

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

**ISABELLE ROBERTS**

Applicant

- and -

**BESNOVO INC., CLEEVE HOLDINGS INC., CLEEVE TECHNOLOGY INC.  
PENGYUAN HOLDING LIMITED, PAUL CHURCH, and XING YUAN (also known as  
SHAWN YUAN)**

Respondents

APPLICATION UNDER Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C 1985,  
c. B-3, and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43

**MOTION RECORD  
(Returnable November 4, 2020)**

Date: October 26, 2020

**AIRD & BERLIS LLP**  
Barristers and Solicitors  
Brookfield Place  
181 Bay Street, Suite 1800  
Toronto, ON M5J 2T9

**D. Robb English (LSUC # 19862F)**  
Tel: (416) 865-4748  
Fax: (416) 863-1515  
Email: [renchlish@airdberlis.com](mailto:renchlish@airdberlis.com)

**Sam Babe (LSO# 49498B)**  
Tel: (416) 865-7718  
Fax: (416) 863-1515  
Email: [sbabe@airdberlis.com](mailto:sbabe@airdberlis.com)

*Lawyers for Link & Associates Inc., in its  
capacity as the Court-appointed receiver of  
Besnovo Inc.*

**TO: ATTACHED SERVICE LIST**

# INDEX



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

**ISABELLE ROBERTS**

Applicant

- and -

**BESNOVO INC., CLEEVE HOLDINGS INC., CLEEVE TECHNOLOGY INC.  
PENGYUAN HOLDING LIMITED, PAUL CHURCH, and XING YUAN (also known as  
SHAWN YUAN)**

Respondents

APPLICATION UNDER Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C 1985,  
c. B-3, and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43

**INDEX**

**TAB        DOCUMENT**

1.        Notice of Return of Motion returnable November 4, 2020
  2.        Second Report of the Receiver dated October 26, 2020
- 
- A    Appointment Order dated March 12, 2020
  - B    Receiver's First Report to Court dated June 9, 2020 (without appendices)
  - C    First Approval Order and Endorsement of Justice McEwen dated June 18, 2020
  - D    Receiver's Borrowing Certificates Issued
  - E    Asset Purchase Agreement dated October 25, 2020
  - F    Receiver's Interim Statement of Receipts and Disbursements to October 21, 2020

<b>TAB</b>	<b>DOCUMENT</b>
G	Receiver's Fee Affidavit
H	Fee Affidavit of Counsel to Receiver
I	Receiver's Fee Affidavit
3.	Draft Approval Order
4.	Draft Ancillary Order
5.	Service List

**TAB 1**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

**ISABELLE ROBERTS**

Applicant

- and -

**BESNOVO INC., CLEEVE HOLDINGS INC., CLEEVE TECHNOLOGY INC.  
PENGYUAN HOLDING LIMITED, PAUL CHURCH, and XING YUAN (also known as  
SHAWN YUAN)**

Respondents

APPLICATION UNDER Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C 1985,  
c. B-3, and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43

**NOTICE OF RETURN OF MOTION  
(Originally returnable June 18, 2020  
now returnable November 4, 2020)**

Link & Associates Inc. (“**Link**”), in its capacity as the Court-appointed receiver (in such capacity, the “**Receiver**”), without security, of all the assets, undertakings and properties (collectively, the “**Property**”) of Besnovo Inc. (the “**Debtor**”), will make a motion to a judge presiding over the Commercial List on November 4, 2020 at 10:30 a.m., or as soon after that time as the motion can be heard, via judicial videoconference at Toronto, Ontario, being the return of its motion originally returnable June 18, 2020. Please refer to the conference details attached as **Schedule “A”** hereto in order to attend the motion and advise if you intend to join the motion by emailing Robb English at [renglish@airdberlis.com](mailto:renglish@airdberlis.com).

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

**THE MOTION IS FOR** an Order, including, among other things:

- (a) if necessary, abridging the time for service and filing of this notice of motion and the motion record or, in the alternative, dispensing with same;
- (b) approving the Second Report of the Receiver dated October 26, 2020 and the appendices thereto (collectively, the “**Second Report**”) and approving the actions of the Receiver described therein;
- (c) authorizing and directing the Receiver to enter into an agreement to sell the assets and undertaking of the Debtor to PengYuan Holding Limited (“**PengYuan**”), substantially in accordance with the terms of the Agreement of Purchase and Sale at Appendix E to the Second Report;
- (d) for an Approval and Vesting Order substantially in accordance with the draft appended at Schedule B hereto;
- (e) for the Approval of the Receiver’s Interim Statement of Receipts and Disbursements attached as **Appendix F** to the Second Report;
- (f) approving the interim professional fees and disbursements of the Receiver and those of its legal counsel as appended to the Second Report;
- (g) for the Order for ancillary relief in the form as attached at Schedule C hereto;
- (h) for such further and other relief as counsel may advise and this Court may permit.

**THE GROUNDS FOR THE MOTION ARE:**

- (a) pursuant to an Order of this Court dated March 12, 2020 (the “**Receivership Order**”), Link was appointed as receiver and manager, without security, of the Property of the Debtor;

- (b) pursuant to the Receivership Order, the Receiver was authorized to market any or all of the Property, including advertising and soliciting offers in respect of the Property and negotiating such terms and conditions of sale as the Receiver, in its discretion, deems appropriate (the “**Marketing and Negotiation Powers**”);
- (c) PengYuan has offered to purchase the assets and undertaking of the Debtor pursuant to a credit bid for a price of \$4 million dollars plus the outstanding amount of Receiver’s Certificates, being an aggregate sale price in excess of \$5,825,000;
- (d) in the opinion of the Receiver the sale reflected by the offer made by PengYuan is commercially reasonable, and is at a price which exceeds any amount which could be reasonably expected from a further sale process;
- (e) the proposed sale does not, in the opinion of the Receiver, prejudice any party having an economic interest in the assets of the Debtor, but preserves the jobs of the majority of the employees of the Debtor.
- (f) the other grounds as set out in the Second Report;
- (g) the Receiver’s Interim R&D;
- (h) the fee affidavit of Robert G. Link sworn October 23, 2020 (the “**Link Affidavit**”);
- (i) the fee affidavit of D. Robb English sworn October 26, 2020 (the “**English Affidavit**”);
- (j) the inherent and equitable jurisdiction of this Court;
- (k) section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
- (l) such further and other relief as counsel may advise and this Court may permit.

2. **THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

- (a) the Second Report;
- (b) the Link Affidavit;
- (c) the English Affidavit; and
- (d) such further and other material as counsel may submit and this Court may permit.

Date: October 26, 2020

**AIRD & BERLIS LLP**

Barristers and Solicitors  
Brookfield Place  
181 Bay Street, Suite 1800  
Toronto, ON M5J 2T9

**D. Robb English (LSUC # 19862F)**

Tel: (416) 865-4748  
Fax: (416) 863-1515  
Email: [renglish@airdberlis.com](mailto:renglish@airdberlis.com)

**Sam Babe (LSO# 49498B)**

Tel: (416) 865-7718  
Fax: (416) 863-1515  
Email: [sbabe@airdberlis.com](mailto:sbabe@airdberlis.com)

*Lawyers for Link & Associates Inc., in its  
capacity as the Court-appointed receiver of  
Besnovo Inc.*

**TO: ATTACHED SERVICE LIST**

## **SCHEDULE “A”**

### **Conference Details to join motion via Zoom**

<https://ln2.sync.com/dl/384b81f00/42mx2tsc-r33gy9km-akcgirvc-ykjaxq4b>

#### **Join Zoom Meeting**

<https://zoom.us/j/93572476943?pwd=VDlnK2FQZVAwT0MwVm1kU21RZCtSZz09>

**Meeting ID: 935 7247 6943**

**Passcode: 642245**

#### **One tap mobile**

**+14388097799,,93572476943#,,,,,0#,,642245# Canada**

**+15873281099,,93572476943#,,,,,0#,,642245# Canada**



**SCHEDULE ‘B’  
(APPROVAL AND VESTING ORDER)**

Court File No. CV-18-607866-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE	)	WEDNESDAY, THE 4 <sup>TH</sup>
	)	
JUSTICE CONWAY	)	DAY OF NOVEMBER, 2020

BETWEEN

**ISABELLE ROBERTS**

Applicant

and

**BESNOVO INC., CLEEVE HOLDINGS INC., CLEEVE TECHNOLOGY INC.  
PENGYUAN HOLDING LIMITED, PAUL CHURCH, and XING YUAN (also known as  
SHAWN YUAN)**

Respondents

**APPROVAL AND VESTING ORDER**

**THIS MOTION**, made by Link & Associates Inc. (“**Link**”) in its capacity as the Court-appointed receiver (in such capacity, the “**Receiver**”) of the undertaking, property and assets of (collectively, the “**Property**”) of Besnovo Inc. (the “**Debtor**”) for an order approving the sale transaction (the “**Transaction**”) contemplated by an Asset Purchase Agreement (the “**Sale Agreement**”) between the Receiver and PengYuan Holding Limited (the “**Purchaser**”) dated October 25, 2020 and appended to the Second Report of the Receiver dated October 26, 2020

(the “**Report**”), and vesting in the Purchaser the Debtor’s right, title and interest in and to the assets described in the Sale Agreement (the “**Purchased Assets**”), was heard this day via Zoom judicial conference due to the COVID-19 pandemic.

**ON READING** the Report and on hearing the submissions of counsel for the Receiver, counsel for the Purchaser and Xing Yuan, counsel for \_\_\_\_\_ and no one appearing for any other person on the service list, although properly served as appears from the affidavit of <\*> sworn October 26, 2020, filed:

**THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.

**THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

**THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver’s certificate to the Purchaser substantially in the form attached as **Schedule “A”** hereto (the “**Receiver’s Certificate**”), all of the Debtor’s right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing (i) any encumbrances or charges created by the Order of the Honourable Justice McEwen dated March 12, 2020 and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the “**Encumbrances**”) and, for greater certainty, this Court orders that

all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

**THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

**THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

**THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, including personal information of those employees offered employment by the Purchaser. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

**THIS COURT ORDERS** that, notwithstanding:

the pendency of these proceedings;

any applications for a bankruptcy order now or hereafter issued pursuant to the

*Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any

bankruptcy order issued pursuant to any such applications; and

any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

**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.

**THIS COURT ORDERS** that, notwithstanding Rule 59.05, this order is effective from the date it is made, and it is enforceable without any need for entry and filing. In accordance with Rules 77.07(6) and 1.04, no formal order need be entered and filed unless an appeal or motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original, signing, entry and filing, as the case may be, when the Court returns to regular operations.

---

**Schedule “A” – Form of Receiver’s Certificate**

Court File No. CV-18-607866-00CL

**ONTARIO**

**SUPERIOR COURT OF JUSTICE**

**COMMERCIAL LIST**

BETWEEN:

**ISABELLE ROBERTS**

Applicant

and

**BESNOVO INC., CLEEVE HOLDINGS INC., CLEEVE TECHNOLOGY INC.  
PENGYUAN HOLDING LIMITED, PAUL CHURCH, and XING YUAN (also known as  
SHAWN YUAN)**

Respondents

**RECEIVER’S CERTIFICATE**

**RECITALS**

A. Pursuant to an Order of the Honourable Justice McEwen of the Ontario Superior Court of Justice (the “**Court**”) dated March 12, 2020, Link & Associates Inc. was appointed as the receiver (the “**Receiver**”) of the undertaking, property and assets of Besnovo Inc. (the “**Debtor**”).

B. Pursuant to an Order of the Court dated November 4, 2020, the Court approved the asset purchase agreement dated October 23, 2020 (the “**Sale Agreement**”) between the Receiver and PengYuan Holding Limited (the “**Purchaser**”) and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser

of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 5 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

**THE RECEIVER CERTIFIES** the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Article 5 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at \_\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

**LINK & ASSOCIATES INC., in its capacity  
as Receiver of the undertaking, property and  
assets of BESNOVO INC., and not in its  
personal capacity**

Per: \_\_\_\_\_  
Robert Link, CIRP, LIT

**SCHEDULE ‘C’  
(ANCILLARY ORDER)**

Court File No. CV-18-607866-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE	)	WEDNESDAY, THE 4 <sup>TH</sup> DAY
	)	
JUSTICE CONWAY	)	OF NOVEMBER, 2020

BETWEEN:

**ISABELLE ROBERTS**

Applicant

and

**BESNOVO INC., CLEEVE HOLDINGS INC., CLEEVE TECHNOLOGY INC.  
PENGYUAN HOLDING LIMITED, PAUL CHURCH, and XING YUAN (also known as  
SHAWN YUAN)**

Respondents

**ORDER**

**THIS MOTION**, made by Link & Associates Inc. (“**Link**”), in its capacity as the Court-appointed receiver (in such capacity, the “**Receiver**”), without security, of all the assets, undertakings and properties (collectively, the “**Property**”) of Besnovo Inc. (the “**Debtor**”), for an order, amongst other things, approving the second report of the Receiver dated October 26, 2020 (the “**Second Report**”), was heard this day by way of judicial video-conference due to the COVID-19 crisis.

**ON READING** the Second Report and the appendices thereto, including the affidavit of Robert G. Link sworn October <\*>, 2020 (the “**Link Affidavit**”) and the affidavit of D. Robb

English sworn October 26, 2020 (the “**English Affidavit**”), and on hearing the submissions of counsel for the Receiver, counsel for PengYuan Holding Limited and Xing Yuan, counsel for \_\_\_\_\_, no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of <\*> sworn October <\*>, 2020, filed,

**THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.

**THIS COURT ORDERS** that the actions, activities, conduct, and findings of the Receiver and its counsel as set out in the Second Report, including the Receiver’s interim statement of receipts and disbursements attached as Appendix F to the Second Report, be and are hereby approved.

**THIS COURT ORDERS** that the fees and disbursements of the Receiver, as described in the Second Report and as set out in the Link Affidavit, be and are hereby approved.

**THIS COURT ORDERS** that the fees and disbursements of the Receiver’s counsel, Aird & Berlis LLP, as described in the Second Report and as set out in the English Affidavit, be and are hereby approved.

**THIS COURT ORDERS** that, notwithstanding Rule 59.05, this order is effective from the date it is made, and it is enforceable without any need for entry and filing. In accordance with Rules 77.07(6) and 1.04, no formal order need be entered and filed unless an appeal or motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original, signing, entry and filing, as the case may be, when the Court returns to regular operations.



# TAB 2

Court File No.: CV-18-607866-00CL

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

B E T W E E N :

ISABELLE ROBERTS

Applicant

- and -

BESNOVO INC., CLEEVE HOLDINGS INC., CLEEVE TECHNOLOGY INC.,  
PENGYUAN HOLDING LIMITED, PAUL CHURCH, and XING YUAN (also known as  
SHAWN YUAN)

Respondents

SECOND REPORT OF LINK & ASSOCIATES INC.  
COURT-APPOINTED RECEIVER OF BESNOVO INC.

October 26, 2020

## **INDEX OF APPENDICES**

- A. Appointment Order dated March 12, 2020
- B. Receiver's First Report to Court dated June 9, 2020 (without appendices)
- C. First Approval Order and Endorsement of Justice McEwen dated June 18, 2020
- D. Receiver's Borrowing Certificates Issued
- E. Asset Purchase Agreement dated October 25, 2020
- F. Receiver's Interim Statement of Receipts and Disbursements to October 21, 2020
- G. Receiver's Fee Affidavit
- H. Fee Affidavit of Counsel to Receiver

## **I. INTRODUCTION**

1. By Order of the Honourable Justice McEwen of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated March 12, 2020 (the “**Appointment Order**”), Link & Associates Inc. (“**Link**”) was appointed receiver and manager (the “**Receiver**”), without security, of all of the assets, undertakings and properties of Besnovo Inc. (“**Besnovo**”, the “**Debtor**” or the “**Company**”) acquired for, or used in relation to a business carried on by the Debtor (the “**Property**”).
2. A copy of the Appointment Order is attached to this report as **Appendix “A”**.

