

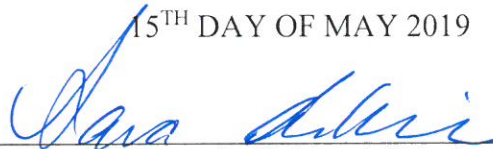


HUI GANG SUN

TAB A

THIS IS EXHIBIT "A"
REFERRED TO IN THE AFFIDAVIT OF
HUI GANG SUN

SWORN BEFORE ME THIS
15TH DAY OF MAY 2019



Commissioner for Taking Affidavits, etc.

SARA J. ERSKINE

Debtor acquired for, or used in relation to the Real Property, and all rents and other proceeds thereof (collectively, the “**Property**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Hui Gang Sun sworn August 20, 2018 and the Exhibits thereto, the supplementary affidavit of Hui Gang Sun sworn August 31, 2018 and the Exhibits thereto, the affidavit of Robert A. Finlay sworn August 31, 2018 and the Exhibits thereto, the affidavit of the Applicant sworn September 17, 2018 and the Exhibits thereto, the affidavit of Hanqiong (Joan) Xu sworn October 15, 2018 and the Exhibits thereto, the affidavit of Irene M. Artuso sworn February 4, 2019 and the Exhibits thereto, and the *facta* filed on behalf of the Applicant and the Debtor, and on hearing the submissions of counsel for the Applicant and counsel for the Debtor, no one else appearing although duly served as appears from the affidavit of service of Tamana Sadozai sworn September 19, 2018, and on reading the consent of KSV to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, KSV is hereby appointed Receiver, without security, of the Property.

3. THIS COURT ORDERS that the implementation of this Order appointing the Receiver shall be stayed for 30 days from the date of this Order (the “**Stay Period**”). If, within the Stay Period, the debt owing from the Debtor to the Applicant is repaid in full (including all accrued interest and all fees and expenses owing or payable to the Applicant under the various loan, guarantee and security agreements entered into between the Applicant and the Debtor) (the “**Indebtedness**”), this Order shall become moot. If the Indebtedness is not repaid prior to the expiration of the Stay Period, this Order shall become effective in full without further Order of this Court.

4. THIS COURT ORDERS that, during the Stay Period, the Debtor shall provide written notice to the Applicant of any material change in the status of (i) the Property, (ii) the Debtor's business, and (iii) the financing negotiations with Livesolar Capital Corporation.

RECEIVER'S POWERS

5. 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, (i) the changing of locks and security codes, provided however, that prior notice shall be given to the Debtor, (ii) the relocating of Property to safeguard it, (iii) the engaging of independent security personnel, (iv) the taking of physical inventories and (v) the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor in relation to the Property, 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 in relation to the Property;
- (d) to engage consultants, appraisers, agents, 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 in relation to the Property or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor in relation to the Property 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 in relation to the Property;
- (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 in relation to the Property, 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 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 with the approval of this Court on notice to the Debtor, and 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.

- (l) 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;
- (o) 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 the Property;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have in relation to the Property; 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, including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

6. 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 grant immediate and continued access to the Property to the Receiver, and shall deliver the Property to the Receiver upon the Receiver’s request.

7. 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 in relation to the Property, 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.

8. 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 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.

NO PROCEEDINGS AGAINST THE RECEIVER

9. 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

10. 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

11. 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.

NO INTERFERENCE WITH THE RECEIVER

12. 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 Debtor in relation to the Property, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

13. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor in relation to the Property, 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 in relation to the Property, 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 received after the date of this Order are paid by the Receiver in accordance with normal payment practices 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

14. 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

15. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor at all times. 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

16. 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

17. 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, or their respective equivalents in any Province or Territory (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.

LIMITATION ON THE RECEIVER’S LIABILITY

18. 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 wilful 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

19. 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.

20. 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.

21. 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

22. 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 \$250,000 (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.

23. 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.

24. 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.

25. 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

26. 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 <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) 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.

27. 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 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

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.

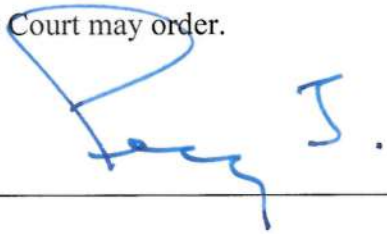
29. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

30. 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.

31. 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.


32. THIS COURT ORDERS that the Applicant's costs of the Application, up to and including entry and service of this Order, shall be added to the Indebtedness and shall be paid (i) by the Debtor if the debt is repaid within the Stay Period; or (ii) by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

33. 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.



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAR 18 2019

PER / PAR: 

SCHEDULE "A"

PROPERTY DESCRIPTION

PIN: 51082-0010 (LT)

Description: PT LT 1-2 CON 1 HOPE PT 2 9R2307 EXCEPT PT 1 39R9406; PORT HOPE

Address: 414 CROFT STREET, PORT HOPE, ONTARIO

SCHEDULE "B"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that KSV Kofman Inc., the receiver (the "**Receiver**") of certain real property owned by Besco International Investment Co., Ltd. (the "**Debtor**"), together with all other assets, undertakings and properties of the Debtor acquired for, or used in relation to the real property, and all rents and other proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 13th day of February, 2019 (the "**Order**") made in an action having Court file number CV-18-605366-00CL, 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 annum 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 *Bankruptcy 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 _____, 2019.

KSV Kofman Inc., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

WEICHANG YANG

Applicant

-and-

BESCO INTERNATIONAL INVESTMENT CO., LTD.

Respondent

Court File No.: CV-18-605366-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

ORDER (APPOINTING RECEIVER)

FASKEN MARTINEAU DuMOULIN LLP

333 Bay Street, Suite 2400
Bay Adelaide Centre, Box 20
Toronto, ON M5H 2T6

Dylan Chochla [LSO# 62137I]

Tel: 416 868 3425
Fax: 416 364 7813
Email: dchochla@fasken.com

Daniel Richer [LSO# 75225G]

Tel: 416 865 4445
Fax: 416 364 7813
Email: dricher@fasken.com

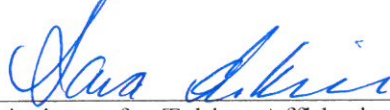
Lawyers for the Applicant

TAB B

THIS IS EXHIBIT "B"

REFERRED TO IN THE AFFIDAVIT OF
HUI GANG SUN

SWORN BEFORE ME THIS
15TH DAY OF MAY 2019



Commissioner for Taking Affidavits, etc.

SARA J. ERSKINE

Properties

PIN 51082 - 0010 LT *Interest/Estate* Fee Simple
Description PT LT 1-2 CON 1 HOPE PT 2 9R2307 EXCEPT PT 1 39R9406; PORT HOPE
Address 414 CROFT STREET
 PORT HOPE

Party From(s)

Name ONTARIO SUPERIOR COURT OF JUSTICE
Address for Service 330 University Avenue
 Toronto, Ontario
 M5G 1R7

Applicant(s)*Capacity**Share*

Name KSV KOFMAN INC.
Address for Service 150 King Street West
 Suite 2308
 Toronto, Ontario
 M5H 1J9

Statements

The applicant applies to register the following order See Schedules. The order is still in full force and effect

Schedule: Court Order appointing KSV Kofman Inc. as receiver and manager (in such capacities, the "Receiver"), without security, of the real property of Besco International Investment Co., Ltd.

Signed By

Jeffrey Michael Citron 100 King Street West, Suite 600 acting for Signed 2019 03 27
 Toronto Applicant(s)
 M5X1E2

Tel 416-365-3500

Fax 416-365-7886

I have the authority to sign and register the document on behalf of the Applicant(s).

Submitted By

DLA Piper (Canada) LLP 100 King Street West, Suite 600 2019 03 27
 Toronto
 M5X1E2

Tel 416-365-3500

Fax 416-365-7886

Fees/Taxes/Payment

Statutory Registration Fee \$64.40

Total Paid \$64.40

File Number

Party From Client File Number : 3869700002

Applicant Client File Number : 3869700002

Debtor acquired for, or used in relation to the Real Property, and all rents and other proceeds thereof (collectively, the “**Property**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Hui Gang Sun sworn August 20, 2018 and the Exhibits thereto, the supplementary affidavit of Hui Gang Sun sworn August 31, 2018 and the Exhibits thereto, the affidavit of Robert A. Finlay sworn August 31, 2018 and the Exhibits thereto, the affidavit of the Applicant sworn September 17, 2018 and the Exhibits thereto, the affidavit of Hanqiong (Joan) Xu sworn October 15, 2018 and the Exhibits thereto, the affidavit of Irene M. Artuso sworn February 4, 2019 and the Exhibits thereto, and the *facta* filed on behalf of the Applicant and the Debtor, and on hearing the submissions of counsel for the Applicant and counsel for the Debtor, no one else appearing although duly served as appears from the affidavit of service of Tamana Sadozai sworn September 19, 2018, and on reading the consent of KSV to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, KSV is hereby appointed Receiver, without security, of the Property.

3. THIS COURT ORDERS that the implementation of this Order appointing the Receiver shall be stayed for 30 days from the date of this Order (the “**Stay Period**”). If, within the Stay Period, the debt owing from the Debtor to the Applicant is repaid in full (including all accrued interest and all fees and expenses owing or payable to the Applicant under the various loan, guarantee and security agreements entered into between the Applicant and the Debtor) (the “**Indebtedness**”), this Order shall become moot. If the Indebtedness is not repaid prior to the expiration of the Stay Period, this Order shall become effective in full without further Order of this Court.

4. THIS COURT ORDERS that, during the Stay Period, the Debtor shall provide written notice to the Applicant of any material change in the status of (i) the Property, (ii) the Debtor's business, and (iii) the financing negotiations with Livesolar Capital Corporation.

RECEIVER'S POWERS

5. 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, (i) the changing of locks and security codes, provided however, that prior notice shall be given to the Debtor, (ii) the relocating of Property to safeguard it, (iii) the engaging of independent security personnel, (iv) the taking of physical inventories and (v) the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor in relation to the Property, 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 in relation to the Property;
- (d) to engage consultants, appraisers, agents, 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 in relation to the Property or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor in relation to the Property 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 in relation to the Property;
- (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 in relation to the Property, 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 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 with the approval of this Court on notice to the Debtor, and 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.

- (l) 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;
- (o) 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 the Property;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have in relation to the Property; 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, including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

6. 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 grant immediate and continued access to the Property to the Receiver, and shall deliver the Property to the Receiver upon the Receiver’s request.

7. 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 in relation to the Property, 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.

8. 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 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.

NO PROCEEDINGS AGAINST THE RECEIVER

9. 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.

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10. 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.

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11. 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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12. 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 Debtor in relation to the Property, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

13. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor in relation to the Property, 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 in relation to the Property, 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 received after the date of this Order are paid by the Receiver in accordance with normal payment practices 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

14. 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

15. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor at all times. 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

16. 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

17. 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, or their respective equivalents in any Province or Territory (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.

LIMITATION ON THE RECEIVER’S LIABILITY

18. 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 wilful 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

19. 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.

20. 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.

21. 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

22. 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 \$250,000 (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.

23. 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.

24. 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.

25. 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

26. 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 <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) 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.

27. 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 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

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.

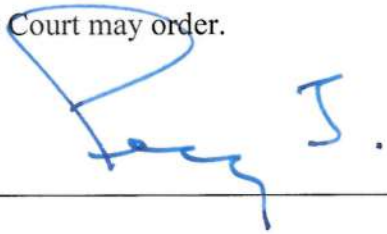
29. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

30. 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.

31. 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.


32. THIS COURT ORDERS that the Applicant's costs of the Application, up to and including entry and service of this Order, shall be added to the Indebtedness and shall be paid (i) by the Debtor if the debt is repaid within the Stay Period; or (ii) by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

33. 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.



