



Estate File No.: 31-2610052

**IN THE MATTER OF THE BANKRUPTCY OF
YUAN HUA (MIKE) WANG
OF THE CITY OF MARKHAM, IN THE PROVINCE OF ONTARIO**

**TRUSTEE'S REPORT TO CREDITORS ON
PRELIMINARY ADMINISTRATION**

1. Introduction

1. On April 15, 2020, the Ontario Superior Court of Justice (Commercial List) (the "Court") made an order (the "Bankruptcy Order") pursuant to section 50(12) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA"), declaring that the proposal made by Mr. Wang under section 50.4 of the BIA was deemed to be refused by his creditors. As a result, Mr. Wang was deemed to have made an assignment in bankruptcy on that date.
2. Pursuant to the Bankruptcy Order, KSV Kofman Inc. ("KSV") was appointed trustee of Mr. Wang's bankrupt estate ("Trustee"). The Trustee's appointment is subject to affirmation by creditors at the first meeting of creditors ("Meeting") to be held by conference call at 2:00 pm (EDT) on May 6, 2020.

2. Background

1. Mr. Wang is the sole shareholder of Forme Development Group Inc. and its affiliated entities (collectively, the "Forme Group"). The Forme Group is a commercial and residential real estate group of over 30 companies comprising 18 projects which sought to develop low-rise, high-rise, mixed-use and hospitality projects in the Greater Toronto Area.
2. Pursuant to a Court Order made on November 30, 2018, as amended on December 6, 2018 (the "Initial Order"), fourteen Forme Group entities (collectively, the "Applicants") were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), and KSV was appointed monitor (in such capacity, the "Monitor"). A listing of the Applicants is attached as Appendix "A".
3. The principal purpose of the CCAA proceedings was to create a stabilized environment to conduct a Court-approved sale process (the "Sale Process") for the Applicants' real property. The Initial Order approved a Sale Process for the Applicants' real estate development projects and 59 and 63 Elm Avenue (jointly, the "Elm Properties"), being two residential homes co-owned by Mr. Wang and his wife. All of the Applicants' real property and the Elm Properties have been sold pursuant to Court-approved transactions completed over the course of the CCAA proceedings.

4. KSV was also appointed the proposal trustee (in such capacity, the “Proposal Trustee”) of three other entities in the Forme Group, being 58 Old Kennedy Development Inc., 76 Old Kennedy Development Inc. and 82 Old Kennedy Development Inc. (collectively, the “NOI Debtors”) in proposal proceedings commenced on October 26, 2018 by the NOI Debtors under the BIA. The NOI Debtors’ real property was sold in January, 2019 pursuant to a Court-approved transaction.
5. On February 13, 2019, the NOI Debtors each filed a proposal (collectively, the “Proposals”). The Proposals contemplate that any monies available for distribution will be paid to creditors in accordance with priorities. The Proposals were unanimously accepted by creditors at creditors’ meetings convened on March 6, 2019. The Proposals were approved by the Court on March 14, 2019.
6. There are another 14 affiliated real estate development companies in the Forme Group which are not subject to the CCAA proceedings or the NOI proceedings (the “Non-Applicants”). A listing of the Non-Applicants is attached as Appendix “B”. The Non-Applicants have sold certain of their real estate development projects and are in the process of marketing for sale the balance of them. The Non-Applicants do not have the benefit of the CCAA stay of proceedings, and certain Non-Applicants are subject to enforcement proceedings by their mortgagees, including two which are in receivership proceedings.
7. On March 11, 2019, Mr. Wang and the Non-Applicants executed an undertaking in favour of the Court (the “Undertaking”). The Undertaking was approved pursuant to a Court order made on March 18, 2019. The purpose of the Undertaking is to, *inter alia*, provide mechanisms to facilitate the orderly sale of the Non-Applicants’ real property and to hold in trust any surplus funds realized therefrom for the benefit of creditors, including those with guarantee claims against Mr. Wang. There is presently approximately \$10.9 million on deposit in a trust account maintained by Bennett Jones LLP (“Bennett Jones”), the Monitor’s legal counsel, and approximately \$5.6 million in trust accounts maintained by the Monitor/Proposal Trustee. The aggregate trust funds of approximately \$16.5 million is referred to as the “Surplus”.
8. Copies of the Court materials filed in the CCAA proceedings and NOI proceedings are available on the Monitor’s website at <https://www.ksvadvisory.com/insolvency-cases/case/forme-development-group-inc> and the Proposal Trustee’s website at <https://www.ksvadvisory.com/insolvency-cases/case/58-old-kennedy-development-inc-76-old-kennedy-development-inc-82-old-kennedy-development-inc>.

3. Creditors

1. Pursuant to a Court order made on October 22, 2019 (the “Claims Procedure Order”), the Monitor is carrying out a claims procedure (the “Claims Procedure”) to solicit and determine creditor claims against: the Applicants; the Non-Applicants; the NOI Debtors; the directors and officers of the Applicants, the Non-Applicants and the NOI Debtors; and Mr. Wang, solely in his capacity as a guarantor, surety or indemnitor of any obligation of any of the Applicants, the NOI Debtors or the Non-Applicants, and in his capacity as an owner of the Elm Properties and not in any other capacity.

