

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

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF FORME DEVELOPMENT GROUP INC. AND THE OTHER COMPANIES  
LISTED ON SCHEDULE "A" HERETO  
(the "Applicants")

APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT  
ACT*, R.S.C. 1985, c. C-36, AS AMENDED

**RESPONDING MOTION RECORD OF YUAN HUA WANG  
(Motion returnable October 22, 2019)**

October 18, 2019

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APPLICATION UNDER THE *COMPANIES' CREDITORS  
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**TAB 1**

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

IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS  
AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF FORME DEVELOPMENT GROUP  
INC. AND THE OTHER COMPANIES LISTED ON  
SCHEDULE "A" HERETO  
(the "Applicants")

APPLICATION UNDER THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS  
AMENDED

**AFFIDAVIT OF YUAN HUA (MIKE) WANG  
(SWORN OCTOBER 18, 2019)**

I, Yuan Hua Wang (aka Mike Wang), of the City of Markham, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am the founder, sole shareholder, director and CEO of Forme Development Group (the "Forme Group"). As such, I have knowledge of the facts and matters to which I hereinafter depose. Where I do not have direct knowledge or my knowledge is based on information and belief, I have stated the source.

2. I swear this affidavit in response to the Monitor's motion for approval of its proposed Claim Procedure Order (the "Order"). The Order sets out a claims process for claims that may be made against me personally. For reasons explained below, I am content for the Monitor to be involved in a claims process against me on an administrative level, but have concerns about its substantive involvement given the possibility of duplication and the associated costs. Any monies spent on the Monitor's involvement in a claims process for me personally is less money available for distribution to my possible creditors and has serious financial implications for me.

### **The Forme Group and its CCAA and NOI proceedings**

3. I am the founder of the Forme Group and have experience in real estate development.

4. Certain entities that comprise the Forme Group are the applicants in this proceeding under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-35, as amended ("CCAA"). Three others filed Notices of Intention to Make Proposals under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 ("BIA") (the "NOI entities"). The remaining projects are owned by members of the Forme Group and are not subject to proceedings under the CCAA or BIA (the "Non-Applicants").

5. I have personally guaranteed certain of the mortgages involving the first and second mortgages on properties that are subject to these CCAA proceedings and on properties that are not subject to these proceedings (the "Non-Applicant properties"). I have not personally guaranteed all of the mortgages.

6. I am not personally subject to any proceeding under the BIA. I have not filed a Notice of Proposal nor sought the protection of a bankruptcy proceeding. Rather, since the commencement of the CCAA proceedings, I have worked diligently to try to protect the value in the Forme Group for the benefit of the mortgagees and for myself. The shares in the Forme Group are my life's work and principal asset.

### **Legal Representation**

7. Goldman Sloan Nash & Haber LLP represents the CCAA properties, and takes its instructions from the Monitor. Cassels Brock and Blackwell ("CBB") is counsel to the Non-Applicants in certain respects.

8. Given the potential claims against me arising from alleged personal guarantees made on behalf of the Forme Group, I recognized that I would also need personal counsel. I am advised by Larry Ellis of CBB and do verily believe that, although CBB indicated an initial willingness to consider representing my personal interest, the Monitor took the position that I needed to be separately represented because of the potential for conflict between the Non-Applicants and me, particularly if the Non-Applicants had to

assert a claim against me. As a result, I have retained Jim Grout as my insolvency counsel, and Lerner's LLP as my litigation counsel.

9. The retainer of Lerner's LLP is to assist me through the claims process, including reviewing, providing advice to me on, and defending personal guarantee claims where appropriate.

### **Marketing and Sale of Properties**

10. The portfolio of real estate projects that are owned by the members of the Forme Group are all in the process of being marketed and sold, or have already been sold by either the Monitor or the Non-Applicants.

11. CBB is holding in trust the proceeds of sale of the Non-Applicant projects, after payment of closing costs and applicable mortgages in the approximate amount of \$11.2 million, pursuant to an undertaking that I and the Non-Applicants gave to this court. Attached hereto and marked as **Exhibit "A"** is a copy of the undertaking and the CCAA Order approving it (collectively, the "Undertaking").

12. In addition, the Monitor appointed TD Cornerstone to run a separate marketing process for the CCAA properties. I have previously expressed concerns that the offers obtained by TD Cornerstone and the Monitor for some of these properties were well under value. Forme's management group independently sourced better offers that were ultimately completed. There remains one CCAA property for which I believe there is no current completed agreement of purchase and sale.

13. I have been and remain committed to maximizing the value of these properties, including sourcing better offers than obtained through TD Cornerstone, because of my commitment to ensure that the mortgagees are satisfied. This is regardless of whether or not there is a personal guarantee by me of the mortgage. In addition, I recognize that my own financial exposure on some of the properties will be limited if the sale price of the properties is maximized.

14. The Undertaking was also executed by me in furtherance of my attempt to ensure there was appropriate marketing of the properties. It was predominantly designed to allow for the sale of the Non-Applicants' properties in a normal commercial

matter while also ensuring that any proceeds be held in trust pending the completion of the disposition of the assets.