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAR 18 2019

PER / PAR: 

SCHEDULE "A"

PROPERTY DESCRIPTION

PIN: 51082-0010 (LT)

Description: PT LT 1-2 CON 1 HOPE PT 2 9R2307 EXCEPT PT 1 39R9406; PORT HOPE

Address: 414 CROFT STREET, PORT HOPE, ONTARIO

SCHEDULE "B"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that KSV Kofman Inc., the receiver (the "**Receiver**") of certain real property owned by Besco International Investment Co., Ltd. (the "**Debtor**"), together with all other assets, undertakings and properties of the Debtor acquired for, or used in relation to the real property, and all rents and other proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 13th day of February, 2019 (the "**Order**") made in an action having Court file number CV-18-605366-00CL, 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 annum 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 *Bankruptcy 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 _____, 2019.

KSV Kofman Inc., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

WEICHANG YANG

Applicant

-and-

BESCO INTERNATIONAL INVESTMENT CO., LTD.

Respondent

Court File No.: CV-18-605366-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

ORDER (APPOINTING RECEIVER)

FASKEN MARTINEAU DuMOULIN LLP

333 Bay Street, Suite 2400
Bay Adelaide Centre, Box 20
Toronto, ON M5H 2T6

Dylan Chochla [LSO# 62137I]

Tel: 416 868 3425
Fax: 416 364 7813
Email: dchochla@fasken.com

Daniel Richer [LSO# 75225G]

Tel: 416 865 4445
Fax: 416 364 7813
Email: dricher@fasken.com

Lawyers for the Applicant

PROPERTY DESCRIPTION: PT LT 1-2 CON 1 HOPE PT 2 9R2307 EXCEPT PT 1 39R9406; PORT HOPE

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:
FIRST CONVERSION FROM BOOK

PIN CREATION DATE:
2006/01/23

OWNERS' NAMES
BESCO INTERNATIONAL INVESTMENT CO., LTD.

CAPACITY SHARE
ROWN

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *						
** AND ESCHEATS OR FORFEITURE TO THE CROWN.						
** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF						
** IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY						
** CONVENTION.						
** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.						
**DATE OF CONVERSION TO LAND TITLES: 2006/01/23 **						
9R2307	1989/02/03	PLAN REFERENCE				C
PH97697	1989/05/03	AGREEMENT			THE CORPORATION OF THE MUNICIPALITY OF PORT HOPE	C
REMARKS: SITE PLAN						
NC285644	1999/11/12	AGREEMENT			THE CORPORATION OF THE MUNICIPALITY OF PORT HOPE	C
NC297322	2000/11/15	AGREEMENT			THE CORPORATION OF THE MUNICIPALITY OF PORT HOPE	C
NC359402	2005/05/02	AGREEMENT			THE CORPORATION OF THE MUNICIPALITY OF PORT HOPE	C
REMARKS: SITE PLAN						
ND127746	2015/12/22	APL VESTING ORDER	\$5,870,000	SUPREME COURT OF BRITISH COLUMBIA	BESCO INTERNATIONAL INVESTMENT CO., LTD.	C
ND153386	2017/07/24	CHARGE	\$5,000,000	BESCO INTERNATIONAL INVESTMENT CO., LTD.	YANG, WEICHANG	C
ND159134	2017/11/08	NO ASSGN RENT GEN		BESCO INTERNATIONAL INVESTMENT CO., LTD.	YANG, WEICHANG	C
REMARKS: ND153386.						

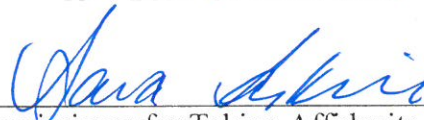
NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
ND166861	2018/05/28	CHARGE	\$5,000,000	BESCO INTERNATIONAL INVESTMENT CO., LTD.	YANG, WEICHANG	C
ND166862	2018/05/28	NO ASSGN RENT GEN <i>REMARKS: ND166861</i>		BESCO INTERNATIONAL INVESTMENT CO., LTD.	YANG, WEICHANG	C
ND179652	2019/03/27	APL COURT ORDER <i>REMARKS: APPOINTING RECEIVER</i>		ONTARIO SUPERIOR COURT OF JUSTICE	KSV KOFMAN INC.	C

TAB C

THIS IS EXHIBIT "C"
REFERRED TO IN THE AFFIDAVIT OF
HUI GANG SUN

SWORN BEFORE ME THIS
15TH DAY OF MAY 2019



Commissioner for Taking Affidavits, etc.

SARA J. ERSKINE

Mortgage Loan Agreement

This Mortgage Loan Agreement is made as of the 25th day of March 2019.

BETWEEN:

KINGSPOND CAPITAL INC.
(the "Lender")

-and-

BESCO INTERNATIONAL INVESTMENT CO. LTD
(the "Borrower")

WHEREAS the Borrower has applied to the Lender for a certain loan and the Lender has agreed to such loan application upon the terms and conditions hereinafter provided:

Principal Sum & Interest

The Lender agrees to loan in the sum of Two Millions Dollars (\$2,000,000.00) CAD (the "Principal Sum"), to the Borrower and the Borrower promises to repay the Principal Sum to the Lender, at such address as may be provided in writing, with interest payable on the unpaid principal at the rate of ten per cent (10%) per annum for the first 6 months and the rate of Twenty per cent (20%) per annum for the last month respectively, calculated monthly, not in advance.

Security

The Borrower agrees to provide a security for such loan by a valid first mortgage on the Subject Properties hereinafter provided with the following terms and conditions:

Subject Properties: 414 Croft St E, Port Hope, ON (25.22 Acres with all buildings)

Loan Purpose: Refinance to replace the existing mortgage loan

Priority of the mortgage: 1st Mortgage

Principal Amount: \$2,000,000.00 CAD

Term: 7 months (first 3-month is closed, and the last 4-month is open with 30-day written notice to the lender)

Borrower Initial

DM

Lender Initial

X.Y.

Interest Rate: For the first 6 month 10% per annum, calculated monthly, not in advance
For the 7th month 20% per annum, calculated monthly, not in advance
Interest only

Payment: \$16,666.66 per month (for the first 6 months), and \$33,333.33 per month (for
the 7th month), interest payment only

Amortization: Not applicable

Closing Date: March 29th, 2019

Interest Adjustment Date: March 29th, 2019

First Payment Date: April 29th, 2019

Maturity/Balance Due Date: 7 months from the date of advance estimated to be Oct 29th, 2019

Standby Fee/Commitment Fee: At the time of acceptance of this loan agreement, the Borrower and Guarantors shall pay a non-refundable standby fee/commitment fee in the amount of \$5,000.00 held in trust by lender's lawyer Tan & Associates. **(Waived)**

Good Faith Deposit: At the time of acceptance of this loan agreement, the Borrower and Guarantors shall pay a Good Faith Deposit in the amount of \$20,000. The Good Faith Deposit will be deposited in trust by lender's lawyer Tan & Associates and will be refunded to the borrower at the time of the advance of the mortgage. If the loan does not proceed due to borrower's request / issues OR failure to provide the lender with all the required security documents, all material information (legal or otherwise) with respect to the Borrower / Guarantor, and satisfactory documentation as listed under the "Documentation Review", the Good Faith Deposit will be retained by the Lender as compensation to the Lender for reserving the funds and for the work completed. If this loan agreement is refused by the Lender, this Good Faith Deposit will be returned to the Borrower without any interest or deduction.

Conditions: This loan agreement is conditional upon the lender inspecting the properties and documentation review within 5 banking days after the acceptance of this loan agreement, if the lender is not satisfied with his inspection / estimate or document review, this loan agreement shall be null and void and the Good Faith Deposit shall be returned to the borrower in full without interest and deduction. This condition is included for the benefit of the Lender and may be waived at the Lender's sole option within the time period state herein.

Documentation Review: The lender will not be obligated to make any advance of the loan unless the lender has received the following, all in form and substance satisfactory to the Lender and its solicitor. The borrower agrees to provide the following documents for documentations review upon the acceptance of this loan agreement:

2

Borrower Initial Sm

Lender Initial Xy

1. Charges/transfers for Subject Properties
2. All professional reports including, but not limited to, the environment reports, appraisal reports, engineering reports, inspection reports, study reports, title, survey, legal, title & property insurance policy, lease agreement and others. **(waived)**
3. All site plans, approvals, and permits if in borrower's possession. **(waived)**
4. The company documents including Articles of Incorporation & Certificate of Incorporation, Form 1 or Certificate of Shareholders, Directors and Officers if applicable
5. Title & Property Insurance, Property Tax
6. Any document / meeting minutes to support this project, or any document as required by the Lender and/or its legal counsel to check and verify information.

Prepayment Privilege: During the last 4 months of the term, the Mortgage can be fully or partially paid off with 30 days written notice, without penalty; otherwise 1-month interest will be charged for the prepayment.

Personal Guarantors: Sun, Huigang for the full amount of the loan

Security:

1. Registered 1st mortgage/charge on the Subject Properties
2. The personal guarantee of borrower and guarantor, for 100% of the loan amount
3. General Security Agreement in favour of the lender
4. A charge in favour of the lender pursuant to the Personal Property Security Act of Ontario (PPSA).
5. Assignment of Insurances
6. All other standard mortgage security
7. Such other reasonable legal security as required by the Lender and/or its legal counsel.

Appraisal / Inspection Cost: The Mortgagor will pay the cost to have the property appraised. The value of the property shall not be lower than \$8,500,000.00. The Mortgagee may also appoint his/her own representative to inspect the property, the cost of inspection is \$1,000 which will be deducted from the mortgage advance. The lender will be satisfied with his representative's inspection and estimate.

Legal Fee: The Borrower shall be responsible for the legal fees and disbursement for this transaction to be included by the Lender and the Borrower.

Post-dated Cheques: The Borrower shall deliver to the Lender a series of Seven (7) post-dated cheques, commencing on April 29th, 2019, made payable to the Lender and payable under the loan during the Term. This will be waived if paid in advance on closing.

Borrower Initial Sun

Lender Initial X-Y

Dishonored cheques: \$300.00 fee for any N.S.F. cheque or returned cheque plus 24.00% of annual interest calculated on the unpaid interest.

Preconditions to Advance:

The obligation of the Lender to advance the Principal Sum under this Agreement is subject to and conditional upon:

- (a) the Borrower and Guarantor are the registered owners of the Subject Properties;
- (b) the 1st mortgages in favor of the lender registered against title to the Subject Property;
- (c) each representation, statement, declaration and all information provided to the Lender or the Lender's solicitor by the Borrower in connection with this loan being true and accurate at the time it was given or made;
- (d) No other encumbrances: at the time of the registration of the said first mortgage in favor of the lender, there are no other encumbrances or charges against the Subject property.
- (e) there being no restrictions, liens or encumbrances against the Subject Properties at the time of the advance of the Principal Sum other than (i) any minor easements for the supply of domestic utility or telephone services to the Subject Properties or adjacent properties; (ii) any minor easements for drainage, storm or sanitary sewers, public utility lines, telephone lines, cable television lines or other services which do not materially affect the use of the Subject Properties as an agricultural land; (iii) any registered municipal agreement and registered agreement with publicly regulated utilities providing such have been complied with; and (iv) any registered restrictions that run with the land providing such are complied with.

Registered Charges/Mortgages: At the time of this second mortgage registration, no other parties have any interest in this property except the second mortgage of \$2,100,000.00 and this charge

Current Mortgage Statement: Outstanding balance should be verified If applicable.

ID's: Solicitor to obtain valid identification from mortgagor(s)/guarantors to verify their identities.

Title: Title has to be free and clear of all encumbrances, liens, etc., prior to the registration of the charge.

Title Insurance: The Lender will obtain at Borrower's expense, Title Insurance on the Subject Properties, "Loan Policy", as defined by the insurer.

Borrower Initial JS

Lender Initial X.Y.

Property Taxes: All property taxes of the Subject Properties must be paid in full for prior years and up-to-date for the current year. If the realty taxes are in arrears at anytime, this Charge will then become due and payable immediately, at the Lender's sole option.