### **1.1 The Parties**

3. The parties are as follows:

- i) Cleeve Holdings Inc. (“**Cleeve Holdings**”) is an Ontario corporation which held 50% of the shares of the Debtor as at the date of the Appointment Order.
- ii) Respondents Cleeve Technology Inc., and its principal Paul Church, together with Cleeve Holdings shall be referred to collectively as the Cleeve Group (the “**Cleeve Group**”).
- iii) PengYuan Holding Limited (“**PengYuan**”) is a Canadian corporation which held 50% of the shares of the Debtor as at the date of the Appointment Order.
- iv) Xing (Shawn) Yuan (“**Yuan**”) is the current President and director of Besnovo, and a director of PengYuan.

- v) Isabelle Roberts (“**Roberts**”) commenced litigation in October, 2018, contending that, among other things, she and Cleeve Holdings were each 50% shareholders of BRIC Engineered Systems Inc. (“**BRIC**”), the predecessor corporation to Besnovo, and further claimed that Cleeve Holdings sold 50% of BRIC to PengYuan without sharing the proceeds of sale.

## **1.2 First Report to Court**

- 4. On June 9, 2020, the Receiver filed its first report to Court (the “**First Report**”). A copy of the First Report (without appendices) is attached hereto as **Appendix "B"**.
- 5. The Purpose of the First Report was, among other things:
  - i) To report on, and seek approval for, the actions, activities, conduct and findings of the Receiver as set out in the First Report;
  - ii) To seek approval of the Receiver’s fees and those of its legal counsel;
  - iii) To approve the Receiver’s Interim Statement of Receipts and Disbursements as at June 3, 2020;
  - iv) To increase the Receiver’s borrowing limit from \$1,000,000 to \$1,500,000;
  - v) To provide the Court with information on the Receiver’s proposed sale process (the “**Sale Procedure**”) for the sale of the Property; and
  - vi) To seek an Order authorizing the Receiver to accept the Stalking Horse Offer (as defined in the First Report) and to conduct the Sale Procedure.

6. At the return of the Receiver's motion on June 18, 2020, the Court issued an Order (the "**First Approval Order**") approving the Receiver's actions, activities, conduct and findings, the professional fees of the Receiver and its counsel, the Receiver's Interim Statement of Receipts and Disbursements, and the increased borrowing limit up to \$1,500,000.
7. The Court also issued an endorsement (the "**June 18 Endorsement**") to adjourn the portion of the Receiver's motion seeking approval of the Stalking Horse Offer and the Sales Procedure to September 23, 2020, as described in further detail below.
8. A copy of the First Approval Order and June 18 Endorsement are attached together hereto as **Appendix "C"**.

## **II. PURPOSE OF THE REPORT**

9. The purpose of this second report of the Receiver (the "**Second Report**") is to:
  - i) report on, and seek approval for, the actions, activities, conduct and findings of the Receiver since the date of the First Report;
  - ii) report on the settlement between the Cleeve Group and PengYuan;
  - iii) to report on the expiry of the Stalking Horse Offer;
  - iv) to seek approval for the Receiver to enter into a revised asset purchase agreement with PengYuan for immediate closing;
  - v) to provide the Court with an updated Interim Statement of Receipts and Disbursements of the Receiver for the period from March 12, 2020 to October 21, 2020 (the "**Interim R&D**") for approval; and

vi) to seek an Order:

- (a) authorizing the Receiver to sell the assets of the Debtor to PengYuan in accordance with a revised Asset Purchase Agreement as set out herein;
- (b) approving the actions, activities, conduct and findings of the Receiver as described in this Second Report;
- (c) approving the Receiver's Interim R&D;
- (d) approving the interim professional fees and disbursements of the Receiver and those of its legal counsel as set forward in the fee affidavits filed; and
- (e) such further and other relief as to this Honourable Court may seem just and appropriate.

## **2.1 Terms of Reference**

10. In preparing this Second Report and making the comments herein, the Receiver has relied upon information from third-party sources (collectively, the “**Information**”). Certain of the information contained in this report may refer to, or is based on, the Information. As the Information has been provided by other parties or obtained from documents filed with the Court in this matter, the Receiver has relied on the Information and, to the extent possible, reviewed the Information for reasonableness.

11. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with

Canadian Auditing Standards pursuant to the CPA Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information.

12. Unless otherwise stated, all dollar amounts contained in the Second Report are expressed in Canadian dollars.

### **III. BACKGROUND**

13. Besnovo (formerly BRIC Engineered Systems Inc.) is a corporation operating under the laws of Ontario and currently operating from leased premises in Ajax, Ontario.

14. At the date of the Appointment Order, Cleeve Holdings owned 50% of the shares of the Debtor and PengYuan owned the other 50%. PengYuan acquired its 50% interest in the Debtor from Cleeve Holdings on or around December 13, 2016.

15. In consideration for the shares, PengYuan paid \$5 million to Cleeve Holdings and from this \$5 million, Cleeve Holdings was required to, and did, loan \$2 million back to the Debtor (the “**Cleeve Holdings Loan**”). In addition, PengYuan was required to, and did, advance a separate \$5 million demand loan to the Debtor (the “**PengYuan Loan**”).

16. As noted above, Roberts commenced legal proceedings in October 2018 against various parties including PengYuan, Besnovo and the Cleeve Group in which she is claiming, among other things, to be a beneficial shareholder of Besnovo.

17. PengYuan thereafter commenced its action against the Cleeve Group in December, 2018.



### **3.1 Business and Financial Overview**

18. Besnovo is a developer of industrial automation and laser de-coating solutions for various industries, primarily aerospace.
19. To date the Company has been primarily involved in research, development and testing of its technology but has not yet achieved commercialization or generated any customer revenue.
20. The Company estimates that another 18 – 24 months and several million dollars of additional investment will be required before a market-ready product will likely be available, but there is no guarantee of same.
21. Development of this technology requires ongoing collaboration with the major Original Equipment Manufacturers (“OEM”) for airplanes, such as Boeing, as any system will need to be approved for use and certified by the individual OEM’s and incorporated into their maintenance manuals and training procedures.
22. Given the nature of the business and the technology under development, the Receiver is of the opinion that any non-public details of the Company’s technology (current or planned) which may be considered proprietary and/or developmental and experimental in nature, must remain confidential and not otherwise disclosed in this Second Report.

### **3.2 Income Statement**

23. As primarily a research and development company, Besnovo has a history of losses. Since early 2017 the Company’s operations have been funded primarily by the working capital

provided by the PengYuan Loan and the Cleeve Holdings Loan, and to a lesser degree, government grant programs.

24. Expenses consist primarily of salaries and wages, consulting and professional fees, research and development expenditures, rent, and interest on the PengYuan and Cleeve Holdings Loans.

25. The table below summarizes the Company's profit and loss profile for fiscal 2018, fiscal 2019, and nine months year to date (to September 30, 2020) for fiscal 2020.

<b>Income Statement Summary - Unaudited</b>				
		12 mo.	12 mo.	9 mo.
Revenues		Dec 31/18	Dec 31/19	Sept 30/20
	Interest Income	48	27	1
	Subsidies & Grants	37	68	148
		85	95	149
Expenses				
	SR&ED Refunds	0	0	(783)
	Consulting & Professional Fees	232	275	203
	Occupancy	118	119	98
	Research & Development	67	45	82
	Salaries & Wages	986	1,678	1,002
	Travel	40	46	11
	Other	150	294	69
	Interest on Shareholder Loans	210	210	158
	Amortization	19	20	14
		1,822	2,687	854
Net Income (Loss)		(1,737)	(2,592)	(705)

26. Scientific Research and Experimental Development (“SRED”) tax refunds for 2017, 2018 and 2019 totalling \$782,863.70 were all received in fiscal 2020 and are booked as an expense recovery in fiscal 2020.

27. We note that the SRED refunds for 2017 (\$254,586.91) and 2018 (\$210,306.21) were received by the Company prior to the Appointment Order, on March 9, 2020 and January 13, 2020, respectively.

### 3.3 Balance Sheet

28. Besnovo has a retained earnings deficit approaching \$7 million as at the date of this Second Report.

29. The table below provides an updated summary of the Company's balance sheet for fiscal 2018, fiscal 2019, and nine months year to date (to September 30, 2020) for fiscal 2020.

30. The summary reflects the steady decline in cash reserves, minimal trade payables, the PengYuan and Cleeve Holdings interest-bearing shareholder loans, and the interest-bearing Receiver Certificates.

<b>Balance Sheet Summary - Unaudited</b>				
CAD 000's		31-Dec 2018	31-Dec 2019	30-Sep 2020
<b>ASSETS</b>				
Cash		2,711	431	374
Loan Receivable		100	100	100
R&D Inventory		634	843	1,269
Capital Assets		126	121	107
Prepays, Deposits and Other		351	46	21
<b>TOTAL ASSETS</b>		<b>3,922</b>	<b>1,541</b>	<b>1,871</b>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities		37	38	32
Receiver's Certificates		0	0	933
Shareholder Loans				
	PengYuan	5,150	5,300	5,412
	Cleeve	2,061	2,121	2,166
<b>TOTAL LIABILITIES</b>		<b>7,248</b>	<b>7,459</b>	<b>8,543</b>
Retained Earnings (Deficit)		(3,325)	(5,918)	(6,672)

31. The net book value ("NBV") of the Company's capital assets, R&D inventory and other tangible assets (excluding cash) is approximately \$1.4 million.

### 3.4 Funding

32. Since the appointment of the Receiver, in addition to cash in bank at the date of the Appointment Order, the operations and expenses have been funded from three primary sources:

(a) PengYuan has advanced funds pursuant to five (5) Receiver Certificates, secured by a charge on the Debtor's assets that ranks second in priority behind the Receiver's charge, for a total of \$925,000 plus interest, as at the date of this Second Report. Copies of the Receiver Certificates are attached as **Appendix "D"**;

(b) SRED refund for 2019 totalling \$317,970.58, received by the Receiver on July 22, 2020; and

(c) Industrial Research Assistance Program ("**IRAP**") grants totalling \$145,830. IRAP is a program administered and managed by the National Research Council for companies performing a technology-driven research and development project in Canada.

## IV. ASSET VALUES

33. The Company's assets consist primarily of its intellectual property under development and its research and development equipment and inventory. Typically, one will look to the cash flow and profits being generated from an asset of this nature as a method of valuation.

34. Besnovo has not generated any customer revenue to date and there are no patents or completed manuals for the technology under development.

#### **4.1 Machinery, Equipment and Inventory**

35. The NBV of the Company's fixed assets (office furniture, fixtures, computers and software) as at the date of this Second Report is \$107,327.

36. The NBV of the Company's Research and Development assets as at the date of this Second Report is approximately \$1.27 million, which is primarily comprised of the components (electrical, laser, laser chiller, mechanical, robotic and vision) of Besnovo's 600 Series (automated mobile unit for airplanes) research unit, and includes the cost of acquiring a new higher-powered laser and laser chiller in 2020.

#### **4.2 Accounts Receivable and SRED**

37. The Company has no trade accounts receivable. The only receivable is typically an annual SRED refund, which varies by year and with the level of eligible expenditures, but in recent history has been in the approximate range of \$200,000 - \$300,000, as described below.

38. Besnovo received a SRED refund in the amount of \$254,586.91 arising from the 2017 taxation year on March 9, 2020, just prior to the Appointment Order being made.

39. The SRED refund arising from the 2018 taxation year in the amount of \$210,306.21 was received earlier than that of the 2017 refund, on January 13, 2020.

40. The SRED refund arising from the 2019 taxation year in the amount of \$317,970.58 was received by the Receiver from CRA on July 22, 2020.

41. It is expected that the SRED claim for fiscal 2020, when filed in 2021 with the corporate tax return, will be comparable to prior years.

## V. PENGYUAN SECURITY INTEREST

42. PengYuan took security for the \$5 million PengYuan Loan. PengYuan is the first and only registrant of a security interest against the assets of Besnovo under the *Personal Property Security Act*, R.S.O. 1990, c. P. 10, as amended (the “**PPSA**”).
43. In its First Report at Appendix G, the Receiver filed a copy of its independent security opinion dated April 6, 2020, (the “**Security Opinion**”) prepared by its legal counsel, Aird & Berlis LLP. Subject to the assumptions, qualifications and discussions contained in the Security Opinion, counsel to the Receiver is of the opinion that PengYuan holds a properly perfected security interest against Besnovo’s assets.
44. The Cleeve Group disputed PengYuan’s right to a security interest.
45. Since the Stalking Horse Offer and proposed Sale Procedure were dependent upon PengYuan holding debt and security that would form the basis of a credit bid, the Receiver sought the direction of the Court regarding the validity and enforceability of such debt and security in order to address the Stalking Horse Offer on a timely basis.
46. On the return of the Receiver’s motion, the Court issued the June 18 Endorsement to adjourn the portion of the Receiver’s motion seeking approval of the Stalking Horse Offer and the Sales Procedure to September 23, 2020.
47. In the intervening period, Cleeve and PengYuan conducted examinations and prepared materials in accordance with the timetable set out by the Court in the June 18 Endorsement.

48. On the resumption of the motion on September 23, 2020, there was no determination made on the security. Cleeve took the position that a determination of the validity of PengYuan's security should be dealt with at a later date, in the context of a full trial.
49. The motion was adjourned to a case conference to be held on September 29, 2020 and was further adjourned to October 8, 2020.
50. Prior to the resumption of the scheduled case conference, counsel to Cleeve and PengYuan informed the Court of a tentative settlement between them, and a further adjournment to October 16, 2020 was sought and granted.
51. On October 16, 2020, the Court issued an endorsement which noted that Cleeve and PengYuan would be providing the Court with a consent order to sign with respect to their security dispute, and adjourned the balance of the Receiver's motion (originally scheduled for June 18, 2020) to November 4, 2020.
52. Counsel to PengYuan has advised the Receiver that all settlement documentation with the Cleeve Group has been executed and the consent order will be obtained shortly.
53. While the Receiver is not privy to the financial particulars of the settlement, counsel to PengYuan has confirmed that Cleeve Holdings' shares in Besnovo and the unsecured \$2 million Cleeve Holdings Loan are being conveyed to PengYuan as part of the settlement agreement.

## VI. EXPIRY OF STALKING HORSE OFFER

54. PengYuan's Stalking Horse Offer was predicated on the validity and enforceability of the PengYuan Security.

55. Given the adjournments which have taken place, the deadlines set out in the Stalking Horse Offer have lapsed.

56. Subsequent to the October 16, 2020 Court attendance, the Receiver and its counsel, and counsel to PengYuan, discussed the implications of the now-expired Stalking Horse Offer.

57. Counsel to PengYuan and the Receiver discussed whether it could move forward with a transaction on the basis of a firm credit bid as opposed to a Stalking Horse Offer, and the Receiver considered whether a more expedient and cost-effective approach could be warranted in the circumstances.

58. Under the expired Stalking Horse Offer, the current Floor Price (subject to further Receiver Certificates needing to be issued, plus interest) is approximately \$6.55 million, as calculated below:

<b>Credit Bid - Floor Price</b>	
Principal Amount bid	\$ 4,900,000.00
Interest - PengYuan Loan	412,441.00
Receiver's Certificates	925,000.00
Interest on Certificates	12,092.00
Break Fee	300,000.00
<b>Floor Price</b>	<b>\$ 6,549,533.00</b>

59. In its First Report, the Receiver recommended the Stalking Horse Offer as an effective mechanism to deal with a credit bid in view of the lingering dispute over the issue of



PengYuan’s entitlement to a security interest, such that the Receiver could carry out its mandate.

60. The circumstances have changed. PengYuan and the Cleeve Group have resolved their issues and there is no dispute with respect to security interests.

61. Pursuant to its settlement with the Cleeve Group, the Receiver understands that PengYuan is now the 100% shareholder of Besnovo (subject to the claim by Roberts to be a beneficial shareholder) and now possesses all of the shareholder loans, both secured (\$5 million) and unsecured (\$2 million), plus interest.

62. It is also the lender to the Receiver under the Receiver Certificates for \$925,000 plus interest, subordinate only to the Receiver’s Charge.