### **Claims Process for My Personal Claims**

15. The Undertaking also expressly provides for a claims process for claims against Non-Applicant properties that have a Surplus. The Undertaking does not provide for a claims process for claims against me personally. Rather, the preamble to the Undertaking terms includes an acknowledgement that a claims process of some kind would be necessary for claims against me personally and the Undertaking provides that the funds from the sale of the Non-Applicant properties would be held in trust until the completion of that process. At no time, however, have I agreed to a personal claims process run by the Monitor or, more particularly, a claims process in which I have forfeited my right to the Monitor to resolve claims that are made against me personally and for which I am personally liable.

16. I have been and remain committed to an expeditious resolution of any of the personal guarantee or other claims made against me as a result of my involvement in the Forme Group. Instead of individual litigation claims against me that could be prolonged, expensive, and potentially result in inconsistent findings, I have agreed to an expeditious, cost-efficient claims process. As a result of the Undertaking, there is also a stay of proceedings for claims against me personally.

17. I have also instructed my counsel to provide written assurance to the Monitor that, in running that claims process, I will not advance frivolous and unmeritorious defences to the personal guarantee claims. Attached hereto and marked as **Exhibit "B"** is a copy of my counsel's letter to the Monitor providing that assurance.

18. Consistent with my advice, I am content that the Order include a specific claims process for claims arising against me in the context of the Forme Group. I am also content that, for expediency and efficiency purposes, the Monitor administer that claims process. However, I do not consent to the Monitor having the right to approve either my acceptance or my denial of a claim that is made against me personally and for which I alone have potential personal liability. The Order also provides that if the Monitor disagrees with my decision as to claims against me personally, I must bring a motion to

the court or to the claims officer for determination, depending on which the Monitor chooses as the adjudicator of the dispute.

19. These provisions mean that the Monitor will need to review and evaluate every claim against me personally in order to make an informed decision on the position to be taken. I am advised by my legal counsel and do verily believe that the defences to personal guarantee claims may include issues of legal interpretation. I am concerned that, in addition to reviewing all the documentation filed in support of the proof of claim, legal research may be necessary for the Monitor to make an independent and informed assessment. In short, to take an independent informed position on the claims against me personally, the Monitor or his counsel will, in effect, have to duplicate of the work of my legal counsel.

20. In addition, the Order provides that the Monitor will be a participant, in his sole discretion, in any dispute between the claimant and me, or in any disputed appeal. I understand that in a disputed claim, the matter would come before either this court or the claims officer proposed by the Monitor (for whom I have no objection). I do not understand why the Monitor would need to be involved, and the Monitor has not, to my understanding, provided an example of a circumstance where his participation would be necessary for the adjudication of a claim that only determines the extent of my personal liability.

21. The impact of professional fees on the amounts available to the mortgagees from the funds held in trust by CBB has been an issue since at least July, 2019. The Monitor has imposed a cap on the fees that CBB is permitted to invoice. The payment of legal fees for my personal lawyers payable from the funds held in trust by CBB has only been extended to the date of the claims procedure order and only at a set amount, until further motion by me. These steps have been taken because of the Monitor's and the mortgagees' concerns about the impact of professional fees on the residual left for distribution to the mortgagees from the funds held in trust.

22. The caps or limits imposed by the Monitor has repeatedly limited my access to legal advice, especially as it relates to corporate and tax matters involving the Non-Applicants.

23. As each dollar spent on the Monitor's participation or that of his counsel is one less dollar available for payment on any secured creditor claim and increases my financial exposure (beyond the funds held in trust), I have some concern about the impact of the Monitor's active participation in the personal guarantee claims.

24. If the court or claims officer is of the view that the Monitor's participation in respect of any disputed claim would be of valuable assistance, the adjudicator may seek the Monitor's participation. I would hope that with the benefit of the submissions by counsel for the mortgagees and my counsel, that would not be necessary and the Monitor and his counsel would not need to attend at all at those proceedings.

SWORN BEFORE ME at the City of Markham, in the Province of Ontario, this 18<sup>th</sup> day of October, 2019.

  
A Commissioner for taking Affidavits (or as may be)  
Rebecca Shoorn

  
Yuan Hua (Mike) Wang

**TAB A**

This is Exhibit "A" referred to in the  
affidavit of Yuan Hua Wang  
sworn before me, this 18<sup>th</sup>  
day of October, 2019.



---

A Commissioner for Taking Affidavits

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

THE HONOURABLE MR. )  
 )  
JUSTICE HAINEY ) MONDAY, THE 18TH  
 ) DAY OF MARCH, 2019



IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF FORME DEVELOPMENT GROUP INC. AND THE OTHER COMPANIES LISTED ON SCHEDULE "A" HERETO (the "Applicants")

APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

**ORDER**

THIS MOTION, made by KSV Kofman Inc. ("KSV"), solely in its capacity as Court-appointed monitor (the "Monitor") in the proceedings of the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36, as amended ("CCAA"), was heard this day at 330 University Avenue, Toronto, Ontario, M5G 1R7.