Property Insurance / Fire Insurance: During the Term of this mortgage, the Borrower should provide evidence of insurance against fire and other hazards of the Subject Properties for its full replacement value in an amount of not less than \$8,500,000.00 with loss or the amount the Lender is satisfied with payable to the Lender as their interest may from time to time appear. A copy of the insurance policy of the Subject Properties shall be delivered to the Lender's solicitor for review prior to the funding. The properties must be fully insured to the extent of their full value against fire and all other perils customarily covered under comprehensive insurance policies and all applicable policies must contain an endorsement naming the Lender as a named insured and conferring upon the Lender the standard rights of a mortgage under the standard wording approved by the insurance bureau of Canada.

Condominium Insurance: (If applicable) Status certificated is required. Proof of condominium insurance package and premiums are all up to date.

Fixtures: It is hereby mutually covenanted and agreed by and between the parties hereto that all erections and improvements fixed otherwise now or hereafter put upon the said lands, including but without limiting the generality of the foregoing, all fences, heating, plumbing, air conditioning, ventilating, lighting and water heating equipment, window blinds, floor covering, storm windows, and screen doors and all apparatus and equipment appurtenant thereto are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the lands and shall be a portion of the security for the indebtedness herein mentioned.

Work Orders: There should be no outstanding work orders against the property.

Zoning: The property must comply with all relevant municipal by-laws and without limiting the generality of the foregoing all fire safety retrofit requirements

Independent Legal Advice: Each Covenantor and Guarantor, if any, named herein and executing this Loan Agreement must obtain Independent Legal Advice, Covenantor and Guarantor must pay the solicitor's fee associated with this advice.

Default on Payment: If for any reason the Borrower fails to make any payment on time, the Borrower shall be in default. The Lender can then demand instant payment of the entire remaining unpaid balance of this loan, without giving any further notice.

Successors and Assigns: This Agreement shall be binding upon and shall ensure to the benefit of the Lender and the Borrower and their respective successors and assigns. The Borrower may not assign or transfer its rights and obligations under this Agreement without the prior written consent of the Lender. The Lender may assign or transfer its rights and obligations under this Agreement fully or partially without the Borrower's consent.

5

Borrower Initial SM

Lender Initial X.Y.

Non-Transferable: Provided that in the event the Chargor sells, transfers or otherwise disposes of the charged property or any portion thereof or any interest therein, the Principal Sum hereby secured shall immediately become due and payable together with any penalties set out herein.

Renewal / Extension: Provided that the Mortgage has been kept in good standing and no defaults have occurred during the initial term of this Mortgage, the Mortgagor shall contact the lenders or lender's representative at a minimum two months before the expiry of this mortgage term if the Mortgagor wishes to renew or extend. The Mortgagee has the right to accept or decline to renew/extend this mortgage in the Mortgagee's sole and absolute discretion. If the current Mortgagee agrees to renew or extend this mortgage, for a period of SIX MONTHS or less, under the current or different term and it is accepted by the Mortgagor, the Mortgagor shall be responsible for the legal expenses, and renewal/extension/broker fee (total 5%) for extending or renewing this mortgage.

Cancellation Costs: In the event that the Borrower decides not to close on this Mortgage then any and all costs incurred by Lender shall be paid by the Borrower. The Good Faith Deposit will not be returned to the borrowers.

Standard Charge Terms: Filing number 200033

Documentation: The Security Documentation must be in the standard form of the Lender or in a form approved by the Lender. The Lender shall not be obliged to advance any amount of the mortgage loan where at the time of closing of the transaction the Borrower is, or if an advance was made, would be in default under the terms of the Loan Agreement or any of the Security Documentation. The Lender may require all documentation to be prepared and registered by the Lender's lawyer.

Escrow Advances: Where the Lender agrees to advance funds to a solicitor prior to the receipt of all the Security Documentation by the Lender, all such advances shall be received by the solicitor in trust for the Lender and the solicitor shall not make any advance or other distribution of the advances so received until such times as all required security is in place.

Execution: The Loan Agreement may be executed in any number of counterparts, each of which when executed and delivered is an original, but all of which taken together constitute one and the same instruction. Execution of the Loan Agreement via facsimile or other electronic transmission shall be binding upon the Borrower and the Lender and their respective heirs, executors, administrators, successors and assigns.

Warranty: The Mortgagor warrants that the building has never been insulated with UFFI and that there are no environmental problems relating to the properties and if they occur they will be attended to by the owner or the mortgage may be called at the Mortgagee's option.

Notice: Any notice, request or demand herein provided or permitted to be given by the Borrower to the Lender shall be sufficiently given if delivered by prepaid courier or prepaid registered mail to the address as follows:

6

Borrower Initial SM

Lender Initial X.Y.

(a) To the Lender at:
KINGSPOUND CAPITAL INC
33 Bay St, Suite 5101, Toronto, ON, M5J2Z3

(b) To the Borrower at:
C/O Sun, Huigang
1922 44th Ave E, Vancouver, BC, V6M 2E7
Tel: 604-375-5555
5 Mckay Crescent Markham, L3R 3M7

Governing Law: This Agreement is made pursuant to and shall be governed by and construed in accordance with the laws of Canada and the laws of Ontario applicable therein.

Schedule(s): Schedule "A" forms part of this Loan Agreement.

Acceptance: This agreement shall be valid until 11:59pm March 28th, 2019. The terms of herein agreement shall survive the funding of this mortgage.

The Borrower agrees to enter into a mortgage with a Lender which shall include the terms attached as Schedule "A" to this agreement. The Borrower acknowledges and agrees that Schedule "A" shall be incorporated into a mortgage with the Lender and the Borrower agrees to be bound by such additional terms.


Final Terms & Conditions: The term and conditions on this agreement may change before the final closing date. The lender's solicitor may add and amend any terms and conditions on this agreement.

This Agreement is signed this 25th day of March 2019.

KINGSPOUND CAPITAL INC.




(Witness):



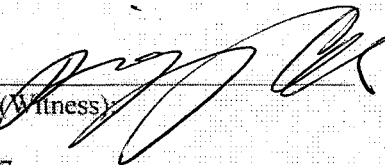
XIAONING YAN (Lender)
I have authority to bind the corporation

BESCO INTERNATIONAL INVESTMENT CO. LTD

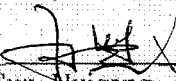
(Witness):



Sun, Huigang (Borrower) March 26, 2019
I have authority to bind the corporation



(Witness):



Sun, Huigang (Guarantor) March 26, 2019

7
Borrower Initial Sun

Lender Initial XY

Mortgage Loan Agreement

This Mortgage Loan Agreement is made as of the 25th day of March 2019.

BETWEEN:

SUNNYWAYS INVESTMENT INC.
(the "Lender")

-and-

BESCO INTERNATIONAL INVESTMENT CO. LTD
(the "Borrower")

WHEREAS the Borrower has applied to the Lender for a certain loan and the Lender has agreed to such loan application upon the terms and conditions hereinafter provided:

Principal Sum & Interest

The Lender agrees to loan in the sum of Two Million One Hundred Thousands Dollars (\$2,100,000.00) CAD (the "Principal Sum"), to the Borrower and the Borrower promises to repay the Principal Sum to the Lender, at such address as may be provided in writing, with interest payable on the unpaid principal at the rate of eleven per cent (11%) per annum for the first 6 months and the rate of Twenty per cent (20%) per annum for the last month respectively, calculated monthly, not in advance.

Security

The Borrower agrees to provide a security for such loan by a valid second mortgage on the Subject Properties hereinafter provided with the following terms and conditions:

Subject Properties: 414 Croft St E, Port Hope, ON (25.22 Acres with all buildings)

Loan Purpose: Refinance to replace the existing mortgage loan

Priority of the mortgage: 2nd Mortgage

Principal Amount: \$2,100,000.00 CAD

Term: 7 months (first 3-month is closed, and the last 4-month is open with 30-day written notice to the lender)

1

Borrower Initial Sm

Lender Initial Xy.

Interest Rate: For the first 6 month 11% per annum, calculated monthly, not in advance
 For the 7th month 20% per annum, calculated monthly, not in advance
 Interest only

Payment: \$19,250.00 per month (for the first 6 months), and \$35,000.00 per month (for the 7th month), interest payment only

Amortization: Not applicable

Closing Date: April 12th, 2019

Interest Adjustment Date: April 12th, 2019

First Payment Date: May 12th, 2019

Maturity/Balance Due Date: 7 months from the date of advance estimated to be November 12th, 2019

Standby Fee/Commitment Fee: At the time of acceptance of this loan agreement, the Borrower and Guarantors shall pay a non-refundable standby fee/commitment fee in the amount of \$5,000.00 held in trust by lender's lawyer Tan & Associates. **(Waived)**

Good Faith Deposit: At the time of acceptance of this loan agreement, the Borrower and Guarantors shall pay a Good Faith Deposit in the amount of \$20,000. The Good Faith Deposit will be deposited in trust by lender's lawyer Tan & Associates and will be refunded to the borrower at the time of the advance of the mortgage. If the loan does not proceed due to borrower's request / issues OR failure to provide the lender with all the required security documents, all material information (legal or otherwise) with respect to the Borrower / Guarantor, and satisfactory documentation as listed under the "Documentation Review", the Good Faith Deposit will be retained by the Lender as compensation to the Lender for reserving the funds and for the work completed. If this loan agreement is refused by the Lender, this Good Faith Deposit will be returned to the Borrower without any interest or deduction.

Conditions: This loan agreement is conditional upon the lender inspecting the properties and documentation review within 5 banking days after the acceptance of this loan agreement, if the lender is not satisfied with his inspection / estimate or document review, this loan agreement shall be null and void and the Good Faith Deposit shall be returned to the borrower in full without interest and deduction. This condition is included for the benefit of the Lender and may be waived at the Lender's sole option within the time period state herein.

Documentation Review: The lender will not be obligated to make any advance of the loan unless the lender has received the following, all in form and substance satisfactory to the Lender and its

Borrower Initial *DM*

Lender Initial *X.Y.*

solicitor. The borrower agrees to provide the following documents for documentations review upon the acceptance of this loan agreement:

1. Charges/transfers for Subject Properties
2. All professional reports including, but not limited to, the environment reports, appraisal reports, engineering reports, inspection reports, study reports, title, survey, legal, title & property insurance policy, lease agreement and others. **(waived)**
3. All site plans, approvals, and permits if in borrower's possession. **(waived)**
4. The company documents including Articles of Incorporation & Certificate of Incorporation, Form 1 or Certificate of Shareholders, Directors and Officers if applicable
5. Title & Property Insurance, Property Tax
6. Any document / meeting minutes to support this project, or any document as required by the Lender and/or its legal counsel to check and verify information.

Prepayment Privilege: During the last 4 months of the term, the Mortgage can be fully or partially paid off with 30 days written notice, without penalty; otherwise 1-month interest will be charged for the prepayment.

Personal Guarantors: Sun, Huigang for the full amount of the loan

Security:

1. Registered 2nd mortgage/charge on the Subject Properties
2. The personal guarantee of borrower and guarantor, for 100% of the loan amount
3. General Security Agreement in favour of the lender
4. A charge in favour of the lender pursuant to the Personal Property Security Act of Ontario (PPSA).
5. ¥8,000,000.00 (Chinese Yuan) deposit into Lender account as additional security
6. Assignment of Insurances
7. All other standard mortgage security
8. Such other reasonable legal security as required by the Lender and/or its legal counsel.

Appraisal / Inspection Cost: The Mortgagor will pay the cost to have the property appraised. The value of the property shall not be lower than \$8,500,000.00. The Mortgagee may also appoint his/her own representative to inspect the property, the cost of inspection is \$1,000 which will be deducted from the mortgage advance. The lender will be satisfied with his representative's inspection and estimate.

Legal Fee: The Borrower shall be responsible for the legal fees and disbursement for this transaction to be included by the Lender and the Borrower.

Post-dated Cheques: The Borrower shall deliver to the Lender a series of Seven (7) post-dated cheques, commencing on May 12th, 2019, made payable to the Lender and payable under the loan during the Term. This will be waived if paid in advance on closing.