## **VII. THE PENGYUAN ASSET PURCHASE AGREEMENT**

63. The PengYuan Asset Purchase Agreement (“**APA**”) is substantially similar to the Stalking Horse Offer and it is acceptable to the Receiver. It remains subject to the approval of the Court and a vesting order. A copy of the APA is attached hereto as **Appendix “E”**.

64. The purchase price is comprised of a credit bid valued as follows (subject to increase due to interest and/or additional Receiver Certificates, if necessary):

<b>Credit Bid - APA</b>	
Principal Amount bid	\$ 4,900,000.00
Interest - PengYuan Loan	412,441.00
Receiver's Certificates	925,000.00
Interest on Certificates	12,092.00
<b>Floor Price</b>	<b>\$ 6,249,533.00</b>

65. The purchase price of \$6,249,533 far exceeds the NBV of the assets and is identical to the amount of the Stalking Horse Offer, save and except for the \$300,000 Break Fee.
66. In addition, PengYuan (the “**Purchaser**”) will be responsible for all final fees, costs and expenses of the receivership.
67. Some of the key terms of the PengYuan APA include the following:
- (i) the purchased assets (the “**Purchased Assets**”) include the Debtor's interest in the accounts receivable, SRED claims and refunds, inventory, contracts, fixed assets, intellectual property, all research and development assets, leasehold interest in the premises, rights of action, any equipment leases, goodwill and records, as these terms are defined in the APA, and all other assets of the Debtor;
  - (ii) the sale of the Purchased Assets is subject to court approval of the APA and a vesting order in favour of the Purchaser (the “**Transaction**”);
  - (iii) the Purchased Assets are being sold on an "as is, where is" basis;
  - (iv) The majority of the employees of the Debtor shall be offered employment by the Purchaser on substantially the same terms and conditions as they presently exist;
  - (v) Premises lease (to expire February 14, 2021) shall be assumed; and
  - (vi) the Closing Date shall be no later than November 30, 2020.

## **7.1 Rationale for Recommendation of APA**

68. As the Company will continue to require ongoing funding to remain operational, the Receiver believes that it is desirable to bring the receivership to a prompt conclusion.

69. For the Receiver to continue to operate the business and run a sales process, ongoing funding will be required. PengYuan is the sole source of funding, but there is no obligation on PengYuan to continue to fund.

70. The Receiver has no viable alternate source of funding.

71. PengYuan desires to acquire the assets, and while there is no doubt that a public marketing process is an invaluable tool when taking into account the need for fairness and equity among various stakeholder groups, in this particular case there are several other factors which should be given significant weight, such as:

- i) The technology is still under development. There is no finished product to sell.
- ii) There are no patents.
- iii) There is no revenue or cash flow being generated by the technology being developed, except for modest government grants through the IRAP program.
- iv) The Company has no positive earnings history or sales track record.
- v) Besnovo continues to be a research and development company, for which a continuing significant source of capital will be required.
- vi) There are no secured creditors other than PengYuan.

vii) There are no known tax debts.

viii) There are no unsecured trade creditors. All payables are paid promptly. The only other known trade liability is the final instalment of \$24,500 USD (approx. \$32,000 CAD) on new laser equipment which is due for payment in November, 2020, which will be paid.

ix) The premises lease expires on February 14, 2021. PengYuan (if successful in completing the purchase of the Besnovo assets) will continue to occupy the premises until then, and possibly beyond. In any event, the landlord is unaffected.

x) The majority of employees (headcount approximately 20) are expected to continue to be employed without disruption.

xi) There is no apparent prejudice to any party if an immediate sale to PengYuan is approved and the Receiver is able to be discharged thereafter.

xii) In the Receiver's judgement, the purchase price under the proposed APA is greater than any offer a third party may reasonably be expected to make, or could likely be achieved, by a sales process. There is no guarantee that a sales process at this time will generate a meaningful cash offer, let alone one in the range of \$6.5 million or more.

xiii) Besnovo's target end-user for a commercialized product, the airline industry, continues to be significantly impacted by the ongoing COVID-19 pandemic. As such, the Receiver is concerned that with the onset of the second wave of COVID-19, the prospect of finding a higher or better offer is extremely remote, and that a sales process will incur unnecessary expense.

- xiv) Based on the anticipated costs involved in seeking additional offers or conducting the Sale Procedure, including advertising, data room setup, and increased professional costs, the proposed Transaction offers the best available outcome in the circumstances.
- xv) There appears to be no compelling reason for the Receiver to conduct a marketing and sales process when the only party with an established and definitive economic interest in such an effort is PengYuan.
- xvi) Under the PengYuan APA, the Purchaser will effectively be taking title to the assets in exchange for its secured debt.

## **7.2 CRA and Employees**

- 72. All payroll and HST filings and remittances are up to date as at the date of this Second Report.
- 73. The Company is current in respect of payroll and source deductions. There is no union and no pension plan.
- 74. Pursuant to the terms of the APA, PengYuan will offer continuing employment to a majority of the current Besnovo employees. On this basis, PengYuan assumes the years of service for each employee it hires and the responsibility for any future termination or severance claims as the successor employer.
- 75. Neither termination nor severance is covered by the secured charge of section 81.4 of the Bankruptcy and Insolvency Act and, therefore, neither ranks ahead of the security held by PengYuan.

76. Employees who are not offered employment, or who are but do not accept the offer of employment, may have claims for termination pay which will rank as an unsecured claim. In such instances, the Receiver will process the affected employees under the Wage Earner Protection Program.

## **VIII. RECEIVER'S OTHER ACTIVITIES**

77. In addition to dealing with the legal and asset sale issues surrounding the file as described above, and subsequent to the re-opening of the business in May 25, 2020 described in the First Report, the Receiver continues to oversee and monitor the business and carry out its duties, including but not limited to:

- i) Preparation and filing of statutory reports under Section 246 (2) of the BIA;
- ii) Review and approve all purchases, payments and payroll;
- iii) Monthly accounting issues, cashflow tracking including forecasting and funding support schedules for Receiver Certificates;
- iv) Implementing COVID-19 changes to premises in accordance with updated provincial guidelines; and
- v) Negotiated with the landlord to extend the lease for an additional six months to February 14, 2021, with a three-month notice period to vacate or extend the lease.

## **IX. INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS**

78. Attached to this report as **Appendix “F”** is the Receiver’s Interim Statement of Receipts and Disbursements for the period March 12, 2020 to October 21, 2020 (the **“Interim R&D”**).
79. During this period, receipts consisted primarily of advances from PengYuan under Receiver’s Borrowing Certificates, SRED refunds, IRAP grant, Temporary Wage Subsidy funding, and HST refunds.
80. The Interim R&D incorporates all of the receipts and disbursements representing transactions conducted through the Receiver’s trust account at Bank of Nova Scotia, and the operating accounts of Besnovo (CAD and USD) which are domiciled at TD Bank.

## **X. PROFESSIONAL FEES**

81. The Receiver seeks approval of its interim fees and disbursements, and those of its legal counsel, Aird & Berlis LLP.
82. The Receiver's interim accounts for the period of June 1, 2020 to September 30, 2020 total \$35,821.69, consisting of professional fees of \$31,606.00, disbursements of \$94.60, and HST of \$4,121.09 (the **"Receiver's Accounts"**). Attached hereto as **Appendix “G”** is the Affidavit of Robert Link sworn October 23, 2020, incorporating copies of the Receiver's Accounts and a summary of the personnel, hours and hourly rates of the Receiver.
83. The interim accounts of the Receiver's legal counsel, Aird & Berlis LLP, for the period of May 30, 2020 to September 30, 2020 total \$33,326.53 and consist of fees of \$29,492.50 and HST of \$3,834.03 (the **“Counsel’s Accounts”**). Attached hereto as **Appendix “H”** is the Affidavit

of D. Robb English sworn October 26, 2020, incorporating copies of Counsel's Accounts, as well as a summary of the personnel, hours and hourly rates of the Receiver's legal counsel.

## **XI. SUMMARY AND RECOMMENDATIONS**

84. The Receiver respectfully recommends that this Honourable Court issue an order:

- i) Authorizing the Receiver to enter into the PengYuan APA and close the Transaction;
- ii) Granting a vesting order in favour of PengYuan;
- iii) approving the Second Report, the Receiver's actions, activities, conduct and findings described therein, and the Receiver's Interim R&D; and
- iv) approving the fees and disbursements of the Receiver and its counsel as set out herein.

All of which is respectfully submitted to this Court as of this 26<sup>th</sup> day of October, 2020.



**LINK & ASSOCIATES INC.**

Court-Appointed Receiver of Besnovo Inc.  
and not in its personal or corporate capacities



# EXHIBIT A



ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE

JUSTICE

T. McEwen

THURSDAY, THE 12th

DAY OF MARCH, 2020



ISABELLE ROBERTS

Applicant

- and -

BESNOVO INC., CLEEVE HOLDINGS INC., CLEEVE TECHNOLOGY INC.  
PENGYUAN HOLDING LIMITED, PAUL CHURCH, and XING YUAN (also known as SHAWN  
YUAN)

Respondents

ORDER  
(appointing Receiver)

THIS MOTION made by PengYuan Holding Limited and Xing Yuan for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Link & Associates Inc. as receiver (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of Besnovo Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Xing Yuan sworn February 24, 2020 and the Exhibits thereto and on hearing the submissions of counsel for PengYuan Holding Limited and Xing Yuan, counsel for the Cleeve and Church Respondents and counsel for Isabelle Roberts, and on reading the consent of Link & Associates Inc. to act as the Receiver,

## SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion is hereby abridged and validated so that this motion 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, Link & Associates Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**").

## RECEIVER'S POWERS

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

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
  - (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
  - (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
  - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with
-

the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business with the approval of this Court;
- (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 any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

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

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

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

immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

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

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of

the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

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

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

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

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

10. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH THE RECEIVER**

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

## **CONTINUATION OF SERVICES**

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

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

## **EMPLOYEES**

14. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.



## PIPEDA

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

## LIMITATION ON ENVIRONMENTAL LIABILITIES

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

## **LIMITATION ON THE RECEIVER'S LIABILITY**

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or 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**

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

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

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

## **FUNDING OF THE RECEIVERSHIP**

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,000,000 (or such greater amount as this Court may by further Order authorize) at

any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

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

#### **SERVICE AND NOTICE**

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

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

27. Notwithstanding anything else herein, in respect of the proceedings bearing Court File No. CV-18-607866 00CL and 18-00610566-00CL (together, the "**Ongoing Litigation**") the Receiver shall cooperate with all reasonable requests by the parties to the Ongoing Litigation (collectively, the "**Litigation Participants**") for the production of Records in existence as of and after the date of this Order. Such requests to the Receiver shall be on notice to the Litigation Participants and any disputes over production shall be resolved by way of a motion to the Court for directions by the party seeking productions. The Receiver's reasonable costs in producing any Record shall be at the expense of the party requesting the Record, other than any costs, legal fees and disbursements that may be incurred in connection with any dispute over production which shall be allocated by the Court in its discretion. For greater certainty, nothing in this paragraph 27 shall require the production of Records which may not be disclosed or provided due to any privilege attaching to solicitor-client communications of the Debtor.

28. THIS COURT ORDERS that the Receiver shall not destroy any Records of the Debtor in the possession of the Receiver from time to time, without the written consent of the Litigation Participants or further Order of this Court.

#### **GENERAL**

29. 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.

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

31. 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.

32. 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.

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

34. 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 12 2020

PER / PAR



## SCHEDULE "A"

### RECEIVER CERTIFICATE

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that Link & Associates Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties of Besnovo Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the \_\_\_\_ day of March, 2020 (the "**Order**") made in an action having Court file number CV-18-607866-00CL, 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 \$1,000,000 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 monthly not in advance on the 1st day of each month after the date hereof at a notional rate of 7 per cent.

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.

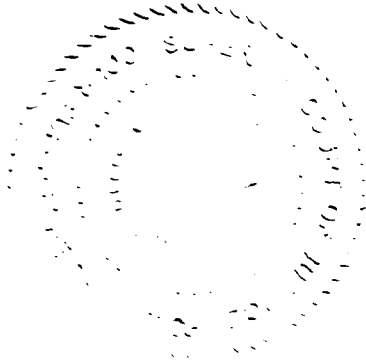
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

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 \_\_\_\_\_, 20\_\_.



Link & Associates Inc. solely in its capacity  
as Receiver of the Property, and not in its  
personal capacity

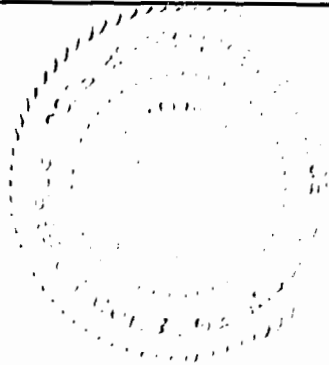
Per: \_\_\_\_\_

Name:

Title:

ISABELLE ROBERTS      BESNOVO INC.,  
Applicant      and      Respondents ET AL.

Court File No.: CV-18-607866-00CL



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

Proceeding commenced at TORONTO

**ORDER  
(APPOINTING RECEIVER)**

**MILLER THOMSON LLP**

Scotia Plaza  
40 King Street West, Suite 5800  
P.O. Box 1011  
Toronto, ON Canada M5H 3S1

Bobby Sachdeva LSO#: 34454C  
bsachdeva@millerthomson.com  
Tel: 905.532.6670  
Fax: 416.595.8695

Erin Craddock LSO#: 62828J  
ecraddock@millerthomson.com  
Tel: 416.595.8631  
Fax: 416.595.8695

Lawyers for the Respondents  
PengYuan Holding Limited and Xing Yuan



**ISABELLE ROBERTS**

- and - **BESNOVO INC. et al.**

Applicant

Respondents

Court File No. CV-18-607866-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**Proceedings commenced at Toronto**

**NOTICE OF MOTION  
(returnable November 4, 2020)**

**AIRD & BERLIS LLP**  
Barristers and Solicitors  
Brookfield Place  
181 Bay Street, Suite 1800  
P.O. Box 754  
Toronto, ON M5J 2T9

**D. Robb English (LSUC # 19862F)**

Tel: (416) 865-4748

Fax: (416) 863-1515

Email: [renchlish@airdberlis.com](mailto:renchlish@airdberlis.com)

**Sam Babe (LSO# 49498B)**

Tel: (416) 865-7718

Fax: (416) 863-1515

Email: [sbabe@airdberlis.com](mailto:sbabe@airdberlis.com)

*Lawyers for Link & Associates Inc., in its capacity as the Court-appointed receiver of Besnovo Inc.*



# EXHIBIT B

Court File No.: CV-18-607866-00CL

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

B E T W E E N :

ISABELLE ROBERTS

Applicant

- and -

BESNOVO INC., CLEEVE HOLDINGS INC., CLEEVE TECHNOLOGY INC.,  
PENGYUAN HOLDING LIMITED, PAUL CHURCH, and XING YUAN (also known as  
SHAWN YUAN)

Respondents

FIRST REPORT OF LINK & ASSOCIATES INC.  
COURT-APPOINTED RECEIVER OF BESNOVO INC.

June 9, 2020

## **INDEX OF APPENDICES**

- A. Appointment Order dated March 12, 2020
- B. 245/246 Notice
- C. Receiver's Borrowing Certificates Issued
- D. Business Re-Opening Plan
- E. Stalking Horse Offer
- F. Terms and Conditions
- G. Independent Legal Opinion
- H. Receiver's Interim Statement of Receipts and Disbursements to June 3, 2020
- I. Receiver's Fee Affidavit
- J. Fee Affidavit of Counsel to Receiver



## I. INTRODUCTION

1. By Order of the Honourable Justice McEwen of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated March 12, 2020 (the “**Appointment Order**”), Link & Associates Inc. (“**Link**”) was appointed receiver and manager (the “**Receiver**”), without security, of all of the assets, undertakings and properties of Besnovo Inc. (“**Besnovo**”, the “**Debtor**” or the “**Company**”) acquired for, or used in relation to a business carried on by the Debtor (the “**Property**”). A copy of the Appointment Order is attached to this report as **Appendix “A”**.
2. The Appointment Order authorizes the Receiver to, among other things:
  - (a) take possession and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of, or from, the Property;
  - (b) manage, operate, and carry on the business of Besnovo, including the powers to enter into any agreements (including any amendments and modifications thereto), repudiate or disclaim any agreement, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform, modify or terminate any contracts;
  - (c) market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof, and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

- (d) 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 the Court; and
  - (e) to apply for any vesting order or other orders necessary to convey the Property or any part of parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property.
3. The Appointment Order and other relevant documents have been posted on the Receiver's website, which presently can be found at [www.linkassociates.ca](http://www.linkassociates.ca) under Files In Progress/Besnovo.
  4. The Receiver has retained the firm of Aird & Berlis LLP to act as its independent legal counsel.