ON READING the Motion Record of the Monitor, including the Third Report of the Monitor dated February 26, 2019 (the "Third Report") and the First Supplement to the Third Report of the Monitor dated March 12, 2019, and upon hearing the submissions of counsel for the Monitor and such other parties as were present, no one else appearing although duly served as appears from the affidavit of service of Jason M. Berall sworn February 26, 2019 and the affidavit of service of Aiden Nelms sworn March 12, 2019, filed;

1. **THIS COURT ORDERS** that the Undertaking of the Forme Group (the "**Undertaking**") attached hereto as Schedule "B" be and is hereby approved.

2. **THIS COURT ORDERS** that the Forme Group and the Principal (each as defined in the Undertaking) and all other persons referenced in the Undertaking are authorized and directed to perform their obligations thereunder.

3. **THIS COURT ORDERS** that Confidential Appendix "1" to the Third Report be sealed, kept confidential and not form part of the public record pending further Order of this Court.

4. **THIS COURT ORDERS** that if an intercompany advance is made in accordance with Section 5(a), 5(b) or 5(d) of the Undertaking with the consent of the Monitor or further Order of this Court (each an "**Intercompany Advance**") the funding Non-Applicant shall be entitled to the benefit of a charge (each an "**Intercompany Charge**") on the receiving Non-Applicant's real property, which Intercompany Charge shall not secure an obligation that exists before this Order is made.

5. **THIS COURT ORDERS** that such Intercompany Charge shall be limited to the amount of the Intercompany Advance.

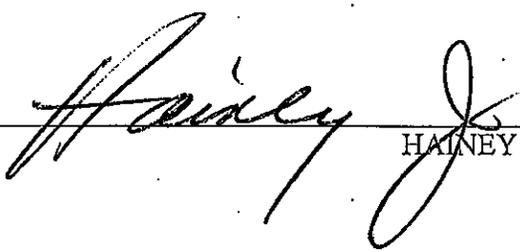
6. **THIS COURT ORDERS** that the filing, registration or perfection of the Intercompany Charge shall not be required, and that the Intercompany Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Intercompany Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

7. **THIS COURT ORDERS** that each Intercompany Charge shall constitute a charge on the receiving Non-Applicant's real property and such Intercompany Charge shall rank immediately subordinate to the mortgages registered against the receiving Non-Applicant's real property as of the date of this Order.

8. **THIS COURT ORDERS** that except as may be approved by this Court, the receiving Non-Applicant shall not grant any mortgages or other encumbrances over the receiving Non-Applicant's real property that rank in priority to, or *pari passu* with the Intercompany Charge, unless the receiving Non-Applicant also obtains the prior written consent of the Monitor.

9. **THIS COURT ORDERS** that the Intercompany Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Intercompany Charge (collectively, the "Chargees") thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the *Bankruptcy and Insolvency Act* (the "BIA"), or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the receiving Non-Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Intercompany Charge nor the execution of the Undertaking shall create or be deemed to constitute a breach by the receiving Non-Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any person whatsoever as a result of any breach of any Agreement caused by or resulting from the receiving Non-Applicant entering into the Undertaking or by the creation of the Intercompany Charge; and
- (c) the payments made by the receiving Non-Applicant pursuant to this Order, the Undertaking and the granting of the Intercompany Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

  
HAINNEY J.

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

MAR 18 2019

PER / PAR: RW

**SCHEDULE "A"**

2358825 Ontario Ltd.

27 Anglin Development Inc.

29 Anglin Development Inc.

250 Danforth Development Inc.

3310 Kingston Development Inc.

1296 Kennedy Development Inc.

1326 Wilson Development Inc.

189 Carrville Development Inc.

169 Carrville Development Inc.

159 Carrville Development Inc.

5507 River Development Inc.

4439 John Development Inc.

SCHEDULE "B"

13

Court File No. CV-18-608313-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS  
AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE  
OR ARRANGEMENT OF FORME DEVELOPMENT  
GROUP INC. AND THE OTHER COMPANIES LISTED  
ON SCHEDULE "A" HERETO (the "Applicants")

APPLICATION UNDER THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS  
AMENDED

UNDERTAKING OF THE FORME GROUP

TO: THIS HONOURABLE COURT  
FROM: THE CORPORATIONS LISTED ON SCHEDULE "B" HERETO  
AND FROM: YUAN HUA WANG (a/k/a MIKE WANG) ("Principal")

WHEREAS:

- (a) the Principal is the sole shareholder, director and directing mind of the corporations listed on Schedule "B" hereto (collectively the "Forme Group");
- (b) the entities in the Forme Group own real property on which the Forme Group intended to develop various real estate projects ("Projects");
- (c) the entities in the Forme Group have granted mortgages ("Mortgages") to the parties listed on Schedule "C" hereto ("Mortgagees");
- (d) the Principal has guaranteed the obligations of the entities of the Forme Group to certain of the Mortgagees ("Guarantees");
- (e) the Applicants are subject to proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("CCAA"). The Applicants are represented by Goldman, Sloan, Nash & Haber LLP ("GSNH");
- (f) the Initial Order granted in the CCAA proceedings provides the Monitor (as defined below) with powers and duties beyond those contemplated by the model Initial Order;