Dishonored cheques: \$300.00 fee for any N.S.F. cheque or returned cheque plus 24.00% of annual interest calculated on the unpaid interest.

Preconditions to Advance:

The obligation of the Lender to advance the Principal Sum under this Agreement is subject to and conditional upon:

- (a) the Borrower and Guarantor are the registered owners of the Subject Properties;
- (b) the 2nd mortgages in favor of the lender registered against title to the Subject Property;
- (c) each representation, statement, declaration and all information provided to the Lender or the Lender's solicitor by the Borrower in connection with this loan being true and accurate at the time it was given or made;
- (d) No other encumbrances: at the time of the registration of the said first mortgage in favor of the lender, there are no other encumbrances or charges against the Subject property.
- (e) there being no restrictions, liens or encumbrances against the Subject Properties at the time of the advance of the Principal Sum other than (i) any minor easements for the supply of domestic utility or telephone services to the Subject Properties or adjacent properties; (ii) any minor easements for drainage, storm or sanitary sewers, public utility lines, telephone lines, cable television lines or other services which do not materially affect the use of the Subject Properties as an agricultural land; (iii) any registered municipal agreement and registered agreement with publicly regulated utilities providing such have been complied with; and (iv) any registered restrictions that run with the land providing such are complied with.

Registered Charges/Mortgages: At the time of this second mortgage registration, no other parties have any interest in this property except the first mortgage of \$2,000,000.00 and this charge

Current Mortgage Statement: Outstanding balance should be verified If applicable.

ID's: Solicitor to obtain valid identification from mortgagor(s)/guarantors to verify their identities.

Title: Title has to be free and clear of all encumbrances, liens, etc., prior to the registration of the charge.

Borrower Initial Sum

Lender Initial X-y.

Title Insurance: The Lender will obtain at Borrower's expense, Title Insurance on the Subject Properties, "Loan Policy", as defined by the insurer.

Property Taxes: All property taxes of the Subject Properties must be paid in full for prior years and up-to-date for the current year. If the realty taxes are in arrears at anytime, this Charge will then become due and payable immediately, at the Lender's sole option.

Property Insurance / Fire Insurance: During the Term of this mortgage, the Borrower should provide evidence of insurance against fire and other hazards of the Subject Properties for its full replacement value in an amount of not less than \$8,500,000.00 with loss or the amount the Lender is satisfied with payable to the Lender as their interest may from time to time appear. A copy of the insurance policy of the Subject Properties shall be delivered to the Lender's solicitor for review prior to the funding. The properties must be fully insured to the extent of their full value against fire and all other perils customarily covered under comprehensive insurance policies and all applicable policies must contain an endorsement naming the Lender as a named insured and conferring upon the Lender the standard rights of a mortgage under the standard wording approved by the insurance bureau of Canada.

Condominium Insurance: (If applicable) Status certificated is required. Proof of condominium insurance package and premiums are all up to date.

Fixtures: It is hereby mutually covenanted and agreed by and between the parties hereto that all erections and improvements fixed otherwise now or hereafter put upon the said lands, including but without limiting the generality of the foregoing, all fences, heating, plumbing, air conditioning, ventilating, lighting and water heating equipment, window blinds, floor covering, storm windows, and screen doors and all apparatus and equipment appurtenant thereto are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the lands and shall be a portion of the security for the indebtedness herein mentioned.

Work Orders: There should be no outstanding work orders against the property.

Zoning: The property must comply with all relevant municipal by-laws and without limiting the generality of the foregoing all fire safety retrofit requirements.

Independent Legal Advice: Each Covenantor and Guarantor, if any, named herein and executing this Loan Agreement must obtain Independent Legal Advice, Covenantor and Guarantor must pay the solicitor's fee associated with this advice.

Default on Payment: If for any reason the Borrower fails to make any payment on time, the Borrower shall be in default. The Lender can then demand instant payment of the entire remaining unpaid balance of this loan, without giving any further notice.

Successors and Assigns: This Agreement shall be binding upon and shall ensure to the benefit of the Lender and the Borrower and their respective successors and assigns. The Borrower may not assign or transfer its rights and obligations under this Agreement without the prior written consent

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Borrower Initial

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Lender Initial

XY

of the Lender. The Lender may assign or transfer its rights and obligations under this Agreement fully or partially without the Borrower's consent.

Non-Transferable: Provided that in the event the Chargor sells, transfers or otherwise disposes of the charged property or any portion thereof or any interest therein, the Principal Sum hereby secured shall immediately become due and payable together with any penalties set out herein.

Renewal / Extension: Provided that the Mortgage has been kept in good standing and no defaults have occurred during the initial term of this Mortgage, the Mortgagor shall contact the lenders or lender's representative at a minimum two months before the expiry of this mortgage term if the Mortgagor wishes to renew or extend. The Mortgagee has the right to accept or decline to renew/extend this mortgage in the Mortgagee's sole and absolute discretion. If the current Mortgagee agrees to renew or extend this mortgage, for a period of SIX MONTHS or less, under the current or different term and it is accepted by the Mortgagor, the Mortgagor shall be responsible for the legal expenses, and renewal/extension/broker fee (total 5%) for extending or renewing this mortgage.

Cancellation Costs: In the event that the Borrower decides not to close on this Mortgage then any and all costs incurred by Lender shall be paid by the Borrower. The Good Faith Deposit will not be returned to the borrowers.

Standard Charge Terms: Filing number 200033

Documentation: The Security Documentation must be in the standard form of the Lender or in a form approved by the Lender. The Lender shall not be obliged to advance any amount of the mortgage loan where at the time of closing of the transaction the Borrower is, or if an advance was made, would be in default under the terms of the Loan Agreement or any of the Security Documentation. The Lender may require all documentation to be prepared and registered by the Lender's lawyer.

Escrow Advances: Where the Lender agrees to advance funds to a solicitor prior to the receipt of all the Security Documentation by the Lender, all such advances shall be received by the solicitor in trust for the Lender and the solicitor shall not make any advance or other distribution of the advances so received until such times as all required security is in place.

Execution: The Loan Agreement may be executed in any number of counterparts, each of which when executed and delivered is an original, but all of which taken together constitute one and the same instruction. Execution of the Loan Agreement via facsimile or other electronic transmission shall be binding upon the Borrower and the Lender and their respective heirs, executors, administrators, successors and assigns.

Warranty: The Mortgagor warrants that the building has never been insulated with UFFI and that there are no environmental problems relating to the properties and if they occur they will be attended to by the owner or the mortgage may be called at the Mortgagee's option.

6

Borrower Initial Sum

Lender Initial X,y

Notice: Any notice, request or demand herein provided or permitted to be given by the Borrower to the Lender shall be sufficiently given if delivered by prepaid courier or prepaid registered mail to the address as follows:

- (a) To the Lender at:
35 Hollywood Ave Suite 1819, Toronto, ON, M2N 0A9

- (b) To the Borrower at:
C/O Sun, Huigang
1922 44th Ave E, Vancouver, BC, V6M 2E7
Tel: 604-375-5555
5 Mckay Crescent Markham, L3R 3M7

Governing Law: This Agreement is made pursuant to and shall be governed by and construed in accordance with the laws of Canada and the laws of Ontario applicable therein.

Schedule(s): Schedule "A" forms part of this Loan Agreement.

Acceptance: This agreement shall be valid until 11:59pm March 28th, 2019. The terms of herein agreement shall survive the funding of this mortgage.


The Borrower agrees to enter into a mortgage with a Lender which shall include the terms attached as Schedule "A" to this agreement. The Borrower acknowledges and agrees that Schedule "A" shall be incorporated into a mortgage with the Lender and the Borrower agrees to be bound by such additional terms.

Final Terms & Conditions: The term and conditions on this agreement may change before the final closing date. The lender's solicitor may add and amend any terms and conditions on this agreement.

This Agreement is signed this 25th day of March 2019.

SUNNYWAYS INVESTMENT INC.

(Witness):



XIAONING YAN

(Lender)

I have authority to bind the corporation

BESCO INTERNATIONAL INVESTMENT CO. LTD

(Witness):



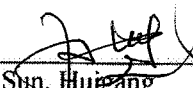
Sun, Huigang

(Borrower)

March 26, 2019

I have authority to bind the corporation


(Witness):



Sun, Huigang

(Guarantor)

March 26, 2019

7

Borrower Initial

Sun

Lender Initial

X.Y.

SCHEDULE "A" - ADDITIONAL PROVISIONS

ADMINISTRATION FEE

The Chargee/Mortgagee shall charge an administration fee of \$300.00 for each occurrence of any of the following events:

- 1) Late payment or No Payment;
- 2) Cheque Dishonoured for any reason;
- 3) Failure to pay realty taxes when same fall due;
- 4) Failure to provide proof of payment of realty taxes;
- 5) Failure to obtain and/or maintain insurance coverage. With mortgage endorsement in favour of the herein Chargee/Mortgagee or its assigns;
- 6) Failure to provide proof of insurance coverage on an annual basis;
- 7) Failure to provide post-dated cheques;
- 8) Default under condominium or co-ownership declaration and by-laws;
- 9) Failure to notify Chargee/Mortgagee of registration of a Lien by the Condominium Corporation or Co-Ownership Corporation, for common maintenance arrears or other default;
- 10) Default under prior mortgage, charge or encumbrance;
- 11) Request for Mortgage Statement;
- 12) Request for Discharge Statement;

Such administration fee shall be automatically and immediately added to the principal amount outstanding upon the happening of each such occurrence.

DISPOSITION OF THE MORTGAGED LAND

Provided that if the Chargor(s)/Mortgagor(s), sells, transfers, conveys or otherwise disposes of the lands and premises all amounts, whether principal, interest or otherwise that may be owing hereunder including administration fees and bonuses, shall at the sole option of the Chargee/Mortgagee, be immediately due and payable and shall bear interest at the rate of interest in accordance with the terms of this Charge/Mortgage from the payment date next preceding the date of such sale, transfer, conveyance or disposition to the date of payment.

COSTS

In the event of default under the herein Charge/Mortgage, notwithstanding anything contained to the contrary hereinbefore or hereinafter, all costs, charges and expenses including all legal costs on a solicitor and client basis, which may be incurred in endeavoring to collect any monies overdue under this charge, and/or rectifying all other monetary or non-monetary default under the terms of this charge and including but not limited to obtaining legal counsel and advise and to the taking, recovering and keeping possession of the said lands and of negotiating this loan, investigating title, and registering the Charge/Mortgage and other necessary deeds, and generally in any other acts, actions and/or proceeding taken, in connection with or to realize this security shall be with interest at a rate as set out herein, a charge upon the said lands in favour of the Chargee/Mortgagee.

PAYMENT METHOD

The Chargor(s)/Mortgagor(s) shall provide the Chargee/Mortgagee with a series of post-dated cheques on or before the closing date of the Charge/Mortgage and a further series of post-dated cheques on or before each anniversary date of the within Charge/Mortgage. Failure to provide such cheque shall at Chargee/Mortgage's option constitute default under the Charge/Mortgage. In the event that there is more than one Chargee, the Chargor shall provide separate payments to each Chargee. In the event that the Chargee/Mortgagee is assigned, then the Chargor shall forthwith provide a replacement series of post-dated cheques to the new Chargee/Mortgagee or as the new Chargee/Mortgagee may so direct.

In the event that the Chargee is or becomes a financial institution as Trustee for the RRSP or RRIF of an individual or individuals, the Chargor shall forthwith provide a replacement series of post dated cheques to the planholders or individuals, the Chargor shall forthwith provide a replacement series of post dated cheques to the planholder or planholders or as the planholder or planholders directs.