## II. PURPOSE OF THE REPORT

5. The purpose of this first report of the Receiver (the "**First Report**") is to:
  - (a) report on, and seek approval for, the actions, activities, conduct and findings of the Receiver since the date of the Appointment Order to the date of this First Report;
  - (b) provide the Court with information on the Receiver's proposed sale process (the "**Sale Procedure**") for the sale of the Property;
  - (c) provide the Court with a summary of the Receiver's cash receipts and disbursements for the period from March 12, 2020 to June 3, 2020 (the "**Interim R&D**"); and
  - (d) seek an Order:
    - (i) authorizing the Receiver to conduct the Sale Procedure;

- (ii) providing direction to the Receiver with regard to accepting the Stalking Horse Offer (defined later herein);
- (iii) approving the First Report and the Receiver's Interim R&D;
- (iv) approving the interim professional fees and disbursements of the Receiver and those of its legal counsel as set forward in the fee affidavits filed and attached to this First Report;
- (v) approving that the borrowing limit of \$1,000,000 for the Receiver's borrowings subject to the Receiver's Borrowing Charge, as established in paragraph 21 of the Appointment be increased to \$1,500,000; and
- (vi) such further and other relief as to this Honourable Court may seem just and appropriate.

## 2.1 Terms of Reference

6. In preparing this First Report and making the comments herein, the Receiver has relied upon information from third-party sources (collectively, the "**Information**"). Certain of the information contained in this report may refer to, or is based on, the Information. As the Information has been provided by other parties or obtained from documents filed with the Court in this matter, the Receiver has relied on the Information and, to the extent possible, reviewed the Information for reasonableness.
7. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with

Canadian Auditing Standards pursuant to the CPA Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information.

8. Unless otherwise stated, all dollar amounts contained in the First Report are expressed in Canadian dollars.

### III. BACKGROUND

9. Besnovo is a corporation operating under the laws of Ontario and currently operating from leased premises in Ajax, Ontario. Besnovo was formerly known as BRIC Engineered Systems Inc. (“**BRIC**”) until February 8, 2018 when articles of amendment were filed to effect a name change from BRIC to Besnovo.
10. Cleeve Holdings Inc. (“**Cleeve Holdings**”) is an Ontario corporation holding 50% of the shares of the Debtor. PengYuan Holding Limited (“**PengYuan**”) is a Canadian corporation holding the other 50% of the shares of the Debtor.
11. PengYuan acquired its 50% interest in the Debtor from Cleeve Holdings on or around December 13, 2016 (prior to the name change from BRIC noted above).
12. In consideration for the shares, PengYuan paid \$5 million to Cleeve Holdings and from this \$5 million, Cleeve Holdings was required to loan \$2 million back to the Debtor (the “**Cleeve Holdings Loan**”).
13. In addition, PengYuan was required to, and did, advance a separate \$5 million demand loan to the Debtor (the “**PengYuan Loan**”).



14. The net effect of the entire transaction was that PengYuan and Cleeve Holdings would each own 50% of the Debtor, PengYuan would have a \$5 million shareholder loan, Cleeve Holdings would have a \$2 million shareholder loan, and the Debtor would have several million dollars of working capital to fund research and development and operating costs.
15. The Receiver notes that Isabelle Roberts also claims to be a shareholder of the Debtor and previously commenced an application seeking a declaration regarding same.
16. As set out in the Motion Record dated February 28, 2020 which gave rise to the appointment of the Receiver on March 12, 2020, the Debtor is subject to ongoing litigation regarding competing claims of ownership of the Debtor, a dispute between shareholders as to entitlement to claim a security interest over the assets of the Debtor, and has exhausted its cash reserves to the point where continuing operations would not be possible without ongoing funding.
17. It was against this backdrop that the Receiver was appointed with the power to borrow, to operate, and to market and sell the Debtor's property for the benefit of its creditors.

### **3.1 The Business**

18. Besnovo is in the business of developing mobile industrial automation and laser de-coating solutions for various industries, including aerospace.
19. Besnovo has been to date primarily involved in research, development and testing but has not yet achieved commercialization or generated customer revenue.
20. The Company is continuing to research and develop a method using laser technology and a robotic arm mounted on a mobile platform, as a more environmentally friendly paint removal

system for airplanes and vessels, to significantly reduce labour cost and avoid the use of harsh chemicals and the resulting hazardous waste that is generated from the current method of chemical stripping.

21. While it is beyond the scope of this First Report to provide detailed technological descriptions of the laser and scanning systems and the ongoing research and testing procedures involved, the Company estimates that another 18 – 24 months and several million dollars of additional investment will be required before a market-ready product will likely be available.
22. Development of this technology requires ongoing collaboration with the major Original Equipment Manufacturers (“OEM”) for airplanes, such as Boeing, as any system will need to be approved for use and certified by the individual OEM’s and incorporated into their maintenance manuals and training procedures.
23. Given the nature of the business and the technology under development, the Receiver is of the opinion that any non-public details of the Company’s technology (current or planned) which may be considered proprietary and/or developmental and experimental in nature, must remain confidential and not otherwise disclosed in this First Report.

### **3.2 Company’s Financial Position**

24. Besnovo’s historical financial performance has been what one may expect from a company investing heavily in research and development.
25. Management believes that significant continued investment will be necessary to translate its research endeavours into a commercialized product on the necessary scale to generate

sufficient cash flow to meet its debt obligations and provide a return on capital to its shareholders.

26. Since early 2017 the Company's operations have been funded primarily by the working capital provided by the PengYuan Loan and the Cleeve Holdings Loan, and to a lesser degree, government grant programs.

27. From 2017 through 2019, Besnovo's revenues consisted primarily of interest income (from the large cash balances maintained from the proceeds of the PengYuan and Cleeve Holdings Loans), foreign exchange gains, and modest government grants.

28. Expenses consist primarily of salaries and wages, consulting and professional fees, research and development expenditures, rent, and interest on the PengYuan and Cleeve Holdings Loans.

29. A balance sheet summary for fiscal 2017 through 2019 is set out below

<b>BALANCE SHEET</b>				
CAD 000's				
		Year Ended December 31		
		2017	2018	2019
<b>ASSETS</b>				
Cash		4,729	2,711	433
Inventory		535	634	843
Capital Assets		101	126	121
Other		214	451	264
<b>TOTAL ASSETS</b>		<b>5,579</b>	<b>3,922</b>	<b>1,661</b>
<b>LIABILITIES</b>				
Trade Debt		20	36	23
Shareholder Loan				
PengYuan		5,112	5,150	5,300
Cleeve		2,035	2,061	2,121
<b>TOTAL LIABILITIES</b>		<b>7,167</b>	<b>7,247</b>	<b>7,444</b>
Retained Earnings (Deficit)		(1,588)	(3,325)	(5,783)

30. The summary reflects the steady decline in cash reserves from 2017, minimal trade payables, and the PengYuan and Cleeve Holdings interest-bearing shareholder loans.
31. Besnovo has a retained earnings deficit of almost \$6 million as at the date of this First Report.

#### **IV. ACTIVITIES OF THE RECEIVER**

##### **4.1 Initial Activities**

32. Upon the making of the Appointment Order on March 12, 2020, the Receiver attended at the business premises to take the steps that it considered necessary for possession and control and to carry out its initial duties.
33. Electronic back-ups of the Company's servers and computers were taken by the Receiver and removed from the Premises.

##### ***Creditor Notification***

34. In accordance with Section 245(1) and 246(1) of the *Bankruptcy and Insolvency Act* (the "**BIA**"), the Receiver prepared and filed with the Office of the Superintendent of Bankruptcy, and mailed and/or sent via email to all known creditors, the statutory notice of its appointment (the "**245/246 Notice**"), a copy of which is attached as **Appendix "B"**.
35. On March 18, 2020, Isabelle Roberts e-mailed the Receiver to advise that her company (CG Belle Industries) should have been listed as a creditor for \$125,000 pursuant to unpaid consulting invoices dating back to 2017.
36. In reply, on March 18, 2020, the Receiver requested Roberts to provide copies of all such invoices for amounts being claimed, along with a copy of her contract with Besnovo setting

out the scope of work, and/or her employment contract, and any and all other documents pertaining to same for review by the Receiver.

37. On March 24, 2020, Ms. Roberts provided electronic copies of 20 invoices totaling \$306,051.46, stating that “*some of these are still outstanding*”. In reply, on March 26, 2020, the Receiver asked Ms. Roberts to first identify which invoices are actually unpaid according to her accounting records, and to provide a complete listing of all payments received by her from BRIC/Besnovo over this time period so that the Receiver could review further.

38. No further or additional information has been provided by Roberts in this regard, and the Receiver has not come across any information which would indicate Ms. Roberts is a creditor.

### ***Insurance***

39. After reviewing Besnovo’s insurance documents and corresponding with the insurance broker, the Receiver determined that the coverage is satisfactory, that the policy is in full force and effect and that premium payments are up-to-date.

40. The Receiver has been added as an additional named insured and loss payee to the policy. The current policy term expires on November 13, 2020.

### ***Premises***

41. The Company operates from leased premises at Unit #11-14, 695 Westney Road South in Ajax, Ontario (the “**Premises**”). Upon its appointment the Receiver attended at the premises each business day, daily from March 12 to March 20, 2020 to carry out its initial activities.

42. The Receiver did not change the locks or alarm due to the continued operation of the Company at the Premises. The Receiver obtains access to the Premises by the provision of a key and alarm code specific to the Receiver.
43. The lease for the Premises was set to expire on August 14, 2020. The Receiver contacted the landlord to notify it of the Receiver's appointment and was advised by the landlord that the lease was in good standing and that all payments under the lease were current.
44. The Receiver negotiated with the landlord to extend the current lease for an additional six months to February 14, 2021, with a three-month notice to vacate or extend the lease. This extension was done in consultation with management.

### ***Employees***

45. There were twenty-three active employees on the date of the Appointment Order. Employees were advised of the appointment of the Receiver and the role of the Receiver in the business.
46. No employees have been terminated as a result of the receivership, and no applications have been made under the *Wage Earner Protection Program Act*.
47. The human resources manager resigned on March 20, 2020. Her role has been temporarily assumed by the Company's in-house accounting and finance person.

### ***Banking***

48. The Receiver opened a trust account at The Bank of Nova Scotia (the "**Trust Account**"). As provided for in Paragraph 13 of the Appointment Order, the Receiver also elected to continue to use the Company's operating accounts at TD Canada Trust ("**TD**").

49. The Receiver was of the view that continued use of the TD accounts was more efficient due to its integration with the Company's accounting and payroll systems, direct payment abilities in dual currencies, direct deposit arrangements set-up with CRA and other government agencies, and it is a simple matter for the Receiver to monitor this account on a daily basis.
50. The Receiver provided TD Canada Trust with a copy of the Appointment Order and asked for the signing authorities to be changed to that of the Receiver. TD advised it would take several days since all such matters were not handled at the branch, but centrally from another service location.
51. It was around this time that businesses were being ordered to close due to the pandemic. The Receiver exercised what it believed to be reasonable discretion in not assuming sole signing authority on the TD Accounts, as it was entirely unclear what would physically be permitted and/or possible during periods of quarantine and eventually shutdown to ensure timely processing of critical payments, including payroll.
52. The Receiver chose to continue to authorize the Company's internal accountant (the "**Accountant**") and its VP/Chief Technology Officer (the "**CTO**") to continue to jointly sign cheques once they are approved by the Receiver, in accordance with the approved budget and cash flow, due to their geographic proximity to the Premises and level of management responsibility.
53. The Receiver has instituted a process by which the Receiver reviews and approves all purchases, payroll and any other disbursements before any such payments are processed. No payments or transactions are made without the Receiver's prior written approval. There have been no transactions conducted contrary to this process.

### ***Budget and Borrowing Process***

54. The Receiver coordinates with the Accountant and the CTO to prepare an operating budget each month (the “**Budget**”). The Budget is used to forecast monthly cash requirements for the Company and incorporates operational overhead costs, costs associated with research and development, and the purchase of equipment required for same.
55. Since the Company has no revenues and its working capital reserves have been depleted, it requires ongoing access to funds to continue to operate. The Receiver has been authorized to issue up to \$1 million in Receiver’s Borrowing Certificates pursuant to the Appointment Order.
56. To access funding, the Receiver prepares and submits a detailed request showing the projected cash needs based on the Budget and submits same to PengYuan, which has agreed to act as the lender.
57. To date, the Receiver has issued two Receiver’s Borrowing Certificates to PengYuan, the first for \$175,000 on April 14, 2020 and the second for \$100,000 on May 27, 2020. Copies of the Receiver’s Borrowing Certificates are attached as **Appendix “C”**.

### **4.2 Canada Revenue Agency (“CRA”)**

58. The Receiver immediately notified CRA of the receivership appointment. The Receiver has confirmed that all GST/HST returns and corporate income tax filings are current.
59. The Company employs a third-party payroll service provider, which ensures that all withholding taxes are deducted and remitted to CRA. There are no known obligations owing to CRA of any kind.



***Scientific Research & Experimental Development (“SR&ED”)***

60. The Company filed applications for tax refunds available under the SR&ED program for 2017 and 2018, and both were approved but the refunds were not received until early in fiscal 2020.
61. In particular, the Company received a SR&ED refund in the amount of \$254,586.91 arising from the 2017 taxation year on March 9, 2020, just prior to the Appointment Order being made.
62. The SR&ED refund arising from the 2018 taxation year in the amount of \$210,306.21 was received on January 13, 2020.
63. The Company’s December 31, 2019 tax return is in progress and includes an application for a potential SR&ED refund of approximately \$280,000.

**4.3 Industrial Research Assistance Program (“IRAP”)**

64. IRAP is a Canadian government funding program designed to accelerate the research and development (“R&D”) projects of Canadian innovators. The program is administered and managed by the National Research Council of Canada (“NRC”) for companies performing a technology-driven research and development project in Canada.
65. The core funding type provided by NRC-IRAP is in the form of financial contributions to support technical R&D projects.
66. Besnovo made an application and it was deemed suitable for funding, which will offset a portion of technical labour and subcontractor costs to assist with the development and/or commercialization. Initial funding of \$112,582.71 was received on June 3, 2020 by way of

direct deposit to the Company's account, as reported in the Receiver's Interim R&D. Further funding of approximately \$75,000 is potentially available.

#### **4.4 Receiver's Ongoing Activities**

67. The Receiver held several meetings with management to obtain an understanding of the technology being developed, the history of the development, the future development plans and the challenges facing the Company.

68. The Receiver also worked with management to develop the appropriate framework and protocols for day-to-day business, reporting structure and approvals.

69. It was intended that the Company would continue to operate during the receivership, with funding by way of Receiver's Borrowing Certificates, while the Receiver conducted a Court-approved sales process. Management and employees worked cooperatively with the Receiver in this regard.

70. The Receiver commenced preparation of an Information Package to be used for the purpose of marketing the Company and its technology as part of a Court-approved sales process.

71. However, this initiative was interrupted by the COVID-19 pandemic, the effects of which are set out below.

#### **4.5 Request for Increased Borrowing Limit**

72. The original borrowing limit of \$1,000,000 established in the Appointment Order contemplated the funding needed to cover projected business operating costs and professional fees for 3 to 4 months.