- (g) within the CCAA proceedings, a sale process is being conducted by KSV Kofman Inc. ("KSV"), as Monitor ("Monitor"), under the supervision of this Honourable Court pursuant to which the Projects owned by the Applicants will be sold;
- (h) three entities of the Forme Group, 58 Old Kennedy Development Inc., 76 Old Kennedy Development Inc., and 82 Old Kennedy Development Inc. (collectively, the "NOI Entities"), filed notices of intention to make proposals under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 ("BIA") and transactions were completed for the sale of the real properties owned by the NOI Entities. The NOI Entities are represented by GSNH;
- (i) the proceeds from the sale of the property owned by the NOI Entities are being held by KSV as Proposal Trustee ("Trustee");
- (j) the remaining members of the Forme Group other than the Applicants and the NOI Entities ("Non-Applicants") are not subject to proceedings under the CCAA or the BIA. The Non-Applicants are represented by Cassels Brock & Blackwell LLP ("CBB");
- (k) the Non-Applicants are in default of certain of the mortgages granted by them to their respective Mortgagees;
- (l) the Non-Applicants are marketing their respective Projects for sale in order to generate funds to pay their respective creditors;
- (m) certain of the Mortgagees of the Non-Applicants have commenced power of sale proceedings;
- (n) the Principal anticipates that the sale of certain entities or their real property will generate more than sufficient funds to pay the creditors of those entities in full;
- (o) the Principal also anticipates that the sale of certain other entities or their real property will not generate sufficient funds to pay the creditors of those entities in full;
- (p) the Principal anticipates that the proceeds of the sale of those entities or real property that are sold or refinanced will generate sufficient proceeds to pay all secured claims and guarantee obligations of the Forme Group and the Principal;
- (q) for greater certainty, absent an agreement or other entitlement to the contrary, the unsecured creditors of each Non-Applicant shall only have recourse to the sale proceeds of that Non-Applicant's property, net of the claims of secured creditors of that Non-Applicant, and not to any sale proceeds generated by the sale of other Non-Applicants' property;
- (r) a claims process is required to determine all of the claims that may exist against the Forme Group and the Principal in order to determine whether

the proceeds are sufficient to satisfy the amount owing to creditors, including creditors with guarantee claims;

- (s) the Principal has advised this Honourable Court that he intends to ensure that the funds received from the sale of the Projects (including those owned by the Non-Applicants) are used to repay the creditors of the Forme Group and of the Principal, in accordance with the intentions expressed above, before any amounts are distributed to the Principal; and
- (t) the Forme Group and the Principal are giving this Undertaking to this Honourable Court in order to effectuate such intention.

The Non-Applicants and the Principal hereby undertake to this Honourable Court as follows:

1. Subject to paragraph 9 below or any earlier sale by a Mortgagee pursuant to its enforcement rights, they will sell the Projects owned by the Non-Applicants ("NA Projects", and each a "NA Project") in a commercially reasonable fashion with the intention of maximizing the sale proceeds;
2. They will work cooperatively and transparently with the Monitor/Trustee in all respects, including, without limitation, by providing all information required or requested of them on a timely basis and by providing and executing such documents as are required to close the sale of the Birchmount condominiums;
3. Without limiting the generality of the foregoing, they will (A) keep the Monitor/Trustee apprised, on a confidential basis, of their efforts to sell the NA Projects (including, without limitation, providing a weekly written update each Tuesday by noon detailing the status of each NA Project, with the first update to be provided on March 19, 2019), (B) forthwith provide copies of all offers (whether binding or otherwise) to purchase the NA Projects to the Monitor/Trustee on a confidential basis, and (C) advise the Monitor/Trustee in advance of any expected closing dates;
4. The purchase price (including any deposits) in respect of the sale of any NA Project will be delivered by the purchaser(s) to CBB. Upon the closing of such sale, the Non-Applicants and the Principal will cause to be repaid the amounts owing to the Mortgagees of that NA Project. If there are funds remaining after repayment of the Mortgagees ("Balance"), the Balance will be held by CBB in trust for that entity's remaining creditors. For greater certainty, the Balance shall not be provided to any member of the Forme Group or the Principal without further Order of this Honourable Court. CBB will maintain separate trust accounts and will account separately for each NA Project, and will provide the Monitor with updates concerning the account balances and the accounting for same from time to time upon request by the Monitor;
5. Notwithstanding paragraph 4, above, it is understood and agreed that the Balance may be accessed for the following purposes and on the following terms:

- a. With the prior written consent of the Monitor, or upon a further order of this Honourable Court, proceeds from the sale of the Non-Applicants' real property may be used to maintain mortgages of other Non-Applicants in good standing and thereby attempt to avoid power of sale proceedings; provided that there is a reasonable prospect that the funding Non-Applicant will be repaid. In the event any such advance of funds is made as between Non-Applicant entities, any such advance will be made on a priority basis ranking immediately subordinate to any mortgages of the receiving Non-Applicant;
  - b. with the prior written consent of the Monitor, or upon a further order of this Honourable Court, proceeds from the sale of the Non-Applicants' real property may be used to pay other expenses of the Non-Applicants that are conducive to maintaining and maximizing the value of their assets for creditors; provided that there is a reasonable prospect that the funding Non-Applicant will be repaid;
  - c. with the prior written consent of the Monitor, or upon a further order of this Honourable Court, proceeds from the sale of the Non-Applicants' real property may be used to pay ordinary course creditors with outstanding claims against the relevant Non-Applicant; and
  - d. the Non-Applicants may pay the reasonable professional fees and disbursements of CBB, provided that the Monitor shall receive an accounting of all amounts so paid forthwith following payment;
6. Each Non-Applicant with a Balance shall participate in a Court-approved claims process conducted by the Monitor pursuant to which the claims of creditors of the Non-Applicant will be proven and quantified and the Balance distributed to those creditors, provided that no claims will be accepted without the consent of the Non-Applicants or order of the Court. Such proceedings include the BIA proceedings already underway;
  7. In the event that the creditors of a Non-Applicant are paid in full and there are funds remaining ("Surplus"), CBB shall continue to hold the Surplus in trust until the conclusion of the claims process and no amounts will be distributed to the Forme Group, the Principal or any other entity without the consent of the Monitor/Trustee or an order of the Court;
  8. Any Surplus, after payment of all claims guaranteed by the Principal and payment of all professional fees of KSV, its counsel Bennett Jones LLP, CBB, and GSNH, shall be distributed to or at the direction of the Principal. For greater certainty, absent an agreement or other entitlement to the contrary, there is no requirement to use the Surplus to fund any unsecured deficiency in an entity of the Forme Group where unsecured creditors are not paid in full;
  9. Subject to the rights and remedies of any applicable Mortgagee, the Non-Applicants reserve the right to retain such Projects as need not be sold to repay Forme Group creditors; provided, however, that in the event of a

deficiency to creditors of the Forme Group, as many Projects as is necessary will be sold or refinanced until sufficient proceeds are available to repay the creditors of the Forme Group as detailed above;

- 10. It is understood and agreed that the professional fees and disbursements of Cassels Brock & Blackwell LLP, counsel for the Non-Applicants, will be paid from the proceeds of sale of the NA Projects;
- 11. Any distributions to be made will be made net of any tax liabilities that may exist;
- 12. GSNH and KSV shall discharge their mortgage registrations as against each of the Non-Applicant properties upon Court approval of this Undertaking;
- 13. Any dispute arising out of this Undertaking shall be determined by this Honourable Court by way of a motion in the CCAA proceeding;
- 14. If the Forme Group or its Principal breaches the terms of this Undertaking and fails to remedy such breach within three business days, the Monitor/Trustee shall forthwith bring a motion seeking such relief as it deems appropriate;
- 15. The Monitor/Trustee reserves the right to seek an order of the Court compelling the sale of a property for any Non-Applicant's real property that the Forme Group and/or the Principal wishes to refinance if the proceeds from the refinancing are not expected to be sufficient to repay in full the guarantee claims;
- 16. None of the Principal, Jessica Wang, Aimie Yang or any their respective relatives or proxies shall, directly or indirectly, purchase or acquire any interest in any of the Applicants' properties;
- 17. The Monitor shall provide timely disclosure of any and all offers received for the purchase of the Applicants' properties ("Offers") to the Principal or his representatives, and will meet with them to discuss the Offers; and
- 18. The Principal, Jessica Wang and Aimie Yang, and their agents, advisors and representatives, shall keep the terms of the Offers strictly confidential.

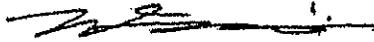
DATED at Toronto this 11<sup>th</sup> day of March, 2019

101 Columbia Development Inc.

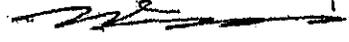
By: 

Name: Yuan Hua Wang  
 Title: President

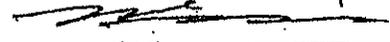
186 Old Kennedy Development Inc.

By:   
Name: Yuan Hua Wang  
Title: President

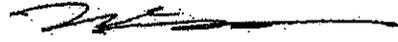
19 Turff Development Inc.

By:   
Name: Yuan Hua Wang  
Title: President

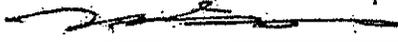
22 Old Kennedy Development Inc.

By:   
Name: Yuan Hua Wang  
Title: President

31 Victory Development Inc.

By:   
Name: Yuan Hua Wang  
Title: President

35 Thelma Development Inc.

By:   
Name: Yuan Hua Wang  
Title: President

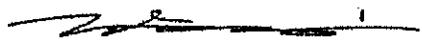
376 Derry Development Inc.