ASSUMPTION OF CHARGE CLAUSE


To be initialed by Borrower


To be initialed by Borrower


To be initialed by Lender

To be initialed by Lender

NOTWITHSTANDING anything to the contrary hereinbefore or hereinafter contained, the Chargor/Mortgagor expressly covenants, undertakes and agrees that the prior written approval of the Chargee/Mortgagee, which approval may at its sole discretion be withheld by the Chargee/Mortgagee, in the event of failure by the Chargor/Mortgagor to obtain such prior approval, the within Charge/Mortgage shall at the sole option of the Chargee/Mortgagee become due and payable. Following approval by the Chargee/Mortgagee to any sale or transfer of title as aforesaid, the Chargor/Mortgagor shall obtain from the purchaser an agreement in writing assuming the within Charge/Mortgage and all monies then owing thereunder are in default of the execution and delivery to the Chargee/Mortgagee of such assumption agreement, the monies then owing hereunder shall be accelerated and become legally due and payable; it's being understood and agreed, however, that the Chargor/Mortgagor shall remain liable to the Chargee/Mortgagee in respect to any deficiency upon a sale of the said lands and premises by the Chargee/Mortgagee under the Power of Sale provisions contained in the within Charge/Mortgage or upon sale of the said lands and premises by a prior Charge/Mortgage or other prior encumbrance.

ASSIGNMENT OF RENT

The Chargor(s)/Mortgagor(s) will assign to the Chargee/Mortgagee all rents payable from time to time under leases of the land or any part thereof whether presently existing or arising in the future, together with the benefit of all covenants contained in the said leases in favour of the Chargor(s)/Mortgagor(s) covenants and agrees that it will forthwith after making any lease of the land or any part thereof grant and assign to the Chargee/Mortgagee the reversion of such lease; provided that nothing herein contained shall be deemed to make the Chargee/Mortgagee responsible for the collection of such rents or any part thereof or for the performance of any covenants terms or conditions contained in any such lease, and that the Chargee/Mortgagee shall not by virtue of these presents be deemed a Chargee/Mortgagee in possession of the land; and provided further that the Chargee/Mortgagee shall be liable to account for only such monies as may actually come into its hands by virtue of these presents less proper collection Charges and that such monies when so received by the Chargee/Mortgagee shall be applied on account of the debt secured by the Charge/Mortgage; and provided further that the Chargee/Mortgagee will not cause the tenants under the said leases or any of them to pay rent to the Chargee/Mortgagee unless and until default has occurred in performance of any covenant contained in this Charge/Mortgage; and the Chargor(s)/Mortgagor(s) will perform all of the Landlord's covenants and obligations contained in the said leases or any of them. The Chargor(s)/Mortgagor(s) will execute such further documents as the Chargee/Mortgagee may from time to time deem requirements for the purpose of giving full effect to the Assignment of rents hereinbefore contained and of enabling the Chargee/Mortgagee to enforce payment of such rents.

OPERATION STATEMENTS

The Chargor/Mortgagor agrees to provide to the Chargee/Mortgagee annually, and not later ninety days (90) from the balance due date as set out in Box(9)(1) on page 1 herein, and each extension thereof audited statements of income and operating expenses for the lands and premises mortgaged, which statements shall be certified by an officer of the Chargor/Mortgagor to be true and accurate together with a copy of the current rent roll. Failure to provide such statements of income and operating expenses in accordance with the provisions herein, shall at the Chargee's/Mortgagee's option constitute default under the Charge/Mortgage.

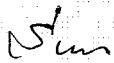
LISTING FOR SALE

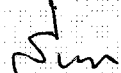
The Chargor/Mortgagor agrees that in the event the Chargor/Mortgagor desires to list for sale the lands and premises mortgaged herein within two (2) years of the later of the interest adjustment date herein and the last renewal date, the Chargee/Mortgagee shall have the right of the first refusal to purchase the said lands and premises on the same terms and conditions as any bona-fide offer submitted to the Mortgagor and which the Mortgagor wishes to accept, save and except that the actual purchase price to the Chargee/Mortgagee shall be equal to the amount as contained in the aforesaid acceptable bona-fide offer, less the total real estate commission payable in connection with the said acceptable bona-fide offer. The Chargor/Mortgagor shall deliver a legible and complete copy of the said bona-fide offer to the Chargee/Mortgagee and the Chargee/Mortgagee shall have three (3) business days following receipt of the said bona-fide offer to exercise the right of the first refusal by notifying the Chargor/Mortgagor failing which the said first right lapses; only to be reinstated should the Chargor/Mortgagor fail to complete the subject bona-fide offer.


SALE ON TERMS

In the event power of sale proceedings are taken, the Chargee as vendor may sell the property on terms and if the result is that a charge/mortgage or charges/mortgages by the Chargee are taken back as part consideration of the sale, then the Chargee shall be entitled to sell those mortgages at a discount, without recourse by the Chargor/Mortgagor and the discount shall form part of the loss incurred by the Chargee and be recoverable against the Chargor.

In the case of sale on credit the Chargee/Mortgagee shall be bound to apply on account only such monies as have been actually received from the purchasers from time to time. After the satisfaction of all Chargee's/Mortgagee's claims, the Chargee will not be bound to pay any amount to the Chargor/Mortgagor or any other person claiming entitlement thereto until all such agreements and assurances as the Chargee/Mortgagee considers fit have been executed and delivered.


To be initialed by Borrower.


To be initialed by Borrower


To be initialed by Lender

To be initialed by Lender

without any demand being required to be made.

AND it is hereby expressly declared that although as between the Guarantor the Mortgagor, the Guarantor is only surety for the payment by the Mortgagor of the moneys hereby guaranteed, yet as between the Guarantor and the Mortgagee the Guarantor shall be considered as primarily liable therefore and that therefore and that no leases or releases of any default by the Mortgagor any successor which may arise under this mortgage, and the no extension or extensions granted by the Mortgagor or any successor for payment of the mortgage moneys hereby secured or the doing, observing or performing of any covenant, agreement, matter or thing herein contained, to be done, observed or performed by the Mortgagor or any successor nor any variation in or departure from the provisions of this mortgage nor any other dealing between the Mortgagor or any successor and Mortgagee nor any release of the Mortgagor any other thing whatsoever whereby the Guarantor as surety only would or might have been released shall in any way modify, alter, vary or in any way prejudice the Mortgagee or affect the liability of the Guarantor in any way under this covenant, which shall continue and be binding on the Guarantor, and as well after as before default and after as before maturity of this mortgage, until the said mortgage moneys are fully paid and satisfied; And it is hereby further expressly declared that the Mortgagee shall not be bound to exhaust its recourse against the Mortgagor or the mortgaged premises before being entitled to payment from the Guarantor of the amount hereby guaranteed by the Guarantor.

ANY payment by the Guarantor or any moneys under his said guarantee shall not in any event be taken to affect the liability of the Mortgagor for payment thereof but such liability shall remain unimpaired and enforceable by the Guarantor against the Mortgagor and the Guarantor shall to the extent of any such payments made by him in addition to all other remedies subrogated as against the Mortgagor to all the rights, privileges and powers to which the Mortgagee was entitled prior to payment by such Guarantor; provided, nevertheless, that the Guarantor shall not unless and until the whole of the principal, interest and other moneys owing on the security of this mortgage shall have been paid, be entitled to any rights or remedies whatsoever in subrogation to the Mortgagee.

AND it is further hereby expressly declared that the release of any of the Guarantors from his or their liability hereunder shall not affect the liability of the remaining Guarantor or Guarantors which shall remain unimpaired and still in full force and effect as if the Guarantor or Guarantor so released had not been a party or parties to this Agreement.

ALL covenants, liabilities and obligations entered into or imposed hereunder upon the Guarantor or Guarantors shall be equally binding upon his, or their heirs, executors, administrators and assigns, or successors and assigns as the case may be, and all such covenants and liabilities and obligations shall be joint and several.

THE Mortgagee may vary any agreement or arrangement with the Guarantor and grant extensions of time to or otherwise deal with him, his executors or administrators, without any consent on the part of the Mortgagor.

"Borrower" = "Charger" = "Mortgagor"
"Lender" = "Chargee" = "Mortgagee"

AS
To be initialed by Borrower

To be initialed by Borrower

X.Y.
To be initialed by Lender

To be initialed by Lender

The Chargee/Mortgagee may buy in or rescind or vary and contract for the sale if the whole or any part of the property and resell without being answerable for loss occasioned thereby.

Any person, including the Chargee/Mortgagee herein, may bid on, tender for or purchase the property at the sale.

RECEIVERSHIP CLAUSE

The Chargee/Mortgagee agrees if and whenever the Chargee/Mortgagee becomes entitled hereunder to enter into possession of the mortgaged premises, it may in its sole discretion, by writing, appoint a Receiver of the mortgaged premises or any part thereof and of the rents and profits hereof and from time to time remove any receiver and appoint another in his stead and that in making any such appointment or appointments the Chargee/Mortgagee shall be deemed to be acting as the attorney for the Chargee/Mortgagee.

And that the following provisions shall apply upon the appointment of any such receiver, that such appointment may be made either before or after the Chargee/Mortgagee shall have entered into or taken possession of the mortgaged premises or any part thereof, that every such receiver may, at the sole discretion of the Chargee/Mortgagee, be vested with all or any of the powers such receiver and discretions of the Chargee/Mortgagee; that the Chargee/Mortgagee may from time to time fix the remuneration of every such receiver and direct the payment thereof of the mortgaged premises or the proceeds thereof, that every such receiver shall so far as concerns the responsibility for his acts or omissions be deemed the agent of the Chargee/Mortgagee and in no event the agent of the Chargee/Mortgagee; and the Chargee/Mortgagee in making or consenting to such appointment shall not incur any liability to the receiver for his remuneration or otherwise howsoever; that all monies from time to time received by such receiver shall be paid by him firstly, in discharge of all rents, taxes, insurance premiums and outgoing affecting the mortgaged premises; secondly, in payment of his commission as receiver and the cost of executing the necessary or proper repairs; thirdly, in keeping in good standing all charges on the mortgaged premises prior to this Charge/Mortgagee; fourthly, in payment of the interest accruing due under this mortgage; and the residue of any money so received by him shall be applied on the principal sum from time to time owing under this Charge/Mortgagee.

NON-TENANTS

The Chargee(s)/Mortgagee(s) confirm that the premises Charged/Mortgaged hereunder is a single family home not subject to a tenancy agreement at the date of execution in full of the indebtedness hereunder, and that any tenancy created shall be deemed a default under the herein charge mortgage loan.

AUTOMATIC RENEWAL

Provided that should the mortgage loan not be repaid in full on the maturity date, then and at the sole option of the Chargee/Mortgagee, the Chargee(s)/Mortgagee(s) and Guarantor(s) if any, shall be deemed to have accepted and the mortgage shall be automatically extended for a further period of six (6) months at a rate of interest, commencing on the first day of the extended term, equal to the rate of interest of the immediately previous term plus 5.0% per annum, calculated and payable interest only monthly, together with a renewal fee equivalent to 5.0% of the then outstanding balance, said renewal fee to be due and payable on the first day of the extended term failing which same shall, at the sole option of the Chargee/Mortgagee automatically be added to the then outstanding balance of the mortgage loan, as principal.

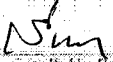
DISCHARGE

Provided that when a discharge of the Charge/Mortgage is required for the within Charge/Mortgage, then the Chargee's/Mortgagee's solicitor will prepare discharge documentation for execution by the Chargee/Mortgagee, which costs shall be at the Chargee/Mortgagee's expense.

DEFAULT

Each and every of the following vents shall constitute default under this Charge/Mortgage:

- 1) Default in the payment of the Principal Amount, interest or any other amount secured by this Charge/Mortgage, when payment of such amount becomes due under the terms of this Charge;
- 2) If the Chargee/Mortgagee sells, transfers or otherwise disposes of the property or any interest in the Property, to a purchaser not approved by the Chargee/Mortgagee in writing;
- 3) If the Chargee/Mortgagee is a Corporation and there is a change of the control to a person not approved by the Chargee/Mortgagee in writing;
- 4) If a petition in bankruptcy is filed against the Chargee/Mortgagee, if the Chargee/Mortgagee makes a proposal to creditors under the Bankruptcy and Insolvency Act or makes a general assignment for the benefit of its creditors. If a receiver interim receiver monitor or similar person is placed or is


To be initialed by Borrower

To be initialed by Borrower


To be initialed by Lender

To be initialed by Lender

SERVICING FEE

Provided further that the Chargor represents and warrants that he is called upon to pay any payment in order to protect its security position including but not limited to the payment of realty taxes, insurance premiums, condominium common expenses, principal interest or costs under a prior to the mortgage, it is agreed that such payment shall bear interest at eighteen (18%) percent per annum calculated and compounded monthly and that there shall be service charge of not less than \$400.00 for making each such payment or payments.