73. Given the pandemic and deferral of sales and marketing efforts, the timeline of the anticipated completion of the receivership has necessarily been extended. In addition, there is now the proposed commencement of a Stalking Horse Sale Procedure, with potential for an auction process and increased Receiver's and legal fees.
74. For this reason, the Receiver recommends increasing the borrowing limit from \$1,000,000 to \$1,500,000, to ensure that there is sufficient funding for the business to continue to operate during the proposed Stalking Horse Sale Procedure and to account for all professional fees and expenses, and to avoid the time and expense of a subsequent Court appearance solely for the purpose of seeking a limit increase.
75. PengYuan, acting as the lender, has consented to this proposed increase to the borrowing limit and is prepared to fund same.

#### **4.6 Impact of COVID-19**

76. Shortly after the appointment of the Receiver, the following COVID-19 related events occurred, and their effect on the Company's operations is outlined below:
- i) On March 17, 2020, the Government of Ontario ("**Ontario**") declared a state of emergency (the "**Ontario Emergency Order**").
  - ii) On March 23, 2020, Ontario ordered the closure of all non-essential businesses for 14 days, to be effective at the close of business March 24, 2020 (this closure was subsequently extended);
  - iii) In response to the Ontario Emergency Order and business closure requirement for non-essential businesses, the following steps were taken by the Receiver and management:

- (a) the Premises were closed and the employees were told not to attend at the Premises, except for the purpose of periodic inspection to comply with insurance requirements, and for the purpose of accessing materials and services required for remote operation, as allowed under the *Emergency Management and Civil Protection Act*;
- (b) the Company had been conducting testing of its research machine at a hangar located in the Muskoka, Ontario airport. This testing had to cease due to the Ontario Emergency Order. Arrangements were made with the Muskoka airport to allow the equipment to remain on site until testing could either resume, or be removed;
- (c) four employees were placed on lay-off, twelve employees were asked to work from home with reduced hours, and the remaining employees were asked to work from home; and
- (d) although the Company was not eligible for the Canada Emergency Wage Subsidy as it is limited to companies with revenues, it was able to avail itself of the Temporary 10% Wage Subsidy offered by the Federal Government, and was able to reduce its payroll cost by \$21,637 up to the end of May, 2020.

77. In addition to the closure of non-essential businesses, the Federal Government closed the border to all non-essential travel. The effect on airlines and manufacturers was immediate, with multiple airlines slashing routes and laying off thousands of employees.

78. The global stock markets went into freefall, with the TSX closing down as low as 11,228 on March 23, 2020 after reaching a high of 17,944 on February 20, 2020. Similarly, the Dow Jones fell from a high of 29,551 on February 12, 2020 to 19,898 on March 18, 2020.

79. It was within this economic environment, and new rules surrounding quarantine, social distancing, and extreme uncertainty about what the coming weeks would bring, that the Receiver elected to defer advancing any form of sales process until greater clarity could be found.
80. Notwithstanding the early stages of the pandemic, the Receiver continued with its duties remotely and worked with management to the greatest extent possible to ensure no interruption to employment or business continuity.

## **V. BUSINESS RE-OPENING**

81. On May 14, 2020, Ontario expanded its list of essential businesses to include those companies involved in research and development.
82. The Receiver worked with management to prepare a plan to re-open the business, following the recommendations of various government agencies regarding safety, cleaning, social distancing, minimizing employees on site and other matters.
83. A copy of the re-opening plan prepared by management and approved by the Receiver is included as **Appendix “D”**.
84. The Premises were prepared for re-opening during the week of May 18, 2020, and the Company was re-opened on May 25, 2020, with limited attendance by employees. Employees are encouraged to continue to work from home whenever possible.
85. Certain employees who had their hours of work reduced were reinstated to full time hours.

86. The research equipment that had been sent to the Muskoka airport for testing is in the process of being returned to the Premises.

87. Research and development activities resumed at the Premises in late May.

## **VI. PROPOSED SALES PROCESS**

88. The Appointment Order authorizes the Receiver to market the Property for sale.

89. As set out above, due to the COVID-19 pandemic, the Ontario Emergency Order, shutdown of businesses, and the airline industry being so negatively impacted, the Receiver believed it was preferable to defer the marketing process until greater certainty could be established. This decision was communicated to both shareholders.

90. The Company has no revenue, given that it remains in the research and development stage. Its sole source of funding is loans made available by PengYuan pursuant to Receiver's Borrowing Certificates, as described in paragraphs 55 to 57 above, as well as government programs for research and development.

91. As the Company will continue to require funding by way of such Receiver's Borrowing Certificates on an ongoing basis, the Receiver believes that it is desirable to bring the receivership to a prompt conclusion.

92. The Receiver believes that with businesses slowly re-opening in Ontario, it is now appropriate to commence the marketing process for the Property. The Receiver is therefore seeking the Court's approval of the Sale Procedure, as described at paragraphs 107 to 110 below.

93. For the purpose of establishing a floor price and to ensure that only serious offers are received for the purchase of the Property, PengYuan has submitted a stalking horse credit bid offer (the **“Stalking Horse Offer”**).
94. The Receiver is of the view that, provided that PengYuan’s debt and security are confirmed by the Court to be outstanding and valid, then the Stalking Horse Offer appears to be advantageous.
95. The Receiver is seeking the direction of the Court regarding the acceptance of the Stalking Horse Offer (once accepted, the **“Stalking Horse Agreement”**), in conjunction with carrying out the Sale Procedure. The Stalking Horse Offer is described below.

## **VII. THE STALKING HORSE OFFER**

96. Capitalized terms used in this section of the First Report are as defined in the Stalking Horse Offer unless otherwise defined. A copy of the Stalking Horse Offer is attached hereto as **Appendix “E”**.
97. The Stalking Horse Offer is a “credit bid” by PengYuan, one of Besnovo’s shareholders and its only registered secured creditor (the **“Purchaser”** or the **“Stalking Horse Bidder”**).
98. The key provisions of the Stalking Horse Offer are set out below. The Purchaser will acquire the Assets (as defined in the Stalking Horse Offer) for the price set out in the Stalking Horse Offer (the **“Stalking Horse Price”**). The Stalking Horse Price shall be satisfied by the Purchaser providing a credit to the Debtor in the amount of the Secured Debt plus the Advances Under the Receiver’s Borrowing Certificates (the **“Credit Bid Amount”**).

99. The Stalking Horse Offer includes the following material provisions:

- (i) the Purchaser is not assuming, and shall not be deemed to have assumed any liabilities, obligations or commitments of the Vendor or of any other Person, whether known or unknown, fixed, contingent or otherwise, including any debts, Claims, liens, obligations, sureties, positive or negative covenants or other liabilities directly or indirectly arising out of or resulting from the Vendor's ownership of or interest in the Assets and any business conducted by the Vendor, whether pursuant to this Agreement or as a result of the Transaction (collectively, the "**Excluded Liabilities**").
- (ii) for greater certainty, the Excluded Liabilities shall include, but not be limited to, the following:
  - (a) all Taxes payable by the Vendor arising with respect to any taxation year or period ending on or prior to the Closing Date, all Taxes for any taxation year or period that commences prior to the Closing Date and ends after the Closing Date, where such Taxes are allocated to the Vendor on the basis that such taxation year or period ends on the Closing Date, and all Taxes payable relating to any matters or assets other than Taxes expressly assumed by the Purchaser under this Agreement; and
  - (b) any liability, obligation or commitment in respect to Claims arising from or in relation to any facts, circumstances, events or occurrences existing or arising prior to the Closing Date;
- (iii) the Assets are being purchased and assumed by the Purchaser on an "as is, where is" basis as of the Closing Date and without any express or implied agreement,



representation or warranty of any kind whatsoever as to the title, condition, area, suitability for development, physical characteristics, profitability, availability of development charge credits, use or zoning, the existence of latent defects, any environmental matter, the quality thereof or as to the accuracy, currency or completeness of any information or documentation supplied or to be supplied in connection with the Assets;

- (iv) the Purchase Price shall be adjusted as at Closing; and
- (v) the Closing Date shall be the tenth business day after the satisfaction or waiver of all conditions, but no later than August 21, 2020.

100. The Stalking Horse Offer further contains the following provisions relating to the Sale Procedure:

- (a) the Vendor shall serve and file a motion with the Court (the "**Sale Motion**") returnable on or before June 18, 2020, seeking an Order approving: (i) the Receiver's acceptance of the Stalking Horse Offer; (ii) the Sale Procedure, inclusive of the auction and the bidding procedures provided for therein; and (iii) such other relief as may be required (the "**Stalking Horse and Bidding Procedures Order**");
- (b) the Stalking Horse Agreement shall be deemed to be a qualified bid for the purpose of the auction, and the Purchaser consents to the inclusion of the Stalking Horse Offer in the Receiver's Sale Motion without the need of any sealing order;
- (c) the Receiver shall administer the Sale Procedure and shall be entitled to solicit bids until the Bid Deadline (defined below). For certainty, the Receiver shall be entitled to

- hold discussions with bidders and control any other aspect of the Sale Procedure, provided that the Bid Deadline shall not be extended without the Purchaser's prior written consent (acting reasonably);
- (d) if the Receiver does not receive any qualified bids (other than the Stalking Horse Agreement) by the Bid Deadline, and provided that all of the conditions to closing set out in Article 5 have been satisfied or waived by the applicable Party, the Vendor will close the Transaction with the Purchaser in accordance with the Stalking Horse Agreement with any necessary amendments. The Vendor shall use their commercially reasonable efforts to promptly file and serve a motion with the Court for an Order (the "**Approval and Vesting Order**") in form and substance satisfactory to the Vendor, and the Purchaser, each acting reasonably, among other things, approving this Agreement and Transaction and vesting title to the Assets in the Purchaser free and clear;
- (e) if the Receiver receives one or more qualified bids (other than this Agreement), the Receiver shall use its commercially reasonable efforts to conduct the auction for the Assets in accordance with the bidding procedures established in the Sale Procedure;
- (f) the Receiver shall have the right to accept any bid that it determines to be the most favourable as the Successful Bid. If the Purchaser is not the Successful Bidder, the Purchaser shall be entitled to, and shall be paid, the Break Fee from the proceeds of the transaction with the Successful Bidder in the amount of \$300,000 (the "**Break Fee**");
- (g) if the Purchaser is the Successful Bidder (pursuant to the Stalking Horse Agreement or otherwise), the Purchaser shall provide any information and take such actions as may be reasonably requested by the Vendor to assist the Vendor in obtaining the Approval

and Vesting Order and any other order of the Court reasonably necessary to consummate the Transaction. The Purchaser and the Vendor covenant to take, or cause to be taken, all commercially reasonable actions and to do, or cause to be done, all things necessary or proper, consistent with Applicable Law, to consummate and make effective the Transaction as soon as possible following the issuance of the Approval and Vesting Order, and, in any case, by the Closing Date; and

- (h) in the event that any third party seeks leave to appeal, or an appeal is taken or a stay pending appeal is requested with respect to the Stalking Horse and Bidding Procedures Order or the Approval and Vesting Order, the Vendor shall promptly notify the Purchaser of such leave to appeal, appeal or stay request and shall promptly provide to the Purchaser a copy of the related notice(s) or order(s). The Vendor shall also provide the Purchaser with written notice of any motion or application filed in connection with any leave to appeal or appeal from such orders.

101. Pursuant to the Stalking Horse Offer, the mutual obligation of the Receiver and the Purchaser to complete the Transaction is subject to satisfaction of, or compliance with, on or before the Closing Date, each of the following conditions precedent:

- (i) the Stalking Horse and Bidding Procedures Order shall have been issued and entered by the Court and shall not have been stayed, set aside, amended, varied, vacated or subject to a pending appeal or motion to amend, set aside, stay, vary or vacate the Stalking Horse and Bidding Procedures Order, and no order shall have been issued that restrains or prohibits the completion of the Transaction; and

- (j) prior to the Closing Date, and in any event on or before August 18, 2020, provided that the Purchaser is the Successful Bidder, the Court shall have granted the Approval and Vesting Order and shall not have been stayed, set aside, amended, varied, vacated or subject to a pending appeal or motion to amend, set aside, stay, vary or vacate the Approval and Vesting Order shall be outstanding.

102. Pursuant to the Stalking Horse Offer, the obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed on the Closing Date:

- (i) all of the terms, covenants and conditions of the Stalking Horse Offer to be complied with or performed by the Vendor shall have been complied with or performed in all material respects;
- (ii) all of the representations and warranties of the Vendor set out in the Stalking Horse Offer shall be true and accurate in all material respects as if made as of the Closing;
- (iii) receipt of all deliveries to be made by the Vendor as set out in Section 7.1 of the Stalking Horse Offer; and
- (iv) the Vendor and the Purchaser shall, on or before the Closing Date, jointly execute in prescribed form and containing the prescribed information, and Purchaser will file within the required time, an election to have section 167 of the *Excise Tax Act* (Canada), and any similar provision of any applicable provincial legislation, apply in respect of the purchase and sale of the Assets hereunder such that no tax is payable under Part IX of the *Excise Tax Act* (Canada) in respect of such purchase and sale. The parties

represent that the Vendor and Purchaser are both registered under Part IX of the *Excise Tax Act* (Canada) for this purpose.

103. The obligation of the Receiver to complete the Transaction is subject to the following conditions being fulfilled or performed on the Closing Date:

- (i) on the Closing Date, all of the terms, covenants and conditions of the Stalking Horse Offer to be complied with or performed by the Purchaser shall have been complied with or performed in all material respects;
- (ii) all of the representations and warranties of the Purchaser set out in the Stalking Horse Offer shall be true and accurate in all material respects as if made as of the Closing;
- (iii) receipt of all deliveries to be made by the Purchaser as set out in Section 7.2 of the Stalking Horse Offer; and
- (iv) the Receiver shall have determined in accordance with the Sale Procedure that the Stalking Horse Agreement is the Successful Bid.

104. The Sale Procedure, described later in this Report, is intended to provide for a fair and transparent marketing process that will allow the Receiver to maximize realizations from the Property by seeking superior offers for the Assets. The Stalking Horse Offer sets a “floor price” for the Assets.

105. As contemplated in the Stalking Horse Offer, the Receiver intends to seek a vesting order to transfer title to the Property to:

- (i) PengYuan if the Sale Procedure does not result in an offer that is sufficiently higher than the Stalking Horse Offer, or
- (ii) to the Successful Bidder if the Sale Procedure does result in an offer that is higher than the Stalking Horse Offer.

## **VIII. THE SALE PROCEDURE**

106. The Receiver seeks approval to implement the Sale Procedure that, if approved, will set the parameters of the sales and marketing process pursuant to which the Receiver will seek offers superior to the Stalking Horse Offer for the Property, and will set out the requirements for the submission of offers by interested parties.