By:   
Name: Yuan Hua Wang  
Title: President

390 Derry Development Inc.

By:   
Name: Yuan Hua Wang  
Title: President

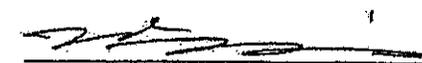
**4 Don Hillock Development Inc.**

By:   
Name: Yuan Hua Wang  
Title: President

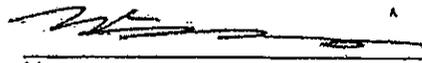
**4208 Kingston Development Inc.**

By:   
Name: Yuan Hua Wang  
Title: President

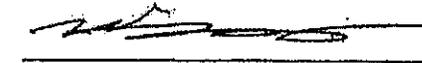
**4550 Steeles Development Inc.**

By:   
Name: Yuan Hua Wang  
Title: President

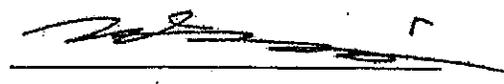
**7397 Islington Development Inc.**

By:   
Name: Yuan Hua Wang  
Title: President

**9500 Dufferin Development Inc.**

By:   
Name: Yuan Hua Wang  
Title: President

**Yuan Hua Wang (a/k/a Mike Wang)**



**Witness**

  
Name: Jessica Wang

**SCHEDULE "A"**

3310 Kingston Development Inc.

1296 Kennedy Development Inc.

1326 Wilson Development Inc.

5507 River Development Inc.

4439 John Development Inc.

2358825 Ontario Ltd.

250 Danforth Development Inc.

159 Carrville Development Inc.

169 Carrville Development Inc.

189 Carrville Development Inc.

27 Anglin Development Inc.

29 Anglin Development Inc.

**SCHEDULE "B"**

- 3310 Kingston Development Inc.
- 1296 Kennedy Development Inc.
- 1326 Wilson Development Inc.
- 5507 River Development Inc.
- 4439 John Development Inc.
- 2358825 Ontario Ltd.
- 250 Danforth Development Inc.
- 159 Carrville Development Inc.
- 169 Carrville Development Inc.
- 189 Carrville Development Inc.
- 27 Anglin Development Inc.
- 29 Anglin Development Inc.
- Forme Development Group Inc.
- 4 Don Hillock Development Inc.
- 7397 Islington Development Inc.
- 101 Columbia Development Inc.
- 4208 Kingston Development Inc.
- 376 Derry Development Inc.
- 390 Derry Development Inc.
- 186 Old Kennedy Development Inc.
- 31 Victory Development Inc.
- 76 Old Kennedy Development Inc.
- 82 Old Kennedy Development Inc.
- 58 Old Kennedy Development Inc.
- 22 Old Kennedy Development Inc.

35 Thelma Development Inc

19 Turff Development Inc.

4550 Steeles Development Inc.

9500 Dufferin Development Inc.

## SCHEDULE "C"

Home Group Entity	Municipal Address(es)	Mortgagees
3310 Kingston Development Inc.	3314 Kingston Rd., Toronto, ON	First Source Financial Management Inc.
		Ferina Construction Limited
		Yuce Baykara & Olympia Trust Company
		Yi Zhou, Jack Ya Jyue Chen, Wei Zhu, Yu Wang, Hong Xie, Zhengxie Yu, Vera Kevic, Community Trust Company, Shuxin Liu, & Li Hu
1296 Kennedy Development Inc.	1296 Kennedy Rd., Toronto, ON	First Source Financial Management Inc.
		Yi Zhou, Community Trust Company, Yu Kai Wong, & Lenny Wong
1326 Wilson Development Inc.	1326-1328 Wilson Ave., Toronto, ON	Morrison Financial Mortgage Corporation
		2586614 Ontario Inc.
		2348793 Ontario Ltd. & JYR Real Capital Mortgage Investment Corporation
5507 River Development Inc.	5471, 5491 & 5507 River Rd., Niagara Falls, ON	Home Trust Company
		Niagara Falls Pointe General Partner Inc.
4439 John Development Inc.	4439 John St., Niagara Falls, ON, 4407 John St., Niagara Falls, ON, 4413 John St., Niagara Falls, ON & 4427 John St., Niagara Falls, ON	Home Trust Company
		Sentrix Financial Corporation
2358825 Ontario Ltd. (Brimmont)	1483 Brimmont Rd., Toronto, ON	MCAP Financial Corporation
		HMT Holdings Inc.
		Tatsumi Guarantee Insurance Company
250 Danforth Development Inc.	250 Danforth Rd. E., Toronto, ON, Three Parcels (Block 53, 54, 55), 0 Dairy Dr., Toronto, ON, 0 Bamblett Dr., Toronto, ON, & 23 Bamblett Dr., Toronto, ON	First Source Financial Management Inc. & Community Trust Company
		Yuce Baykara, Olympia Trust Company, & Community Trust Company
		Yi Zhou, Dunliang Zhang, Liying Zhao, Yong Jiang, Rensong Dou, Xuefen Song, Jinxi Liu, Min He, Lin Li, CX Financial Investing Inc., Wen