FARM DEBT MEDIATION ACT

Provided further that the Chargor represents and warrants that he is not a "Farmer" as defined in the Farm Debt Mediation Act and the Chargor further covenants and agree that during the currency of the within Charge will not engage in any activity which would have the effect of deeming him a Farmer within the meaning of the Farm Debt Mediation Act. In the event that the Chargor fails to comply with the within provision the within Charge's option immediately become due and payable in full together with a service charge equivalent to three (3) months interest thereon.

BANKRUPTCY & INSOLVENCY ACT

The Chargor/Guarantor represents and warrants that she/he is not an "undischarged bankrupt" as defined in the Bankruptcy and Insolvency Act. In the event that the Chargor/Guarantor is an "undischarged bankrupt", then all amounts, whether principal interest or otherwise that may be owing hereunder including administration fees and bonuses together with a three (3) month interest payment thereon shall be immediately due and payable at the option of the Chargee.

COVENANT TO PAY BROKER FEE/REFERRAL FEE/LENDER LEGAL FEE/COSTS

The Chargor acknowledges that the loan hereby secured was arranged by one or more mortgage brokers or real estate brokers or by others and that broker referral fees and legal costs were incurred by the Chargee, on behalf of the Chargor, in connection herin. Part of the consideration received by the Chargee in agreeing to advance the funds secured hereby is the payment of the mortgage brokers fee stipulated in Form 2 as required under the Mortgage Broker Act, R.S.O., 1990 or the payment of the real estate brokers fees or referral fee as the case may be, and legal costs incurred by the Chargee on half of the Chargor herein. Upon registration of this Charge, and where the Chargor is unable to or unwilling to receive the monies secured hereby, the Chargor shall not be entitled to a discharge of this charge until the mortgage brokers fees or real estate brokers fees or referral fees, as the case may be, the lender fees, and the legal costs incurred by the Chargee, on behalf of the Chargor herein, are paid in full.

PRIORITY PAYMENT OF ACCOMMODATION AND/OR AMENDMENT FEE/BROKER FEE /REFERRAL FEE/ LENDER FEE/ LEGAL COSTS


In the event the terms of this mortgage or any amendment and/or accommodation agreement made with respect thereto specifically provide for the capitalization or deferral of any accommodation and/or amendment fee, broker fee, referral fee, lender fee and/or legal costs, the Chargor/Mortgagor and Guarantor hereby acknowledge and agreed and warrant and represent that all payments made are intended to and all be first applied as payment against accommodation and/or amendment fees, referral fees, broker fees, lender fees and legal costs so capitalized or deferred, until such fees and costs are paid in full.


SEVERABILITY OF ANY INVALID PROVISIONS


If in the event that any covenant, term or provision contained in this Charge is held to be invalid, illegal or unenforceable in whole or in part, then the validity, legality and enforceability of the remaining covenants, provisions and terms shall not be affected or impaired thereby, and all such remaining covenants, provisions and terms shall continue in full force and effect. All covenants provisions and terms hereof are declared to be separate and distinct covenants, provisions or terms as the cause may be.


GUARANTOR CLAUSE

IN consideration of the premises and of the Mortgagee advancing the said money to the Mortgagor, the Guarantor doth hereby absolutely and unconditionally guarantee to the Mortgagee and its successors and assigns, the due and punctual payment by the Mortgagor of all principal moneys, interest and other moneys owing on the security of this mortgage, and the Guarantor for himself, his heirs, executors and administrators, covenants with the Mortgagee that if the Mortgagor shall at any time make default in the punctual payment of any moneys payable hereunder, he or they will pay all such moneys to the Mortgagee


To be initialed by Borrower


To be initialed by Borrower


To be initialed by Lender


To be initialed by Lender

threatened to be placed in control of for overview of the Chargor/Mortgagor's affairs or Property in the opinion of the Chargee/Mortgagee the Chargor/Mortgagor becomes insolvent;

- 5) Default under any terms or covenants contained herein or under any terms or covenants contained in any encumbrance registered in priority or subsequent to this Charge/Mortgage, or in payment of the realty taxes or condominium common expenses for the said property, shall constitute default under this Charge/Mortgage.

ANY PAYMENT that is made after 1:00pm on any date shall be deemed, for the purpose of calculation of interest, to have been made and received on the next bank business day.

The Chargor/Mortgagor agrees that should the mortgage not be renewed or discharged on the maturity date, that the Chargee/Mortgagee, at its option, shall be entitled to charge an additional fee equivalent to three (3) months interest, which amount shall be added to the principal amount outstanding hereunder on the maturity date.

The Chargor/Mortgagor agrees that should the Chargee/Mortgagee commence action due to default under the Charge/Mortgage, that the Chargee/Mortgagee at its option shall be entitled to charge an additional fee equivalent to three (3) months interest.

PREPAYMENT PRIVILEGE

PROVIDED that the Chargor, when not in default hereunder, shall have the privilege of prepaying the whole or any part(s) of the principal sum herein secured on any monthly payment date(s) without notice or bonus.

ACKNOWLEDGEMENT ON ASSIGNMENT

In the event that the Chargee assigns transfers or otherwise convey its interest hereunder, and upon the delivery of notice of same to the Chargor, the Chargor, if so requested, shall without costs, at any time and from time to time, execute an acknowledgement with respect to the terms and conditions of the Charge and the amount outstanding thereunder. Failure to execute the acknowledge and deliver the acknowledgement to the Chargee within 5 days of its receipt by the Chargor to the Chargee shall be deemed to be default by the Chargor under the Charge.

FURTHER ENCUMBRANCES

The Chargor shall not grant or permit any further mortgages, charges or encumbrances of any nature to be registered against the property without the prior written consent of the Chargee, and in the event of breach of this covenant, the Chargee shall be entitled to commence default proceedings and at the option of the Chargee, all money secured by this Charge/Mortgage together with amount equal to three (3) months interest on the principal amount at the rate applicable to the principal amount shall become due and payable immediately.

CAPITALIZATION OF ANY PAYMENTS ON PRIOR ENCUMBRANCES

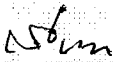
If the Chargor makes any agreement with any prior encumbrancers to satisfy any arrears of mortgage, property taxes, insurance or any other payments respecting the property by way of an increase in the principal balance of the mortgage account or any other increase in the mortgage account, without the prior written consent of the Chargee, such act shall be default under this Charge/Mortgage.

ACCRUAL OF INTEREST

In the event the terms of this Mortgage specifically provide for the accrual of interest for a specified period of time, the Chargor/Mortgagor confirms, represents and warrants that the provision for the accrual of interest has been requested by the Chargor/Mortgagor and the Chargor/Mortgagor represents, warrants and undertakes to use the monies that would otherwise be paid to the herein Chargee/Mortgagee but for the accrual, towards payment of outstanding realty taxes or to subsequent Chargee/Mortgagees and other subsequent encumbrance.


INDEMNIFICATION OF CHARGE

In the event the Chargee shall be made a party to any litigation commenced by or against the Chargor, the Chargor shall indemnify and hold the Chargee harmless therefrom and shall pay all costs, expenses and solicitor's fees on a full indemnity basis such costs shall be a charge on the property and may be added to the principal amount secured hereby.



To be initialed by Borrower

To be initialed by Borrower



To be initialed by Lender

To be initialed by Lender

Mortgage Loan Agreement

This Mortgage Loan Agreement is made as of the 26th day of March 2019.

BETWEEN:

Young & Young Capital Inc.
(the "Lender")

-and-

BESCO INTERNATIONAL INVESTMENT CO. LTD
(the "Borrower")

WHEREAS the Borrower has applied to the Lender for a certain loan and the Lender has agreed to such loan application upon the terms and conditions hereinafter provided:

Principal Sum & Interest

The Lender agrees to loan in the sum of Seven Hundred and Fifty Thousand Dollars (\$750,000.00) CAD (the "Principal Sum"), to the Borrower and the Borrower promises to repay the Principal Sum to the Lender, at such address as may be provided in writing, with interest payable on the unpaid principal at the rate of eleven per cent (11%) per annum for the first 6 months and the rate of Twenty per cent (20%) per annum for the last month respectively, calculated monthly, not in advance.

Security

The Borrower agrees to provide a security for such loan by a valid second mortgage on the Subject Properties herein after provided with the following terms and conditions:

Subject Properties: 414 Croft St E, P011Hope, ON (25.22 Acres with all buildings)

Loan Purpose: Refinance to replace the existing mortgage loan

Priority of the mortgage: 3rd Mortgage

Principal Amount: ~~\$750,000.00 CAD~~ \$200,000.- CAD. *Y.Y.*

Term : 7 months (first 3-month is closed, and the last 4-month is open with 30-day written notice to the lender)

Borrower Initial *BSM*

Lender Initial *Y.Y.*

Interest Rate: For the first 6 month 11 % per annum, calculated monthly, not in advance
For the 7th month 20% per annum, calculated monthly, not in advance
Interest only
Payment: ~~\$6,875.00~~ ^{\$1,833.33 ✓} per month (for the first 6 months), and ~~\$12,500.00~~ ^{3,333.33 ✓} per month (for the 7th month), interest payment only

Amortization: Not applicable

Closing Date: March 29th, 2019

Interest Adjustment Date: March 29th, 2019

First Payment Date: April 29th, 2019

Maturity/Balance Due Date: 7 months from the date of advance estimated to be Oct 29th, 2019

Standby Fee/Commitment Fee: At the time of acceptance of this loan agreement, the Borrower and Guarantors shall pay a non-refundable standby fee/commitment fee in the amount of \$5,000.00 held in trust by lender's lawyer Tan & Associates. **(Waived)**

Good Faith Deposit: At the time of acceptance of this loan agreement, the Borrower and Guarantors shall pay a Good Faith Deposit in the amount of \$20,000. The Good Faith Deposit will be deposited in trust by lender's lawyer Tan & Associates and will be refunded to the borrower at the time of the advance of the mortgage. If the loan does not proceed due to borrower's request I issues OR failure to provide the lender with all the required security documents, all material information (legal or otherwise) with respect to the Borrower / Guarantor, and satisfactory documentation as listed under the "Documentation Review", the Good Faith Deposit will be retained by the Lender as compensation to the Lender for reserving the funds and for the work completed. If this loan agreement is refused by the Lender, this Good Faith Deposit will be returned to the Borrower without any interest or deduction.

Conditions: This loan agreement is conditional upon the lender inspecting the properties and documentation review within 5 banking days after the acceptance of this loan agreement, if the lender is not satisfied with his inspection / estimate or document review, this loan agreement shall be null and void and the Good Faith Deposit shall be returned to the borrower in full without interest and deduction. This condition is included for the benefit of the Lender and may be waived at the Lender's sole option within the time period state herein.

Documentation Review: The lender will not be obligated to make any advance of the loan unless the lender has received the following, all in form and substance satisfactory to the Lender and its

2

Borrower Initial Sun Lender Initial Y.Y

solicitor. The borrower agrees to provide the following documents for documentations review upon the acceptance of this loan agreement:

1. Charges/transfers for Subject Properties
2. All professional reports including, but not limited to, the environment reports, appraisal reports, engineering reports, inspection reports, study reports, title, survey, legal, title & property insurance policy, lease agreement and others. (waived)
3. All site plans, approvals, and permits if in borrower's possession. (waived)
4. The company documents including Articles of Incorporation & Certificate of Incorporation , Form 1 or Certificate of Shareholders, Directors and Officers if applicable
5. Title & Property Insurance, Property Tax
6. Any document meeting minutes to support this project, or any document as required by the Lender and/or its legal counsel to check and verify information.