107. The Sale Procedure shall be as follows:

- (a) the Receiver shall solicit potential purchasers by:
  - (i) sending out a teaser letter to parties identified by the Receiver as potential purchasers as soon as reasonably practicable after the issuance of this Order;
  - (ii) placing an advertisement in the Globe & Mail (National Edition) within five (5) business days of the issuance of this Order; and
- (b) providing to any potential purchasers who execute a confidentiality agreement on terms satisfactory to the Receiver: (1) access to an electronic data room containing information reasonably required by prospective purchasers of the Debtor's Property to consider submitting a Qualified Bid (defined below) and facilitate the conduct of due diligence by prospective purchasers; and (2) an electronic copy of the Stalking Horse

- Offer, but provided that the Receiver shall not be obligated to disclose trade secrets or other proprietary information the disclosure of which the Receiver deems to be detrimental to the interests of the Debtor;
- (c) any interested purchaser shall submit a formal offer to purchase the Property in the form set out in paragraph 109 below, on or before the Bid Deadline. Any bids received which meet the requirements set out in paragraph 109 shall be deemed to be “**Qualified Bid(s)**”. For the purpose of the Sale Procedure, the Stalking Horse Offer shall constitute a Qualified Bid;
  - (d) the Receiver shall review any formal bids received by the Bid Deadline and determine if there are one or more Qualified Bids;
  - (e) if the Stalking Horse Agreement constitutes the only Qualified Bid, the Receiver shall bring a motion as soon as reasonably possible thereafter for approval of the Stalking Horse Agreement and an order to vest the Debtor’s Property in PengYuan and proceed with closing the transaction forthwith;
  - (f) if there is more than one Qualified Bid, the Receiver shall send out invitations on or before August 5, 2020, or as soon as reasonably practicable, to all bidders who have submitted a Qualified Bid (the “**Qualified Bidders**”), inviting the Qualified Bidders to attend an auction (the “**Auction**”) to be conducted by the Receiver at 10:00 a.m. (Toronto time) on August 10, 2020, at the offices of the Receiver, or otherwise as may be determined by the Receiver, in its sole discretion, together with a set of rules for the conduct of the Auction, and a copy of the most favourable Qualified Bid (the “**Lead Bid**”); and

- (g) the Receiver shall conduct the Auction by soliciting bids, starting at a minimum of \$50,000.00 increments above the amount of the Lead Bid, for which each bid must exceed the aggregate purchase price payable pursuant to the preceding bid by no less than \$50,000.00 and for which all consideration in excess of the amount set forth in the Lead Bid must be comprised only of cash consideration;
- (h) the Receiver may establish such timelines and protocols for the Auction as it considers appropriate, in its discretion, which will not be inconsistent with the terms of this Order;
- (i) the “**Successful Bidder**” shall be: (1) if there are no bids at the auction, the person with the Lead Bid; or (2) the bidder with the highest qualified bid at the Auction;
- (j) upon acceptance of the bid of the Successful Bidder, (the “**Successful Bid**”) there shall be a binding agreement of purchase and sale between the Successful Bidder and the Receiver; and
- (k) the Receiver shall make a motion to this Court, forthwith, to obtain an order to approve the agreement with the Successful Bidder and to vest the Debtor’s property in the Successful Bidder, proceed with closing the transaction forthwith and distribute the Break Fee (as such term is defined in the Stalking Horse Offer) from the proceeds of the transaction.

108. Subparagraphs 107(c) to 109(k) above collectively make up the “**Bidding Procedures**”.

109. To constitute a Qualified Bid, a bid must:



- (l) be accompanied by a duly executed agreement of purchase and sale, blacklined against the Stalking Horse Offer, showing any and all variations from the Stalking Horse Offer, which includes the Terms and Conditions attached hereto as **Appendix “F”**, and a deposit in the amount equal to at least 10% of the aggregate purchase price under the subject bid by way of bank draft or certified cheque payable pursuant to the terms of the subject bid and which is not subject to any encumbrances;
- (m) remain open for acceptance and completion until 3:00 p.m. (Toronto time) on August 18, 2020;
- (n) be on terms no less favourable and no more burdensome or conditional than the terms of the Stalking Horse Offer;
- (o) not contain any contingency relating to due diligence or financing or any other material conditions precedent to the subject bidder’s obligation to close that are not otherwise contained in the Stalking Horse Offer;
- (p) specify the assets that are subject to the subject bid, including, without limitation, any executory contracts and unexpired leases;
- (q) be made by one or more bidders who can demonstrate the financial ability to consummate the transaction contemplated by the bid on the terms specified therein;  
and
- (r) contain, among other things, an aggregate purchase price at least equal to the Stalking Horse Offer, plus the Break Fee (as such term is defined in the Stalking Horse Offer) and an additional sum of \$50,000.00.

110. The Sale Procedure will be posted to the Receiver's website. Any potential interested party that contacts the Receiver will be invited to participate in the Sale Procedure.
111. In the Receiver's view, the Sale Procedure:
- (a) is consistent with market practice;
  - (b) provides a reasonable opportunity for competing bidders to submit offers superior to the Stalking Horse Offer;
  - (c) enables the Receiver to maximize realizations from the Property; and
  - (d) is reasonable and appropriate in the circumstances.

## **IX. SECURED OR PRIORITY CLAIMS**

112. The Receiver requested its independent counsel, Aird & Berlis LLP, to provide a legal opinion on the validity and enforceability of the security held by PengYuan against the assets, property and undertaking of Besnovo. A copy of the security opinion dated April 6, 2020, (the "**Security Opinion**") is provided in **Appendix "G"** to this First Report.
113. Subject to the assumptions, qualifications and discussions contained in the Security Opinion, counsel to the Receiver is of the opinion that PengYuan holds a properly perfected security interest against Besnovo's assets.
114. PengYuan is the only creditor which has registered a security interest against the Debtor pursuant to the *Personal Property Security Act*.

115. The Security Opinion includes a qualification to the effect that PengYuan's rights and remedies, as provided for in its security, may be subject to and affected by general principles of equity.
116. The Receiver is aware that, by way of a statement of defence, cross-claim and counterclaim filed in this proceeding, Cleeve Holdings, Cleeve Technology Inc. and Paul Church (collectively, "**Cleeve**"), deny that PengYuan is entitled to hold security in Besnovo, such that the validity and enforceability of PengYuan's security remains unsettled.
117. The adjudication of this dispute, which forms part of ongoing litigation between these parties, is outside the scope of the Receiver's mandate.
118. As the Stalking Horse Offer and proposed Sale Procedure are dependent upon PengYuan holding debt and security that may form the basis of a credit bid, the Receiver requires the direction of the Court regarding the validity and enforceability of such debt and security in order to address the Stalking Horse Offer on a timely basis.

#### **X. RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS**

119. Attached to this report as **Appendix "H"** is the Receiver's Interim Statement of Receipts and Disbursements for the period March 12, 2020 to June 3, 2020 (the "**Interim R&D**").
120. During this period, receipts consisted primarily of an advance of \$275,000 from PengYuan under Receiver's Borrowing Certificates No. 1 and No. 2, IRAP funding, and HST refunds.
121. Disbursements were primarily operating expenses such as rent and payroll, purchase of equipment and supplies, and Receiver's fees and disbursements.

122. The Interim R&D incorporates all of the receipts and disbursements representing transactions conducted through the Receiver's trust account at Bank of Nova Scotia, and the operating accounts of Besnovo (CAD and USD) which are domiciled at TD Bank.

## **XI. PROFESSIONAL FEES**

123. The Receiver seeks approval of its interim fees and disbursements, and those of its legal counsel, Aird & Berlis LLP.
124. The Receiver's interim accounts for the period leading up to and after the date of the Appointment Order through May 31, 2020 consist of professional fees of \$39,714.50 and HST of \$5,162.89 (the "**Receiver's Accounts**"). Attached hereto as **Appendix "I"** is the Affidavit of Robert Link sworn June 9, 2020, incorporating copies of the Receiver's Accounts and a summary of the personnel, hours and hourly rates of the Receiver.
125. The interim accounts of the Receiver's legal counsel, Aird & Berlis LLP, for the period of February 26, 2020 to May 29, 2020, consist of \$17,313.50 in fees, disbursements of \$134,50, and HST of \$2,268.25 (the "**Counsel's Accounts**"). Attached hereto as **Appendix "J"** is the Affidavit of D. Robb English sworn June 9, 2020, incorporating copies of Counsel's Accounts, as well as a summary of the personnel, hours and hourly rates of the Receiver's legal counsel.

## **XII. CONCLUSION AND RECOMMENDATIONS**

126. The Receiver respectfully requests that the Court grant an Order:
- (a) authorizing the Receiver to conduct the Sale Procedure;

- (b) providing direction to the Receiver regarding accepting the Stalking Horse Offer;
- (c) approving the First Report, the Receiver's actions, activities, conduct and findings described therein, and the Receiver's Interim R&D;
- (d) approving the fees and disbursements of the Receiver and its counsel as set out herein; and
- (e) approving the increase in the limit for the Receiver's borrowings subject to the Receiver's Borrowing Charge from \$1,000,000 to \$1,500,000.

All of which is respectfully submitted to this Court as of this 9<sup>th</sup> day of June, 2020.



**LINK & ASSOCIATES INC.**

Court-Appointed Receiver of Besnovo Inc.  
and not in its personal or corporate capacities

Court File Number: CV-18-607866-0001

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Roberts

Plaintiff(s)

AND

Besivo Inc et al

Defendant(s)

Case Management ☐ Yes ☒ No by Judge: \_\_\_\_\_

Counsel	Telephone No:	Facsimile No:
(see attached) -		

- ☐ Order ☐ Direction for Registrar (No formal order need be taken out)  
☐ Above action transferred to the Commercial List at Toronto (No formal order need be taken out)  
☐ Adjourned to: \_\_\_\_\_  
☐ Time Table approved (as follows): \_\_\_\_\_

I conducted a motion in this matter today via zoom as per the Notice to the Profession.

A copy of this endorsement shall be provided to the parties via zoom by the Commercial List office.

The attached order shall go on an unopposed basis as per the draft filed and signed. The

18 June 20

Date

me [Signature]

Judge's Signature

☒ Additional Pages one



Superior Court of Justice  
Commercial List

## FILE/DIRECTION/ORDER

## Judges Endorsement Continued

order is effective from today's date and is enforceable without the need for entry and filing.

I have reviewed the First Report and the relief sought in the order is fair and reasonable, as are the fees.

The attached endorsement shall also go. The parties agree to the terms of the endorsement.

The motion date of Sept 23/20 for 12 days has been confirmed with the Commercial List Office.

ME

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

**ISABELLE ROBERTS**

Applicant

- and -

**BESNOVO INC., CLEEVE HOLDINGS INC., CLEEVE TECHNOLOGY INC.  
PENGYUAN HOLDING LIMITED, PAUL CHURCH, and XING YUAN (also known as  
SHAWN YUAN)**

Respondents

APPLICATION UNDER Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C 1985,  
c. B-3, and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43

**Motion Hearing via videoconference before the Honourable Mr. Justice McEwen**

**June 18, 2020, 12:00 p.m.**

**AIRD & BERLIS LLP**

**D. Robb English**

Email: [renglish@airdberlis.com](mailto:renglish@airdberlis.com)

**Miranda Spence**

Email: [mspence@airdberlis.com](mailto:mspence@airdberlis.com)

Lawyers for Link & Associates Inc., in its capacity as the Court-appointed receiver of Besnovo Inc.

**LINK & ASSOCIATES INC.**

**Robert Link**

Email: [rlink@linkassociates.ca](mailto:rlink@linkassociates.ca)

Court-appointed receiver of Besnovo Inc.

**MILLER THOMSON LLP**

**Bobby Sachdeva**

Email: [bsachdeva@millერთhompson.com](mailto:bsachdeva@millერთhompson.com)

Lawyers for PengYuan Holding Limited and Xing Yuan



**SPARK LLP**

**Jeff Rosekat**

Email: [jeff@spark.law](mailto:jeff@spark.law)

Lawyers for Isabelle Roberts

**GOWLING WLG (CANADA) LLP**

**Thomas Gertner**

Email: [thomas.gertner@gowlingwlg.com](mailto:thomas.gertner@gowlingwlg.com)

Lawyers for Cleeve Holdings Inc., Cleeve Technology Inc., and Paul Church

**ALL EMAIL ADDRESSES OF ATTENDEES:**

[renglish@airdberlis.com](mailto:renglish@airdberlis.com); [mspence@airdberlis.com](mailto:mspence@airdberlis.com); [rlink@linkassociates.ca](mailto:rlink@linkassociates.ca);  
[bsachdeva@millerthomson.com](mailto:bsachdeva@millerthomson.com); [jeff@spark.law](mailto:jeff@spark.law); [thomas.gertner@gowlingwlg.com](mailto:thomas.gertner@gowlingwlg.com)



# EXHIBIT C



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) THURSDAY, THE 18<sup>TH</sup> DAY  
 )  
JUSTICE MCEWEN ) OF JUNE, 2020

B E T W E E N :

**ISABELLE ROBERTS**

Applicant

- and -

**BESNOVO INC., CLEEVE HOLDINGS INC., CLEEVE TECHNOLOGY INC.  
PENGYUAN HOLDING LIMITED, PAUL CHURCH, and XING YUAN (also known as  
SHAWN YUAN)**

Respondents

**ORDER**

**THIS MOTION**, made by Link & Associates Inc. ("**Link**"), in its capacity as the Court-appointed receiver (in such capacity, the "**Receiver**"), without security, of all the assets, undertakings and properties (collectively, the "**Property**") of Besnovo Inc. (the "**Debtor**"), for an order, amongst other things, approving the first report of the Receiver dated June 9, 2020 (the "**First Report**"), was heard this day by way of video-conference due to the COVID-19 crisis.

**ON READING** the First Report and the appendices thereto, including the affidavit of Robert G. Link sworn June 9, 2020 (the "**Link Affidavit**") and the affidavit of D. Robb English sworn June 9, 2020 (the "**English Affidavit**"), and on hearing the submissions of counsel for the Receiver, PengYuan Holding Limited ("**PengYuan**"), Cleeve Holdings Inc., Cleeve Technology Inc. and Paul Church (collectively, "**Cleeve**") and those other parties listed on the counsel slip,

no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of Diana McMillen sworn June 11, 2020, filed,

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that the actions, activities, conduct, and findings of the Receiver and its counsel as set out in the First Report, including the Receiver's interim statement of receipts and disbursements attached as Appendix H to the First Report, be and are hereby approved.

3. **THIS COURT ORDERS** that the fees and disbursements of the Receiver, as described in the First Report and as set out in the Link Affidavit, be and are hereby approved.

4. **THIS COURT ORDERS** that the fees and disbursements of the Receiver's counsel, Aird & Berlis LLP, as described in the First Report and as set out in the English Affidavit, be and are hereby approved.

5. **THIS COURT ORDERS** that the borrowing limit of \$1,000,000 for the Receiver's borrowings subject to the Receiver's Borrowing Charge, as established in paragraph 21 of the Order of the Honourable Justice McEwen dated March 12, 2020, be and is hereby increased to \$1,500,000.



---

**ISABELLE ROBERTS**

Applicant

- and -

**BESNOVO INC. et al.**

Respondents

Court File No. CV-18-607866-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**Proceedings commenced at Toronto**

**ORDER**

**AIRD & BERLIS LLP**  
Barristers and Solicitors  
Brookfield Place  
Suite 1800, Box 754  
181 Bay Street  
Toronto, ON M5J 2T9

**D. Robb English (LSO# 19862F)**

Tel: 416.865.4748

Email: [english@airdberlis.com](mailto:english@airdberlis.com)

**Miranda Spence (LSO# 60621M)**

Tel: 416.865.3414

Email: [mspence@airdberlis.com](mailto:mspence@airdberlis.com)

Fax: 416.863.1515

*Lawyers for Link & Associates Inc., in its capacity as the Court-appointed receiver of Besnovo Inc. and not in its personal capacity*

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

**ISABELLE ROBERTS**

Applicant

- and -

**BESNOVO INC., CLEEVE HOLDINGS INC., CLEEVE TECHNOLOGY INC.  
PENGYUAN HOLDING LIMITED, PAUL CHURCH, and XING YUAN (also known as  
SHAWN YUAN)**

Respondents

APPLICATION UNDER Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C 1985,  
c. B-3, and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43

**ENDORSEMENT**

**June 18, 2020, 12:00 p.m.**

1. This motion was heard by videoconference in accordance with the changes to the operations of the Commercial List in light of the COVID-19 crisis and the Chief Justice's Notices to the Profession.
2. That portion of the Receiver's motion seeking approval of the activities and interim statement of receipts and disbursements set out in the First Report dated June 9, 2020, the fees and disbursements of the Receiver and its counsel, and the increase to the Receiver's borrowing charge, as set out in the Receiver's Motion Record dated June 9, 2020, is unopposed and is hereby approved in the form of the draft Order provided.
3. The remainder of the Receiver's motion seeking approval to enter into the Agreement of Purchase and Sale with PengYuan Holding Limited ("**Pengyuan**") and approving the Stalking Horse Sales Procedure described in the Receiver's Report dated June 9, 2020 is adjourned to Sept 23/20 in order to allow Cleeve Holdings Inc., Cleeve Technology Inc., and Paul Church (the "**Cleeve Group**") to bring a motion challenging the enforceability of PengYuan's security over Besnovo Inc. The parties have agreed to the following timetable for the return of the Receiver's motion and the Cleeve Group's motion:

- (a) Cleeve Group to deliver its motion record by: July 8, 2020
- (b) PengYuan to deliver responding materials by: no later than 14 days after (a)
- (c) Cleeve Group to deliver any reply materials by: no later than 10 days after (b)
- (d) Examinations and cross-examinations to be completed by: within 14 days of (c)
- (e) Cleeve to deliver its factum by: no later than 30 days after (d)
- (f) PengYuan to deliver its factum by: no later than 4 days after (e)
- (g) Hearing Date (~~2~~ <sup>12 den</sup> hours): Sept 23/20 Tm

melet



# EXHIBIT D



## RECEIVER CERTIFICATE

CERTIFICATE NO. 0001

AMOUNT \$175,000

1. THIS IS TO CERTIFY that Link & Associates Inc., the receiver (the “**Receiver**”) of the assets, undertakings and properties of Besnovo Inc. (the “**Debtor**”) acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the “**Property**”) appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated the 12<sup>th</sup> day of March, 2020 (the “**Order**”) made in an action having Court file number CV-18-607866-00CL, has received as such Receiver from the holder of this certificate PengYuan Holding Limited (the “**Lender**”) the principal sum of \$175,000, being part of the total principal sum of \$1,000,000 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 monthly not in advance on the 1<sup>st</sup> day of each month after the date hereof at a notional rate of 7.0 per cent.