2. Pursuant to a Court order made on February 20, 2020, creditors who have filed “Wang Claims” in the CCAA proceedings do not need to file a proof of claim in these bankruptcy proceedings.
3. The creditors listed on Mr. Wang’s Statement of Affairs, which reflects claims totaling approximately \$22.5 million, include those creditors who have filed claims in the Claims Procedure. As at the date of this report, the Monitor is in the process of determining the claims filed against Mr. Wang in the Claims Procedure. In this regard, the Monitor is in the process of issuing Notices of Revision or Disallowance or Notices of Acceptance to claimants in accordance with the Claims Procedure Order.
4. In addition to determining the Wang Claims in accordance with the Claims Procedure Order, before distributions can be paid to creditors from the Surplus:
 - a) the Non-Applicants’ remaining properties need to be sold so the creditors of those entities can quantify and file their claims in the Claims Procedure¹. There are presently four Non-Applicant properties remaining to be sold, being properties located at 186 Old Kennedy Road, 31 Victory Avenue, 376 Derry Road and 101 Columbia Street;
 - b) the Monitor presently intends to either complete its analysis² of intercompany claims or propose another basis to allocate Surplus funds to creditors of entities in the Forme Group. The allocation will be subject to Court approval; and
 - c) the claims of Canada Revenue Agency, who filed “placeholder” claims in the Claims Procedure, need to be determined. KPMG was engaged by the Monitor, the NOI Debtors and the Non-Applicants to perform tax work for the Applicants, the NOI Debtors and the Non-Applicants, respectively.
5. A further update on the status of the Claims Procedure will be included in the Monitor’s next report to Court to be filed in connection with a stay extension motion returnable May 27, 2020.

4. Assets and Anticipated Realizations

1. Mr. Wang has reported assets with a net realizable value of approximately \$16,000 on his Statement of Affairs. The Surplus was not included on the Statement of Affairs as it is contemplated that distributions from the Surplus will be paid to creditors in the CCAA proceedings. Any distributions from the Surplus paid to creditors of Mr. Wang (or otherwise) will be subject to Court approval in the CCAA proceedings.

¹ The Claims Procedure contemplates that properties would be sold following the Claims Bar Date and addresses this by the concept of a “Sale Triggered Claims Bar Date”.

² Notwithstanding repeated and ongoing requests to Royal Bank of Canada over several months for documentation supporting all material transactions reflected on Forme Group’s bank statements, the Monitor has still not received this information.

2. As a result of the Surplus being distributed in the CCAA proceedings, it does not appear that there will be funds available for distribution by the Trustee in these bankruptcy proceedings.
3. Based on Mr. Wang's preliminary reporting of his monthly income and expenses, which was filed together with the Statement of Affairs, there is currently no surplus income obligation payable to the estate. Mr. Wang's surplus income obligations, if any, will be reviewed by the Trustee in the seventh month of bankruptcy in accordance with the BIA.

5. Reviewable Transactions

1. Subject to affirmation of its appointment at the Meeting, the Trustee will be corresponding with Mr. Wang to obtain any additional books and records necessary for the Trustee to review Mr. Wang's financial position and to complete its statutory duties and obligations under the BIA.
2. Mr. Wang disclosed two transactions on his Statement of Affairs setting out transfers of property within five years of the date of bankruptcy. Those two transactions are summarized below.
 - a) In October 2018, title to Mr. Wang's residential home (65 Ingram Road, Markham, Ontario) was transferred from Mr. Wang and his wife to Alan Wang, Mr. Wang's son. Mr. Wang pays rent of \$2,000 per month.
 - b) Approximately five years ago, title to a condominium at 386 Yonge Street was transferred from Mr. Wang to Alan Wang. The Trustee understands that this is the personal residence of Alan Wang.
3. As part of its administration, the Trustee will be reviewing these non-arms' length transactions.

6. First Meeting of Creditors

1. The Trustee will convene the Meeting on May 6, 2020 at 2:00 pm (EDT).
2. The Meeting is being convened telephonically as a result of the ongoing COVID-19 pandemic. The call-in details for the Meeting were included in the Certificate of Assignment issued by the Office of the Superintendent of Bankruptcy (Canada), the bankruptcy notice sent to all creditors and the notice published in *The Globe and Mail* (National Edition) on April 22, 2020.

7. Other Matters

1. The Bankruptcy Order contemplated that the fees of the Trustee and its legal counsel would be paid from the Surplus. In this regard, paragraph 5 of the Bankruptcy Order included the following provision:

“notwithstanding: (i) the Undertaking dated March 11, 2019 that was approved by this Court by Order dated March 18, 2019 in the CCAA Proceeding (the “Undertaking Order”) and (ii) the Ancillary Order of this Court dated February 20, 2020 in the CCAA Proceeding, the reasonable fees and costs of the Trustee and Bennett Jones LLP, as counsel to the Trustee, may be paid out of the surplus funds presently on deposit with Bennett Jones LLP in accordance with the Undertaking Order and the Ancillary Order. All such fees shall be subject to review and approval by this Court, or taxation in the ordinary course of the bankruptcy estate.”

2. Based on the foregoing, the Monitor and the Trustee entered into a Third-Party Guarantee Agreement dated April 16, 2020 pursuant to which the Monitor has provided a guarantee of the fees and disbursements of the Trustee related to the administration of Mr. Wang’s estate, including those of its legal counsel.

* * *

DATED at Toronto, Ontario, this 5th day of May, 2020.

All of which is respectfully submitted,



KSV KOFMAN INC.

**IN ITS CAPACITY AS LICENSED INSOLVENCY TRUSTEE OF
THE BANKRUPT ESTATE OF
YUAN HUA (MIKE) WANG
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “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.

Appendix “B”

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.
22 Old Kennedy Development Inc.
35 Thelma Development Inc.
19 Turff Development Inc.
4550 Steeles Development Inc.
9500 Dufferin Development Inc.
2495393 Ontario Inc.