Prepayment Privilege: During the last 4 months of the term , the Mortgage can be fully or partially paid off with 30 days written notice, without penalty; otherwise 1-month interest will be charged for the prepayment.

Personal Guarantors: Sun, Huigang for the full amount of the loan

Security:

1. Registered 3rd mortgage/charge on the Subject Properties
2. The personal guarantee of borrower and guarantor, for 100% of the loan amount
3. General Security Agreement in favour of the lender
4. A charge in favour of the lender pursuant to the Personal Property Security Act of Ontario (PPSA).
5. ~~¥4,000,000.00~~ ^{¥1040000.00} (Chinese Yuan) deposit into Lender account as additional security
6. Assignment of Insurances
7. All other standard mortgage security
8. Such other reasonable legal security as required by the Lender and /or its legal counsel.

Appraisal & Inspection Cost: The Mortgagor will pay the cost to have the property appraised. The value of the property shall not be lower than \$8,500,000.00. The Mortgagee may also appoint his/her own representative to inspect the property, the cost of inspection is \$1,000 which will be deducted from the mortgage advance. The lender will be satisfied with his representative's inspection and estimate.

Legal Fee: The Borrower shall be responsible for the legal fees and disbursement for this transaction to be included by the Lender and the Borrower.

3

Borrower Initial Sun Lender Initial Y.Y.

Post-dated Cheques: The Borrower shall deliver to the Lender a series of Seven (7) post-dated cheques, commencing on April 29th, 2019, made payable to the Lender and payable under the loan during the Term. This will be waived if paid in advance on closing.

Dishonored cheques: \$300.00 fee for any N.S.F. cheque or returned cheque plus 24.00% of annual interest calculated on the unpaid interest.

Preconditions to Advance:

The obligation of the Lender to advance the Principal Sum under this Agreement is subject to and conditional upon:

- (a) the Borrower and Guarantor are the registered owners of the Subject Properties;
- (b) the 3rd mortgages in favor of the lender registered against title to the Subject Property;
- (c) each representation, statement, declaration and all information provided to the Lender or the Lender's solicitor by the Borrower in connection with this loan being true and accurate at the time it was given or made;
- (d) No other encumbrances: at the time of the registration of the said first mortgage in favor of the lender, there are no other encumbrances or charges against the Subject property.
- (e) there being no restrictions, liens or encumbrances against the Subject Properties at the time of the advance of the Principal Sum other than (i) any minor easements for the supply of domestic utility or telephone services to the Subject Properties or adjacent properties; (ii) any minor easements for drainage, storm or sanitary sewers, public utility lines, telephone lines, cable television lines or other services which do not materially affect the use of the Subject Properties as an agricultural land; (iii) any registered municipal agreement and registered agreement with publicly regulated utilities providing such have been complied with; and (iv) any registered restrictions that run with the land providing such are complied with.

Registered Charges/Mortgages: At the time of this third mortgage registration, no other parties have any interest in this property except the first mortgage of \$2,000,000.00, a second mortgage of ~~\$1,500,000.00~~ and this charge

2,100,000.00 ✓ *[Signature]*

Current Mortgage Statement: Outstanding balance should be verified if applicable.

ID's: Solicitor to obtain valid identification from mortgagor(s)/guarantors to verify their identities.

Title: Title has to be free and clear of all encumbrances, liens, etc., prior to the registration of the charge.

4 Borrower Initial *Sum* Lender Initial *Y, Y*

Title Insurance: The Lender will obtain at Borrower's expense, Title Insurance on the Subject Properties, "Loan Policy", as defined by the insurer.

Property Taxes: All property taxes of the Subject Properties must be paid in full for prior years and up-to-date for the current year. If the realty taxes are in arrears at anytime, this Charge will then become due and payable immediately, at the Lender's sole option.

Property Insurance / Fire Insurance: During the Term of this mortgage, the Borrower should provide evidence of insurance against fire and other hazards of the Subject Properties for its full replacement value in an amount of not less than \$8,500,000.00 with loss or the amount the Lender is satisfied with payable to the Lender as their interest may from time to time appear. A copy of the insurance policy of the Subject Properties shall be delivered to the Lender's solicitor for review prior to the funding. The properties must be fully insured to the extent of their full value against fire and all other perils customarily covered under comprehensive insurance policies and all applicable policies must contain an endorsement naming the Lender as a named insured and conferring upon the Lender the standard rights of a mortgage under the standard wording approved by the insurance bureau of Canada.

Condominium Insurance: (If applicable) Status certificated is required. Proof of condominium insurance package and premiums are all up to date.

Fixtures: It is hereby mutually covenanted and agreed by and between the parties hereto that all erect ions and improvements fixed otherwise now or hereafter put upon the said lands, including but without limiting the generality of the foregoing, all fences, heating, plumbing, air conditioning, ventilating, lighting and water heating equipment, window blinds, floor covering, storm windows, and screen doors and all apparatus and equipment appurtenant thereto are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the lands and shall be a portion of the security for the indebtedness herein mentioned.

Work Orders: There should be no outstanding work orders against the property.

Zoning: The property must comply with all relevant municipal by-laws and without limiting the generality of the foregoing all tire safety retrofit requirements

Independent Legal Advice: Each Covenantor and Guarantor, if any, named herein and executing this Loan Agreement must obtain Independent Legal Advice, Covenantor and Guarantor must pay the solicitor's fee associated with this advice.

Default on Payment: If for any reason the Borrower fails to make any payment on time, the Borrower shall be in default. The Lender can then demand instant payment of the entire remaining unpaid balance of this loan, without giving any further notice.

Successors and Assigns: This Agreement shall be binding upon and shall ensure to the benefit of the Lender and the Borrower and their respective successors and assigns. The Borrower may not assign or transfer its rights and obligations under this Agreement without the prior written consent

5

Borrower Initial

Sum

Lender Initial

Y, Y

of the Lender. The Lender may assign or transfer its rights and obligations under this Agreement fully or partially without the Borrower's consent.

Non-Transferable: Provided that in the event the Chargor sells, transfers or otherwise disposes of the charged property or any portion thereof or any interest therein, the Principal Sum hereby secured shall immediately become due and payable together with any penalties set out herein.

Renewal I Extension: Provided that the Mortgage has been kept in good standing and no defaults have occurred during the initial term of this Mortgage, the Mortgagor shall contact the lenders or lender's representative at a minimum two months before the expiry of this mortgage term if the Mortgagor wishes to renew or extend. The Mortgagee has the right to accept or decline to renew/extend this mortgage in the Mortgagee's sole and absolute discretion. If the current Mortgagee agrees to renew or extend this mortgage, for a period of SIX MONTHS or less, under the current or different term and it is accepted by the Mortgagor, the Mortgagor shall be responsible for the legal expenses, and renewal /extension /broker fee (total 4%) for extending or renewing this mortgage.

Cancellation Costs: In the event that the Borrower decides not to close on this Mortgage then any and all costs incurred by Lender shall be paid by the Borrower. The Good Faith Deposit will not be returned to the borrowers.

Standard Charge Terms: Filling number 200033

Documentation: The Security Documentation must be in the standard form of the Lender or in a form approved by the Lender. The Lender shall not be obliged to advance any amount of the mortgage loan where at the time of closing of the transaction the Borrower is, or if an advance was made, would be in default under the terms of the Loan Agreement or any of the Security Documentation. The Lender may require all documentation to be prepared and registered by the Lender's lawyer.

Escrow Advances: Where the Lender agrees to advance funds to a solicitor prior to the receipt of all the Security Documentation by the Lender, all such advances shall be received by the solicitor in trust for the Lender and the solicitor shall not make any advance or other distribution of the advances so received until such times as all required security is in place.

Execution: The Loan Agreement may be executed in any number of counterparts, each of which when executed and delivered is an original, but all of which taken together constitute one and the same instruction. Execution of the Loan Agreement via facsimile or other electronic transmission shall be binding upon the Borrower and the Lender and their respective heirs, executors, administrators, successors and assigns.

Warranty: The Mortgagor warrants that the building has never been insulated with UFFI and that there are no environmental problems relating to the properties and if they occur they will be attended to by the owner or the mortgage may be called at the Mortgagee's option.

Borrower Initial Sum Lender Initial Y.Y

Notice: Any notice, request or demand herein provided or permitted to be given by the Borrower to the Lender shall be sufficiently given if delivered by prepaid courier or prepaid registered mail to the address as follows:

- (a) To the Lender at:
C/O Suite 506, 1315 Lawrence Ave E, Toronto, M3A3R3

- (b) To the Borrower at:
C/O Sun, Hui gang
1922 441h Ave E, Vancouver, BC, V6M 2E7
Tel: 604-375-5555
5 Mckay Crescent Markham, L3R 3M7

Governing Law: This Agreement is made pursuant to and shall be governed by and construed in accordance with the laws of Canada and the laws of Ontario applicable therein.

Schedule(s): Schedule "A" forms part of this Loan Agreement.

Acceptance: This agreement shall be valid until 11:59 pm March 28th, 2019. The terms of herein agreement shall survive the funding of this mortgage.

The Borrower agrees to enter into a mortgage with a Lender which shall include the terms attached as Schedule "A" to this agreement. The Borrower acknowledges and agrees that Schedule "A" shall be incorporated into a mortgage with the Lender and the Borrower agrees to be bound by such additional terms.

Final Terms & Conditions: The term and conditions on this agreement may change before the final closing date. The Lender's solicitor may add and amend any terms and conditions this agreement.

This Agreement is signed this 26th day of March 2019.

YOUNG & YOUNG CAPITAL INC.

(Witness):

Ying Yang (Lender)
YING YANG

I have authority to bind the corporation

BESCO INTERNATIONAL INVESTMENT CO. LTD

(Witness):

Sun, Hui gang (Borrower)
Sun, Hui gang

I have authority to bind the corporation

(Witness):

Sun, Hui gang (Guarantor)
Sun, Hui gang

Borrower Initial Shun Lender Initial Y.Y

TAB D

THIS IS EXHIBIT "D"
REFERRED TO IN THE AFFIDAVIT OF
HUI GANG SUN

SWORN BEFORE ME THIS
15TH DAY OF MAY 2019



Commissioner for Taking Affidavits, etc.

SARA J. ERSKINE



Municipality of Port Hope
 56 Queen Street
 Port Hope, Ontario
 L1A 3Z9
 905-885-4544
 Fax: 905-885-1807
 Email: tax@porthope.ca

April 26, 2019

**PROPERTY TAX ARREARS
 PAYMENT ARRANGEMENT**

OWNERS: Besco International Investment **TELEPHONE #:** 604-273-7555
PROPERTY ADDRESS: 414 Croft St., Port Hope, ON
MAILING ADDRESS: 4611 Viking Way, Unit 120, Richmond, BC V6V 2K9
ROLL NUMBER: 1423-125-020-03450
EMAIL ADDRESS: n/a

I/we, the undersigned, as owner(s) of the above noted property undertake to pay the Municipality of Port Hope the balance of our existing arrears, penalties, along with any future billings and interest.

Such payments are to be made as below:

Lump sum payment of \$150,000 to clear outstanding interest upon signing.

Starting June 2019 monthly payments on or before the 15th of the month, in the amount of \$100,000 until all arrears have been paid in full.

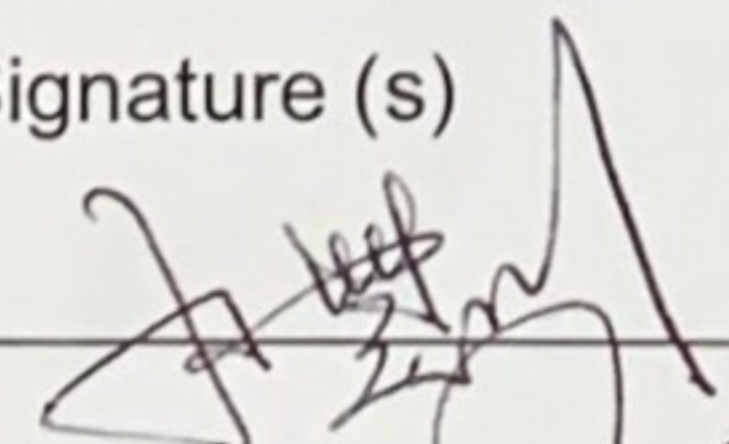
Meetings between Besco and the Municipality of Port Hope be held on or before the 30th of the month every two months or at the Municipality's request.