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 14<sup>th</sup> day of April, 2020.

Link & Associates Inc. solely in its capacity as  
Receiver of the Property, and not in its personal  
capacity

Per: 

Name: Robert G. Link, CIRP, LIT

Title: Authorized Signing Officer

## RECEIVER CERTIFICATE

CERTIFICATE NO. 0002

AMOUNT \$100,000

1. THIS IS TO CERTIFY that Link & Associates Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties of Besnovo Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 12<sup>th</sup> day of March, 2020 (the "**Order**") made in an action having Court file number CV-18-607866-00CL, has received as such Receiver from the holder of this certificate PengYuan Holding Limited (the "**Lender**") the principal sum of \$100,000, being part of the total principal sum of \$1,000,000 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 monthly not in advance on the 1<sup>st</sup> day of each month after the date hereof at a notional rate of 7.0 per cent.

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 27<sup>th</sup> day of May, 2020.

Link & Associates Inc. solely in its capacity as  
Receiver of the Property, and not in its personal  
capacity

Per: 

Name: Robert G. Link, CIRP, LIT

Title: Authorized Signing Officer

## RECEIVER CERTIFICATE

CERTIFICATE NO. 0003

AMOUNT \$125,000

1. THIS IS TO CERTIFY that Link & Associates Inc., the receiver (the “**Receiver**”) of the assets, undertakings and properties of Besnovo Inc. (the “**Debtor**”) acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the “**Property**”) appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated the 12<sup>th</sup> day of March, 2020 (the “**Order**”) made in an action having Court file number CV-18-607866-00CL, has received as such Receiver from the holder of this certificate PengYuan Holding Limited (the “**Lender**”) the principal sum of \$125,000, being part of the total principal sum of \$1,500,000 which the Receiver is authorized to borrow under and pursuant to the Order, and the further Order of the Court dated the 18<sup>th</sup> day of June, 2020, which increased the borrowing limit from \$1,000,000 to \$1,500,000.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated monthly not in advance on the 1<sup>st</sup> day of each month after the date hereof at a notional rate of 7.0 per cent.
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 9<sup>th</sup> day of July, 2020.

Link & Associates Inc. solely in its capacity as  
Receiver of the Property, and not in its personal  
capacity

Per: 

Name: Robert G. Link, CIRP, LIT

Title: Authorized Signing Officer

## RECEIVER CERTIFICATE

CERTIFICATE NO. 0004

AMOUNT \$125,000

1. THIS IS TO CERTIFY that Link & Associates Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties of Besnovo Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 12<sup>th</sup> day of March, 2020 (the "**Order**") made in an action having Court file number CV-18-607866-00CL, has received as such Receiver from the holder of this certificate PengYuan Holding Limited (the "**Lender**") the principal sum of \$125,000, being part of the total principal sum of \$1,500,000 which the Receiver is authorized to borrow under and pursuant to the Order, and the further Order of the Court dated the 18<sup>th</sup> day of June, 2020, which increased the borrowing limit from \$1,000,000 to \$1,500,000.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated monthly not in advance on the 1<sup>st</sup> day of each month after the date hereof at a notional rate of 7.0 per cent.
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 25<sup>th</sup> day of August, 2020.

Link & Associates Inc. solely in its capacity as  
Receiver of the Property, and not in its personal  
capacity

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

Name: Robert G. Link, CIRP, LIT

Title: Authorized Signing Officer



## RECEIVER CERTIFICATE

CERTIFICATE NO. 0005

AMOUNT \$400,000

1. THIS IS TO CERTIFY that Link & Associates Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties of Besnovo Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 12<sup>th</sup> day of March, 2020 (the "**Order**") made in an action having Court file number CV-18-607866-00CL, has received as such Receiver from the holder of this certificate PengYuan Holding Limited (the "**Lender**") the principal sum of \$400,000, being part of the total principal sum of \$1,500,000 which the Receiver is authorized to borrow under and pursuant to the Order, and the further Order of the Court dated the 18<sup>th</sup> day of June, 2020, which increased the borrowing limit from \$1,000,000 to \$1,500,000.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated monthly not in advance on the 1<sup>st</sup> day of each month after the date hereof at a notional rate of 7.0 per cent.
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 18<sup>th</sup> day of September, 2020.

Link & Associates Inc. solely in its capacity as  
Receiver of the Property, and not in its personal  
capacity

Per: 

Name: Robert G. Link, CIRP, LIT

Title: Authorized Signing Officer



# EXHIBIT E



## ASSET PURCHASE AGREEMENT

This Agreement made as of October 25, 2020,

BETWEEN:

**Link & Associates Inc., in its capacity as the Court appointed Receiver of Besnovo Inc.**  
(the "**Vendor**" or the "**Receiver**")

-and-

**PengYuan Holding Limited,**  
(the "**Purchaser**")

**WHEREAS** Link & Associates Inc. was appointed the receiver of the assets, undertakings and properties of Besnovo Inc. ("**Besnovo**") pursuant to the Order of the Honourable Mr. Justice McEwen of the Commercial List in Toronto on March 12, 2020;

**AND WHEREAS** the Purchaser is the only secured creditor of Besnovo with the secured debt being FOUR MILLION NINE HUNDRED THOUSAND DOLLARS CDN (\$4,900,000.00) together with all outstanding accrued interest (the "**Secured Debt**");

**AND WHEREAS** the Purchaser has to date advanced the sum of \$925,000 with interest at the rate of 7 per cent per month compounded monthly pursuant to Receiver's Borrowing Certificates and the Purchaser will be making additional advances pursuant to Receiver's Borrowing Certificates (collectively the "**Advances Under the Receiver's Borrowing Certificates**");

**AND WHEREAS** the Purchaser has agreed to purchase all of the assets, undertaking and properties of Besnovo, including but not limited to the Lease as defined hereafter (the "**Assets**") on the terms set out herein;

**NOW THEREFORE**, in consideration of the mutual covenants and agreements set forth in this Agreement and the sum of Two Dollars (\$2.00) paid by the Purchaser to the Vendor and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereby agree and declare as follows:

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

The terms defined herein shall have the following meanings, unless the context expressly or by necessary implication otherwise requires:

- (a) "**Adjustments**" means the adjustments to the Purchase Price provided for and determined pursuant to Section 3.2;
- (b) "**Agreement**" means this agreement of purchase and sale, as amended from time to time; "**Article**", "**Section**" and "**Subsection**" mean and refer to the specified article, section and subsection of this Agreement;

- (c) **"Approval and Vesting Order"** has the meaning ascribed thereto in Section Error! Reference source not found.;
- (d) **"Applicable Law"** means, in respect of any Person, property, transaction or event, any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order that applies in whole or in part to such Person, property, transaction or event;
- (e) **"Business Day"** means any day, other than a Saturday, Sunday or statutory holiday in Toronto, Ontario;
- (f) **"Claims"** means all past, present and future claims, suits, proceedings, liabilities, obligations, losses, damages, penalties, judgments, costs, expenses, fines, disbursements, legal fees on a solicitor and client basis, interest, demands and actions of any nature or kind whatsoever;
- (g) **"Closing"** means the closing and consummation of this Transaction, including without limitation the payment of the Purchase Price and the delivery of the Closing Documents, on the Closing Date at the offices of the Vendor's Solicitors;
- (h) **"Closing Date"** means, unless otherwise agreed by the Parties, the 4<sup>TH</sup> Business Day after the satisfaction or waiver of all conditions set out in Sections 5.1, 5.2 and 5.3, but no later than November 30, 2020;
- (i) **"Closing Documents"** means the agreements, instruments and other documents to be delivered by the Vendor to the Purchaser pursuant to Section 7.1 and the agreements, instruments and other documents to be delivered by the Purchaser to the Vendor pursuant to Section 7.2;
- (j) **"Confidential Information"** has the meaning ascribed thereto in Section 2.4;
- (k) **"Court"** means the Commercial list in Toronto;
- (l) **"Credit Bid"** means the Purchase Price offered by the Purchaser by way of the Secured Debt and the Advances Under the Receiver's Borrowing Certificates.
- (m) **"Cure Period"** means a period of three (3) Business Days commencing on the day that the Purchaser notifies the Vendor of an Interim Financing Event of Default;
- (n) **"Excluded Liabilities"** has the meaning ascribed thereto in Section 2.3;
- (o) **"Encumbrances"** means all mortgages, pledges, charges, liens, writs, executions, debentures, hypothecs, liens, trust deeds, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging, or creating a security interest in, the Assets or any part thereof or interest therein including, without limitation, any agreements, options, easements, rights-of-way, restrictions, executions and any other encumbrances affecting the Property or any part thereof or interest therein;
- (p) **"Governmental Authority"** means any domestic or foreign government, whether federal, provincial, state, territorial or municipal, any governmental agency, ministry, department, court (including the Court), Tribunal, commission, bureau,

board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government;

- (q) **"Initial Order"** means the order granted by the Honourable Justice T. McEwen dated March 12, 2020 appointing the Receiver;
- (r) **"Lease"** means that unexpired portion of Besnovo's lease of the premises known municipally as Unit # 11-14 695 Westney Rd. South Ajax, Ontario, currently due to expire as of February 14, 2021;
- (s) **"Parties"** means the Vendor and the Purchaser and **"Party"** means either one of them;
- (t) **"Person"** includes individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and Governmental Authorities;
- (u) **"Purchase Price"** means Four Million and Nine Hundred Thousand DOLLARS CDN (\$4,900,000.00) together with all outstanding accrued interest and plus all principal and interest owing as of the Closing Date pursuant to all Receiver's Borrowing Certificates;
- (v) **"Purchaser's Solicitors"** means Miller Thomson LLP or such other firm or firms of solicitors or agents as are retained by the Purchaser from time to time and notice of which is provided to the Vendor;
- (w) **"Receiver"** means Link & Associates Inc.;
- (x) **"Receiver's Certificate"** means the certificate of the Receiver customarily attached as a schedule to the Approval and Vesting Order, among other things, certifying that all of the conditions to this Agreement have been satisfied and Closing has occurred;
- (y) **"Receiver's Borrowing Certificates"** means certificates issued by the Receiver in the Receivership of Besnovo for funding of the Receivership.
- (z) **"Representative"** means an officer, employee, agent, solicitor, consultant or other advisor or representative of either the Vendor or the Purchaser, as the context may require;
- (aa) **"Sale Motion"** has the meaning ascribed thereto in Section 0;
- (bb) **"Tax Return"** means any return, declaration, report, claim for refund, information return, or other document (including any related or supporting estimates, elections, schedules, statements, notices, amendments or information) filed or required to be filed in connection with the determination, assessment, or collection of any Tax or the administration of any Applicable Law or administrative requirements relating to any Tax and whether in tangible or electronic form;
- (cc) **"Taxes"** means any tax, duty, fee, royalty, levy, impost, assessment, deduction, charge or withholding, any instalments and all liabilities with respect thereto including any penalty and interest payable with respect thereto, levied, imposed or assessed from time to time by any Governmental Authority or taxing authority, domestic or foreign, and shall include all stamp, documentary, property, land

transfer, alternative minimum, value added, income, gross receipt, gross profits, production, commodity, occupation, excise, sales, goods and services, harmonized sales, transfer, franchise, capital, payroll, employer health, and other taxes and assessments of any kind whatsoever imposed on or assessed with respect to or measured by or charged against or attributable to any person, including employment insurance premiums, Canada or provincial pension plan payments, workers' compensation payments and customs duties, together with any interest, penalties, additions to tax or additional amounts imposed by any Governmental Authority;

- (dd) **"Transaction"** means the purchase and sale of the Assets as contemplated by this Agreement;
- (ee) **"Tribunal"** means any court (including a court of equity), arbitrator or arbitration panel and any other Governmental Authority, stock exchange, professional or business organization or association or other body exercising adjudicative, regulatory, judicial or quasi-judicial powers;
- (ff) **"Vendor's or Receiver's Solicitors"** means Aird & Berlis LLP or such other firm or firms of solicitors or agents as are retained by the Vendor from time to time and notice of which is provided to the Purchaser;

## **ARTICLE 2**

### **AGREEMENT OF PURCHASE AND SALE**

#### **2.1 Purchase and Sale of Assets**

Subject to the terms and conditions of this Agreement, the Vendor hereby agrees to sell to the Purchaser, and the Purchaser agrees to purchase from the Vendor, the Assets in consideration of the payment of the Purchase Price by way of a Credit Bid, subject to adjustments in accordance with Section 3.2 This Agreement shall be completed on the Closing Date at the offices of the Vendor's Solicitors.

#### **2.2 Assumed Liabilities**

The Purchaser agrees to assume, and to indemnify the Vendor from those liabilities, obligations or commitments of Besnovo or the Vendor as specified and to the extent as follows:

- (a) The Purchaser agrees to assume the unexpired portion of the Lease provided that nothing in this agreement shall obligate the Vendor to provide the consent of the Landlord to such assumption, and the Purchaser shall make its own arrangements in that regard;
- (b) The Purchaser agrees to provide a written offer of employment to majority the employees of Besnovo commencing as of the closing date, on the same terms and conditions as each employee's existing terms and conditions of employment, provided that the Purchaser shall assume no obligation for any employment related claims arising to the Closing Date, or thereafter in respect of any employee terminated prior to the Closing Date or not accepting such offer of employment; and
- (c) The Purchaser agrees to indemnify the Vendor for its fees, disbursements and expenses incurred, including those of the Vendor's legal counsel, in respect of the receivership of Besnovo to and including the date of the discharge of the Vendor

as receiver of Besnovo, to the extent that the Vendor has not received payment from Besnovo or through the receivership of Besnovo.

### 2.3 Excluded Liabilities

Except for the assumed liabilities expressly set forth at Section 2.2 hereof, the Purchaser is not assuming, and shall not be deemed to have assumed any liabilities, obligations or commitments of the Vendor or of any other Person, whether known or unknown, fixed, contingent or otherwise, including any debts, Claims, liens, obligations, sureties, positive or negative covenants or other liabilities directly or indirectly arising out of or resulting from the Vendor's ownership of or interest in the Assets and any business conducted by the Vendor, whether pursuant to this Agreement or as a result of the Transaction (collectively, the "**Excluded Liabilities**"). For greater certainty, the Excluded Liabilities shall include, but not be limited to, the following:

- (a) all Taxes payable by the Vendor arising with respect to any taxation year or period ending on or prior to the Closing Date, all Taxes for any taxation year or period that commences prior to the Closing Date and ends after the Closing Date, where such Taxes are allocated to the Vendor on the basis that such taxation year or period ends on the Closing Date, and all Taxes payable relating to any matters or assets other than Taxes expressly assumed by the Purchaser under this Agreement
- (b) any liability, obligation or commitment in respect to Claims arising from or in relation to any facts, circumstances, events or occurrences existing or arising prior to the Closing Date.