		Wei Zhang, Jun Wang, Zhengxie Yu, Hsing Ching Fan, Kung Chan Fan, Martin Zamora, Hao Li, Lijie Wang, Yifei Wang, and Xuemei Yuan
		Trisura Guarantee Insurance Company
159 Carrville Development Inc.	159 Carrville Rd., Richmond Hill, ON	2611809 Ontario Inc. 2611622 Ontario Inc. 2612316 Ontario Inc.
169 Carrville Development Inc.	169 Carrville Rd., Richmond Hill, ON	Home Trust 2557725 Ontario Inc. 10226190 Canada Ltd 2611622 Ontario Inc. 2612316 Ontario Inc.
189 Carrville Development Inc.	177 Carrville Rd., Richmond Hill, ON, 181 Carrville Rd., Richmond Hill, ON & 189 Carrville Rd., Richmond Hill, ON	Home Trust 2557725 Ontario Inc. 10226190 Canada Ltd 2611622 Ontario Inc. 2612316 Ontario Inc.
27 Anglin Development Inc.	27 Anglin Dr., Richmond Hill, ON	Home Trust Company 2603616 Ontario Inc.
29 Anglin Development Inc.	29 Anglin Dr., Richmond Hill, ON & 31 Anglin Dr., Richmond Hill, ON	Home Trust Company 2603616 Ontario Inc.
4 Don Hillock Development Inc.	4 Don Hillock Dr., Aurora, ON	Perdy Building Corporation Canada Access Capital Ltd.
7397 Islington Development Inc.	7397 Islington Ave., Vaughan, ON	739572 Ontario Limited Empirical Capital Corp. Yuce Baykara & Computo Share Trust Company of Canada
101 Columbia Development Inc.	93-101 Columbia St. W., Waterloo, ON	Foremost Mortgage Holding Corporation Ivy Hong Chih-Huang Lin
4208 Kingston Development Inc.	4206-4208 Kingston Rd., Toronto, ON & 4212 Kingston Rd., Toronto, ON	Foremost Mortgage Holding Corporation Xin Cai Dingping Cheng, Weiguo Dai, Qing Ying Wu, Honghui Xie, Jinghong Kong & Shepherd Estate Limited Partnership
		Royal Bank of Canada

376 Derry Development Inc.	376 Derry Rd. W., Mississauga, ON	2348793 Ontario Ltd. & JYR Real Capital Mortgage Investment Corporation 2348793 Ontario Ltd., 5F Secondary Investment Group Inc. & JYR Real Capital MIC
390 Derry Development Inc.	390 Derry Rd. W., Mississauga, ON	Firm Capital Mortgage Fund Inc. Lora & Steve Papaikonomou 2592898 Ontario Inc. 2620094 Ontario Inc.
186 Old Kennedy Development Inc.	186 Old Kennedy Rd., Markham, ON & 51 Victory Ave., Markham, ON	Krashnik Investments Limited & Gabel Investments Limited 2592898 Ontario Inc., 2620094 Ontario Inc., 2627235 Ontario Inc. 2638796 Ontario Inc., & 2646429 Ontario Inc. Yi Zhou, Jin Fen Zheng, Xiang Hong Zheng, BAI (Bild Alternative Investment) Corporation, Dong Hui Wang, Guifang Wang & Community Trust Company Matthew Franklin Santiso
31 Victory Development Inc.	31 Victory Ave. Markham, ON	Vector Financial Services Limited 10226190 Canada Ltd.
76 Old Kennedy Development Inc.	64-76 Old Kennedy Rd., Markham, ON	Matthew Castelli Matthew Castelli
82 Old Kennedy Development Inc.	82 Old Kennedy Rd. Markham, ON	Wu's International Group Inc. Matthew Castelli
58 Old Kennedy Development Inc.	58 Old Kennedy Rd., Markham, ON & 20 Thelma Ave., Markham, ON	All Season Recycle Inc. & Sasikala Sivasorusban Matthew Castelli
22 Old Kennedy Development Inc.	16 & 22 Old Kennedy Rd. Markham, ON	Vector Financial Services Limited Wenguang Liu & Yan Yan
35 Thelma Development Inc. & 19 Turff Development Inc.	35 Thelma Ave., Markham, ON & 19 Turff Ave., Markham, ON	U-Feel Inc. Xin Cai, Dingping Cheng, Weiguo Dai, Qing Ying Wu, Honbing Xie, Linghong Kong, & Shepherd Estate Limited Partnership
450 Steeles Development Inc.	450 Steeles Ave. E. Markham, ON & 31 Old Kennedy Rd. Markham, ON	Windsor Family Credit Union Limited 2586614 Ontario Inc.

		2348793 Ontario Ltd. SF Secondary Investment Group Inc. & DCR Real Capital MIC
9500 Dufferin Development Inc.	9500 Dufferin St., Maple, ON	Solaris Holdings Inc.
Yuan Hua Wang & Hua Qin Zhang (in their personal capacity)	59 Elm Ave., Richmond Hill, ON	Home Trust Company, 348 Mortgage Investments Ltd., & 2603616 Ontario Inc.
Yuan Hua Wang & Hua Qin Zhang (in their personal capacity)	63 Elm Ave., Richmond Hill, ON	Home Trust Company, 348 Mortgage Investments Ltd., & 2603616 Ontario Inc.

IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

Court File No: CV-18-608313-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF FORME DEVELOPMENT GROUP INC. AND  
THE OTHER COMPANIES LISTED ON SCHEDULE "A" HERETO (the  
"Applicants")

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

**PROCEEDING COMMENCED AT TORONTO**

**ORDER**

**BENNETT JONES LLP**

Suite 3400, One First Canadian Place  
Toronto, ON M5X 1A4

**Jonathan G. Bell (#55457P)**

Email: bellj@bennettjones.com

**Sean Zweig (#57307D)**

Email: zweigs@bennettjones.com

**Jason Berall (#68011F)**

Email: berallj@bennettjones.com

Tel: (416) 863-1200

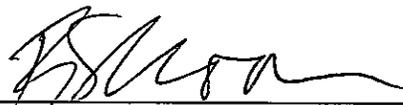
Fax: (416) 863-1716

Counsel to KSV Kofman Inc. solely in its capacity as Court-  
appointed monitor, and not in its personal capacity

27

**TAB B**

This is Exhibit "B" referred to in the  
affidavit of Yuan Hua Wang  
sworn before me, this 18<sup>th</sup>  
day of October, 2019.