I/we are aware that **no payment can be missed or reduced.**

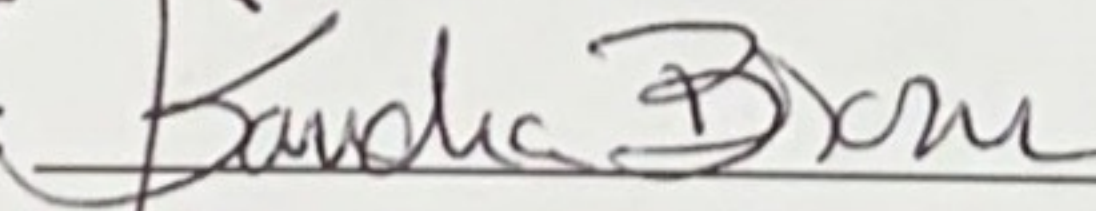
If default of payment occurs, I/we are aware that the Municipality of Port Hope will proceed **without further notice, with collection action.** I/we are aware that this may include contacting our mortgage company and/or Bailiff, or if 2 or more years in Arrears, registration of this property for Municipal Tax Sale. Once a property is registered for tax sale, the Municipality of Port Hope, no longer has the authority to accept any payments on our account, with exception of **payment in full** of all arrears, penalty/interest and associated fees for tax sale.

Signature (s)

Dated



Apr 26/19

Accepted By: 

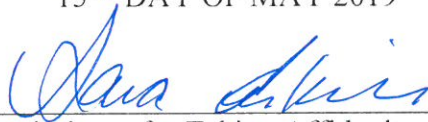
Apr 26/19

Sandra Brown
 Tax and Revenue Manager
 Deputy Treasurer

TAB E

THIS IS EXHIBIT "E"
REFERRED TO IN THE AFFIDAVIT OF
HUI GANG SUN

SWORN BEFORE ME THIS
15TH DAY OF MAY 2019



Commissioner for Taking Affidavits, etc.

SARA J. ERSKINE

MORTGAGE LOAN AGREEMENT AMENDMENT

BETWEEN:

KINGSPOUND CAPITAL INC.
(hereinafter called the "Lender")

- and -

BESCO INTERNATIONAL INVESTMENT CO. LTD
(hereinafter called the "Borrower")


WHEREAS the Lender and Borrower have entered into the Mortgage Loan Agreement dated March 25, 2019;

WHEREAS the Lender and Borrower agree to amend the said Mortgage Loan Agreement as follows:

The Lender hereby agrees to accept the Property Tax Arrears Payment Arrangement dated April 26, 2019 between the Municipality of Port Hope and Besco International Investment Co. Ltd. regarding the property tax arrears of 414 Croft Street, Port Hope, Ontario, and the property tax provisions in the said Mortgage Loan Agreement (as attached in Schedule "A") is hereby waived.

Dated at Toronto, this 29th day of April, 2019.

KINGSPOUND CAPITAL INC.

Per:  _____

Name: Jing Ning
Title: Director

I have the authority to bind the Corporation.

(Witness):

BESCO INTERNATIONAL INVESTMENT CO. LTD

Per:  _____

Name: Huigang Sun
Title: President

I have the authority to bind the Corporation.

(Witness):



Municipality of Port Hope
56 Queen Street
Port Hope, Ontario
L1A 3Z9
905-885-4544
Fax: 905-885-1807
Email: tax@porthope.ca

April 26, 2019

PROPERTY TAX ARREARS PAYMENT ARRANGEMENT

OWNERS: Besco International Investment **TELEPHONE #:** 604-273-7555
PROPERTY ADDRESS: 414 Croft St., Port Hope, ON
MAILING ADDRESS: 4611 Viking Way, Unit 120, Richmond, BC V6V 2K9
ROLL NUMBER: 1423-125-020-03450
EMAIL ADDRESS: n/a

I/we, the undersigned, as owner(s) of the above noted property undertake to pay the Municipality of Port Hope the balance of our existing arrears, penalties, along with any future billings and interest.

Such payments are to be made as below:

Lump sum payment of \$150,000 to clear outstanding interest upon signing.

Starting June 2019 monthly payments on or before the 15th of the month, in the amount of \$100,000 until all arrears have been paid in full.

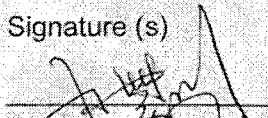
Meetings between Besco and the Municipality of Port Hope be held on or before the 30th of the month every two months or at the Municipality's request.

I/we are aware that *no payment can be missed or reduced.*

If default of payment occurs, I/we are aware that the Municipality of Port Hope will proceed *without further notice, with collection action.* I/we are aware that this may include contacting our mortgage company and/or Bailiff, or if 2 or more years in Arrears, registration of this property for Municipal Tax Sale. Once a property is registered for tax sale, the Municipality of Port Hope, no longer has the authority to accept any payments on our account, with exception of **payment in full** of all arrears, penalty/interest and associated fees for tax sale.

Signature (s)

Dated


_____ Apr 26/19

Accepted By: 
_____ Apr 26/19

Sandra Brown
Tax and Revenue Manager
Deputy Treasurer

MORTGAGE LOAN AGREEMENT AMENDMENT

BETWEEN:

SUNNYWAYS INVESTMENT INC.
(hereinafter called the "Lender")

- and -

BESCO INTERNATIONAL INVESTMENT CO. LTD
(hereinafter called the "Borrower")

WHEREAS the Lender and Borrower have entered into the Mortgage Loan Agreement dated March 25, 2019;

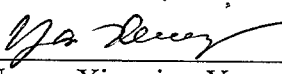
WHEREAS the Lender and Borrower agree to amend the said Mortgage Loan Agreement as follows:

The Lender hereby agrees to accept the Property Tax Arrears Payment Arrangement dated April 26, 2019 between the Municipality of Port Hope and Besco International Investment Co. Ltd. regarding the property tax arrears of 414 Croft Street, Port Hope, Ontario, and the property tax provisions in the said Mortgage Loan Agreement (as attached in Schedule "A") is hereby waived.

Dated at Toronto, this 29th day of April, 2019.

SUNNYWAYS INVESTMENT INC.


(Witness):

Per: 
Name: Xiaoning Yan
Title: Director

I have the authority to bind the Corporation.

BESCO INTERNATIONAL INVESTMENT CO. LTD

(Witness):

Per: 
Name: Huigang Sun
Title: President

I have the authority to bind the Corporation.



Municipality of Port Hope
56 Queen Street
Port Hope, Ontario
L1A 3Z9
905-885-4544
Fax: 905-885-1807
Email: tax@porthope.ca

April 26, 2019

PROPERTY TAX ARREARS PAYMENT ARRANGEMENT

OWNERS: Besco International Investment **TELEPHONE #:** 604-273-7555
PROPERTY ADDRESS: 414 Croft St., Port Hope, ON
MAILING ADDRESS: 4611 Viking Way, Unit 120, Richmond, BC V6V 2K9
ROLL NUMBER: 1423-125-020-03450
EMAIL ADDRESS: n/a

I/we, the undersigned, as owner(s) of the above noted property undertake to pay the Municipality of Port Hope the balance of our existing arrears, penalties, along with any future billings and interest.

Such payments are to be made as below:

Lump sum payment of \$150,000 to clear outstanding interest upon signing.

Starting June 2019 monthly payments on or before the 15th of the month, in the amount of \$100,000 until all arrears have been paid in full.

Meetings between Besco and the Municipality of Port Hope be held on or before the 30th of the month every two months or at the Municipality's request.

I/we are aware that ***no payment can be missed or reduced.***

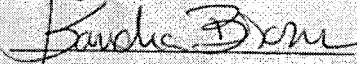
If default of payment occurs, I/we are aware that the Municipality of Port Hope will proceed ***without further notice, with collection action.*** I/we are aware that this may include contacting our mortgage company and/or Bailiff, or if 2 or more years in Arrears, registration of this property for Municipal Tax Sale. Once a property is registered for tax sale, the Municipality of Port Hope, no longer has the authority to accept any payments on our account, with exception of **payment in full** of all arrears, penalty/interest and associated fees for tax sale.

Signature (s)

Dated


_____ Apr 26/19

Accepted By:


_____ Apr 26/19

Sandra Brown
Tax and Revenue Manager
Deputy Treasurer

MORTGAGE LOAN AGREEMENT AMENDMENT

BETWEEN:

YOUNG & YOUNG CAPITAL INC.

(hereinafter called the "Lender")

- and -

BESCO INTERNATIONAL INVESTMENT CO. LTD

(hereinafter called the "Borrower")

WHEREAS the Lender and Borrower have entered into the Mortgage Loan Agreement dated March 25, 2019;

WHEREAS the Lender and Borrower agree to amend the said Mortgage Loan Agreement as follows:

The Lender hereby agrees to accept the Property Tax Arrears Payment Arrangement dated April 26, 2019 between the Municipality of Port Hope and Besco International Investment Co. Ltd. regarding the property tax arrears of 414 Croft Street, Port Hope, Ontario (as attached in Schedule "A"), and the property tax provisions in the said Mortgage Loan Agreement is hereby waived.

Dated at Toronto, this 29th day of April, 2019.

YOUNG & YOUNG CAPITAL INC.

Per: _____

Name: Ying Yang

(Witness):

I have the authority to bind the Corporation.

BESCO INTERNATIONAL INVESTMENT CO. LTD

Per: _____

Name: Huigang Sun

(Witness):

I have the authority to bind the Corporation.



Municipality of Port Hope
56 Queen Street
Port Hope, Ontario
L1A 3Z9
905-885-4544
Fax: 905-885-1807
Email: tax@porthope.ca

April 26, 2019

PROPERTY TAX ARREARS PAYMENT ARRANGEMENT

OWNERS: Besco International Investment **TELEPHONE #:** 604-273-7555
PROPERTY ADDRESS: 414 Croft St., Port Hope, ON
MAILING ADDRESS: 4611 Viking Way, Unit 120, Richmond, BC V6V 2K9
ROLL NUMBER: 1423-125-020-03450
EMAIL ADDRESS: n/a

I/we, the undersigned, as owner(s) of the above noted property undertake to pay the Municipality of Port Hope the balance of our existing arrears, penalties, along with any future billings and interest.

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Signature (s)

Dated



Apr 26/19

Accepted By



Apr 26/19

Sandra Brown
Tax and Revenue Manager
Deputy Treasurer

WEICHANG YANG

And

BESCO INTERNATIONAL INVESTMENT CO., LTD.

Applicant

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

AFFIDAVIT OF HUI GANG SUN

RUETERS LLP

2200 - 250 Yonge Street

P.O. Box 4

Toronto ON M5B 2L7

Sara J. Erskine, LSUC# 46856G

Email: sara.erskine@ruetersllp.com

Tel: (416) 597-5408

Fax: (416) 869-3411

Lawyers for the Respondent

WEICHANG YANG

and

BESCO INTERNATIONAL INVESTMENT CO., LTD.

Applicant

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**MOTION RECORD OF
BESCO INTERNATIONAL INVESTMENT CO., LTD.
(RETURNABLE MAY 24, 2019)**

RUETERS LLP

2200 - 250 Yonge Street

P.O. Box 4

Toronto ON M5B 2L7

Fax: (416) 869-3411

Sara J. Erskine, LSUC# 46856G

Email: sara.erskine@ructersllp.com

Tel: (416) 597-5408

Malik Martin, LSO# 68504S

Email: malik.martin@ructersllp.com

Tel: (416) 869-2209

Lawyers for the Respondent / Moving Party