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A Commissioner for Taking Affidavits

# LEARNERS

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LAWYERS

**Lerners LLP**  
130 Adelaide Street West, Suite 2400  
Toronto, Ontario M5H 3P5  
Telephone: 416.867.3076  
Fax: 416.867.9192  
www.lerners.ca

Cynthia B. Kuehl  
Direct Line: 416.601.2363  
Direct Fax: 416.867.2433  
ckuehl@lerners.ca  
*Certified by the Law Society as a  
Specialist in Civil Litigation*

July 24, 2019

FILE NUMBER 114479-00001

Sean Zweig  
Partner, Bennett Jones LLP  
3400 One First Canadian Place  
P.O. Box 130, Toronto, ON, M5X 1A4

Dear Mr. Zweig:

**Re:   Forme Group**

We write in advance of, and to provide some context for the motion of August 7, 2019 to amend the existing undertaking provided to the Monitor by Mike Wang to permit payment of the invoices of Lerners LLP from funds currently being held in trust at Cassels Brock & Blackwell LLP ("CBB").

To confirm, Mr. Wang does not waive any solicitor-client privilege in respect of our retainer, and nothing in this letter should be taken as a waiver as any privilege belonging to Mr. Wang.

As we communicated previously, Mr. Wang retained Lerners LLP in late April 2019 to act as his personal counsel in respect of any litigation matters arising in or related to the current CCAA proceedings.

Based on the information known to date, it is anticipated that our retainer will involve reviewing and defending personal guarantee claims advanced in the claims process, and preparing for and attending any other court appearances in the existing CCAA proceedings that may impact those personal guarantee claims. Given that Mr. Wang's personal interests are at stake in the claims process, it is appropriate and necessary that he have his own legal counsel to defend those claims.

We wish to assure you that it is not our intention to be obstructionist or to advance frivolous and unmeritorious defences to the personal guarantee claims.. Valid defences will be advanced, consistent with our mandate to protect Mr. Wang's interests.

From late April to present, we have incurred fees of approximately \$50,000 inclusive of HST and disbursements. Those fees reflect time for:

- Lerners to review and get up to speed on the existing proceedings;
- research and analysis on legal issues that may affect the personal guarantee claims;
- meetings with insolvency counsel;
- meetings with the client;
- reviewing the draft claims procedure order;

**LERNERS**  

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**LAWYERS**

- meeting with you and the Monitor with respect to outstanding issues;
- the preparation of, and attendance on the motion to amend the undertaking; and,
- considerable work in reviewing and undertaking a preliminary analysis of all available documents possibly relevant to the personal guarantee claims in advance of the claims process. We believe these efforts will reduce the time and cost to advance the claims process expeditiously, which you have advised is an objective of the Monitor.

The latter work, in particular, has been undertaken to put us in the best position as reasonably possible to advance the claims process once the claims procedure order is made. We were assisted in our review by previous work done by CBB to organize and analyze documents it had in its possession, including in respect of the non-applicant properties.

We do not anticipate the need to undertake significant additional work prior to the commencement of the claims process. This is based on our understanding that there is unlikely to be any other contentious matters. There will, of necessity, be ongoing discussions regarding the claims process until the claims procedure order is finalized as well a need to prepare for and attend on the motion on August 7. We do not anticipate that fees prior to the commencement of the claims process will exceed more than \$20,000 and hopefully will be less than that amount. If our fees are to exceed that amount, we will discuss with you in advance.

As we do not yet know the number of claims, the exact claims process, the volume of documents involved or all the legal issues that may arise, we are not in a position to provide you at this time with a budget for the claims process itself. We undertake to provide you with a budget once the claims and supporting documents are filed. That budget will include the anticipated fees for the claims process but not any fees for possible future appeals by any party.

Under the terms of the undertaking, we will ensure that the Monitor receives, promptly upon request, an update from our office of the fees incurred by Mr. Wang. Please do not hesitate to contact me directly in that regard. For efficiency reasons, we do not propose to provide that information directly to the mortgagees. We propose to direct any inquiries to you. We also understand that the Monitor may choose, in his reports to the court, to disclose the total amount of fees paid to Lerner's LLP.

I have discussed the issues dealt with in this letter with Mr. Wang. He has reviewed and approved this letter, including the fees to date and those budgeted going forward.

Please let me know if you require any further information.

Yours truly,



Cynthia B. Kuehl  
CBK/mb

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial List)**

Proceeding commenced at Toronto

**AFFIDAVIT OF YUAN HUA WANG  
(Sworn October 18, 2019)**

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial List)**

Proceeding commenced at Toronto

**RESPONDING MOTION RECORD  
OF YUAN HUA WANG  
(Motion returnable October 22, 2019)**

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