### 2.4 Acknowledgement of Purchaser as to Condition of Assets

The Purchaser acknowledges and agrees that, subject to the representations and warranties of the Vendor contained in Section 6.2:

- (a) in entering into this Agreement, the Purchaser has relied and will continue to rely entirely and solely upon its own inspections and investigations with respect to the Assets, including without limitation, the physical and environmental condition of the Assets and a review of the documentation delivered or made available to the Purchaser pursuant to this Agreement, and the Purchaser acknowledges it is not relying on any information furnished by the Vendor or any other Person or entities on behalf of or at the direction of the Vendor in connection therewith; and
- (b) the Assets are being purchased and assumed by the Purchaser on an "as is, where is" basis as of the Closing Date and without any express or implied agreement, representation or warranty of any kind whatsoever as to the title, condition, area, suitability for development, physical characteristics, profitability, availability of development charge credits, use or zoning, the existence of latent defects, any environmental matter, the quality thereof or as to the accuracy, currency or completeness of any information or documentation supplied or to be supplied in connection with the Assets.

The Vendor shall have no obligations or responsibility to the Purchaser after Closing with respect to any matter relating to the Assets or the condition thereof save as otherwise expressly provided in this Agreement. The provisions of this Section 2.3 shall not merge on, but shall survive Closing.



## **2.5 Confidentiality**

- (a) Until Closing (and in the event this Agreement is terminated for any reason other than its completion, then also from and after such termination), the Purchaser and its consultants, agents, advisors and solicitors shall keep confidential all information, documentation and records obtained from the Vendor or its, agents, advisors or solicitors with respect to the Assets as well as any information arising out of the Purchaser's access to the Vendor's records and its due diligence with respect thereto (collectively, the "**Confidential Information**"). The Purchaser shall not use any Confidential Information for any purposes not related to this Transaction or in any way detrimental to the Vendor.

Nothing herein contained shall restrict or prohibit the Purchaser from disclosing the Confidential Information to its consultants, agents, advisors and solicitors as long as such parties provide a letter addressed to the Vendor agreeing to keep such information confidential or the Vendor receives such other assurances as are acceptable to it.

- (b) The Confidential Information referred to in this Section 2.4 shall not include:
  - (i) public information or information in the public domain at the time of receipt by the Purchaser or by its consultants, agents, advisors and solicitors;
  - (ii) information which becomes public through no fault or act of the Purchaser or its consultants, agents, advisors and solicitors;
  - (iii) information in the possession of the Purchaser not provided by the Vendor or its consultants, agents, advisors or solicitors; or
  - (iv) information required to be disclosed by law.
- (c) If this Agreement is terminated for any reason, the Purchaser shall promptly return to the Vendor all Confidential Information and similar material including all copies, and agrees to provide to the Vendor, at no cost to the Vendor, with copies of all written reports and documentation which set out the results of all tests, audits, inspections and investigations conducted by the Purchaser or its agents and representatives with respect to the Assets.

## **ARTICLE 3 PURCHASE PRICE**

### **3.1 Satisfaction of Purchase Price**

The Purchase Price shall be paid by the Purchaser to the Proposal Trustee pursuant to the Purchaser's Credit Bid on Closing.

### **3.2 General Adjustments**

The Purchase Price shall be adjusted as at Closing, if required. The Vendor shall prepare a statement of adjustments and deliver same with all supporting documentation to the Purchaser for its approval no later than Three (3) Business Days prior to the Closing Date. If the amount of any adjustments required to be made pursuant to this Agreement cannot be reasonably determined as of the Closing Date, an estimate shall be agreed upon by the Parties as of the Closing Date based on the best information available to the Parties at such time, each Party acting

reasonably, and such estimate shall serve as a final determination. Unless otherwise provided in this Agreement, in no event shall the Purchaser be responsible for any charges, fees, Taxes, costs or other adjustments in any way relating to any period on or prior to the Closing Date, whether imposed on the Vendor or charged in respect of the Assets, or relating to the Excluded Liabilities or to any matters or assets.

#### **ARTICLE 4 COURT ORDER APPROVING SALE**

##### **4.1 Approval and Vesting Order**

The Vendor shall serve and file a motion with the Court (the "**Sale Motion**") returnable on or before November 6, 2020, seeking an Order approving: (i) the sale of the Assets to the Purchaser pursuant to this Agreement; and vesting the Assets in the Purchaser.

#### **ARTICLE 5 CONDITIONS**

##### **5.1 Mutual Conditions**

The Parties' respective obligation to complete this Transaction is subject to the satisfaction of, or compliance with, on or before the Closing Date, each of the following conditions precedent:

- (a) prior to the Closing Date, and in any event on or before November 6, 2020, the Court shall have granted the Approval and Vesting Order and shall not have been stayed, set aside, amended, varied, vacated or subject to a pending appeal or motion to amend, set aside, stay, vary or vacate the Approval and Vesting Order shall be outstanding;

The foregoing conditions are for the benefit of both Parties and non-satisfaction or non-performance of any condition may only be waived by both Parties, in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the waiving Party may have. Any such waiver is only binding on a Party if it is made in writing and delivered forthwith, however neither party shall be able to delay or prevent Closing due to non-satisfaction of these mutual conditions due to a breach of this Agreement by that Party.

##### **5.2 Vendor Closing Conditions**

The Vendor's obligation to complete this Transaction is subject to the satisfaction of, or compliance with, on or before the Closing Date, each of the following conditions precedent:

- (a) all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser have been complied with or performed in all material respects;
- (b) as of the Closing Date, the Purchaser shall have delivered, or caused to be delivered to the Vendor all other items referred to in Section 7.2;

The above conditions are inserted for the sole benefit of the Vendor and may be waived in whole or in part by the Vendor by written notice to the Purchaser prior to Closing.

### 5.3 Purchaser Closing Condition

The Purchaser's obligation to complete this Transaction is subject to the satisfaction, of or compliance with, on or before the Closing Date, each of the following conditions precedent:

- (a) all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Vendor have been complied with or performed in all material respects;
- (b) as of the Closing Date, the Vendor shall have delivered, or caused to be delivered to the Purchaser all other items referred to in Section 7.1;
- (c) all representations and warranties of the Vendor contained in this Agreement shall be true and correct as at the Closing Date with the same force and effect as if made at and as of such time; and
- (d) The Vendor and the Purchaser shall, on or before the Closing Date, jointly execute in prescribed form and containing the prescribed information, and Purchaser will file within the required time, an election to have section 167 of the *Excise Tax Act* (Canada), and any similar provision of any applicable provincial legislation, apply in respect of the purchase and sale of the Assets hereunder such that no tax is payable under Part IX of the *Excise Tax Act* (Canada) in respect of such purchase and sale. The parties represent that the Vendor and Purchaser are both registered under Part IX of the *Excise Tax Act* (Canada) for this purpose

The above conditions are inserted for the sole benefit of the Purchaser and may be waived in whole or in part by the Purchaser by notice to the Vendor prior to Closing.

### 5.4 Non-Satisfaction of Conditions

If by Closing, the Vendor or the Purchaser, as applicable, having the benefit of the conditions set out in Sections 5.2 and 5.3 respectively, has not given notice to the other that any of such conditions has not been satisfied, such condition shall be deemed to have been waived. If the Vendor or the Purchaser, as applicable, does so notify the other, then this Agreement shall be terminated and null and void,

## ARTICLE 6 REPRESENTATIONS AND WARRANTIES

### 6.1 Purchaser's Representations

The Purchaser represents and warrants to and in favour of the Vendor that as of the date of this Agreement:

- (a) the Purchaser is a corporation validly existing under the laws of the Province of Ontario;
- (b) the Purchaser has all necessary corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. Neither the execution of this Agreement nor the performance by the Purchaser of the Transaction will violate the Purchaser's constating documents, any agreement to which the Purchaser is bound, any judgment or order of a court of competent jurisdiction or any Governmental Authority, or any Applicable Law.

- (c) The execution and delivery of this Agreement and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser. This Agreement is a valid and binding obligation of the Purchaser enforceable in accordance with its terms; and

## **6.2 Vendor's Representations**

The Vendor hereby represents and warrants to and in favour of the Purchaser that as of the date of this Agreement:

- (a) the Vendor is not a non-resident of Canada within the meaning of section 116 of the *Income Tax Act* (Canada).

## **ARTICLE 7 CLOSING DOCUMENTS**

### **7.1 Vendor's Closing Documents**

On or before Closing, subject to the provisions of this Agreement, the Vendor shall execute or cause to be executed and shall deliver or cause to be delivered to the Purchaser's Solicitors the following:

- (a) a statutory declaration that the Vendor is not a non-resident pursuant to the terms of section 116 of the *Income Tax Act* of Canada;
- (b) a certificate of the Vendor executed by a senior officer of the Vendor to his or her knowledge (without personal liability) that the representations and warranties of the Vendor contained in Section 6.2 are true and accurate in all material respects as of the Closing Date;
- (c) an executed copy of the Receiver's Certificate; and
- (d) a copy of the issued Approval and Vesting Order.

All documentation shall be in form and substance acceptable to the Purchaser acting reasonably and in good faith, provided that none of such documents shall contain covenants, representations or warranties which are in addition to or more onerous upon either the Vendor or the Purchaser than those expressly set forth in this Agreement.

### **7.2 Purchaser's Closing Documents**

On or before Closing, subject to the provisions of this Agreement, the Purchaser shall execute or cause to be executed and shall deliver or cause to be delivered to the Vendor's Solicitors the following:

- (a) the HST Undertaking and Indemnity, and election if applicable; and
- (b) all other documents which are required by this Agreement or which the Vendor has reasonably requested on or before the Closing Date to give effect to this Transaction.

All documentation shall be in form and substance acceptable to the Vendor acting reasonably and in good faith, provided that none of such documents shall contain covenants, representations

or warranties which are in addition to or more onerous upon either the Vendor or the Purchaser than those expressly set forth in this Agreement.

## **ARTICLE 8 TERMINATION**

### **8.1 Termination**

This Agreement may be validly terminated:

- (a) upon mutual written agreement of the Parties;
- (b) by either Party in accordance with Section 5.1
- (c) by the Purchaser in accordance with Sections 5.3; or
- (d) by the Vendor in accordance with 5.2.

## **ARTICLE 9 GENERAL**

### **9.1 Gender and Number**

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

### **9.2 Captions and Table of Contents**

The caption, headings and table of contents contained herein are for reference only and in no way affect this Agreement or its interpretation.

### **9.3 Obligations as Covenants**

Each agreement and obligation of any of the Parties hereto in this Agreement, even though not expressed as a covenant, is considered for all purposes to be a covenant.

### **9.4 Applicable Law**

This Agreement shall be construed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable thereto and shall be treated in all respects as an Ontario contract.

### **9.5 Currency**

All reference to currency in this Agreement shall be deemed to be reference to Canadian dollars.

### **9.6 Invalidity**

If any immaterial covenant, obligation, agreement or part thereof or the application thereof to any Person or circumstance, to any extent, shall be invalid or unenforceable, the remainder of this Agreement or the application of such covenant, obligation or agreement or part thereof to any person, party or circumstance other than those to which it is held invalid or unenforceable shall not be affected thereby. Each covenant, obligation and agreement in this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

## **9.7 Amendment of Agreement**

No supplement or modification of this Agreement shall be binding unless executed in writing by the Parties hereto in the same manner as the execution of this Agreement.

## **9.8 Time of the Essence**

Time shall be of the essence of this Agreement.

## **9.9 Further Assurances**

Each of the Parties hereto shall from time to time hereafter and upon any reasonable request of the other, execute and deliver, make or cause to be made all such further acts, deeds, assurances and things as may be required or necessary to more effectually implement and carry out the true intent and meaning of this Agreement.

## **9.10 Entire Agreement**

This Agreement and any agreements, instruments and other documents herein contemplated to be entered into between, by or including the Parties hereto constitute the entire agreement between the Parties hereto pertaining to the agreement of purchase and sale provided for herein and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, with respect thereto, and there are no other warranties or representations and no other agreements between the Parties hereto in connection with the agreement of purchase and sale provided for herein except as specifically set forth in this Agreement or the Schedules attached hereto.

## **9.11 Waiver**

No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision (whether or not similar) nor shall any waiver constitute a continuing waiver unless otherwise expressed or provided.

## **9.12 Solicitors as Agents and Tender**

Any notice, approval, waiver, agreement, instrument, document or communication permitted, required or contemplated in this Agreement may be given or delivered and accepted or received by the Purchaser's Solicitors on behalf of the Purchaser and by the Vendor's Solicitors on behalf of the Vendor and any tender of Closing Documents and the Balance may be made upon the Vendor's Solicitors and the Purchaser's Solicitors, as the case may be. The Vendor and Purchaser acknowledge and agree that insofar as the tender of any documents to be electronically registered is concerned, the tender of same will be deemed to be effective and proper when the solicitor for the party tendering has completed all steps required by Teraview in order to complete this Transaction that can be performed or undertaken by the tendering party's solicitor without the co-operation or participation of the other party's solicitor, and specifically when the tendering party's solicitor has electronically "signed" the transfer/deed and any other Closing Document, if any, to be electronically registered for completeness and granted access to the other party's solicitor to same, but without the necessity of the tendering party's solicitor actually releasing such documents to the other party's solicitor for registration.

## **9.13 Merger**

Except as otherwise expressly set out herein, this Agreement shall merge with the Closing contemplated herein.

#### **9.14 Successors and Assigns**

All of the covenants and agreements in this Agreement shall be binding upon the Parties hereto and their respective successors and assigns and shall ensure to the benefit of and be enforceable by the Parties hereto and their respective successors and their permitted assigns pursuant to the terms and conditions of this Agreement.

#### **9.15 Assignment**

The Purchaser shall not assign its rights and/or obligations hereunder to any other Person, at arm's length of the Purchaser, without the prior written consent of the Proposal Trustee, which consent may not be unreasonably withheld.

The Purchaser shall be able, prior to the hearing of the motion for the Approval and Vesting Order, to direct the title to the purchased assets to any other Person at non-arm's length to the Purchaser, without the prior written consent of the Proposal Trustee, provided that no such direction shall relieve the Purchaser from its obligation to make payment of the Purchase Price in the manner stipulated herein.

#### **9.16 Notice**

Any notice, demand, approval, consent, information, agreement, offer, request or other communication (hereinafter referred to as a "Notice") to be given under or in connection with this Agreement shall be in writing and shall be given by personal delivery during regular business hours on any Business Day or by e-mail transmission or other electronic communication which results in a written or printed notice being given, addressed or sent as set out below or to such other address or electronic number as may from time to time be the subject of a Notice:

(a) Vendor/Receiver:

Aird & Berlis LLP  
Brookfield Place  
181 Bay Street, Suite 1800  
Toronto ON  
M5J 2T9

Attention: Robb English  
Email: [renglish@airdberlis.com](mailto:renglish@airdberlis.com)

(b) Purchaser: PengYuan Holding Limited

Attention: Shawn Yuan  
E-mail: [shawnyuan8@outlook.com](mailto:shawnyuan8@outlook.com)

and

Miller Thomson LLP  
40 King Street West, Suite 5800  
Toronto, Ontario  
M5H 3S1

Attention: Bobby Sachdeva and Andy Kim  
Email: bsachdeva@millerthomson.com  
akim@millerthomson.com

Any Notice, if personally delivered, shall be deemed to have been validly and effectively given and received on the date of such delivery and if sent by e-mail or other electronic communication with confirmation of transmission, shall be deemed to have been validly and effectively given and received on the Business Day it was sent provided that it is prior to 5:00 p.m. on such day, and otherwise on the next following Business Day if sent after 5:00 p.m.

#### **9.17 Facsimiles/Counterparts**

All Parties agree that this Agreement may be executed in counterpart and transmitted by telecopier or PDF and that the reproduction of signatures in counterpart and by way of telecopier or PDF will be treated as though such reproduction were executed originals and each party undertakes to provide the other with a copy of this Agreement bearing original signatures within a reasonable time after the date of execution.

**[The remainder of this page has been intentionally left blank.]**



IN WITNESS WHEREOF the Vendor and Purchaser have executed this Agreement as of the day and year first above written.

**PENGYUAN HOLDING LIMITED**

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



Name: Shawn Yuan

Title: Director

**LINK & ASSOCIATES INC., in its  
capacity as the Court Appointed  
Receiver of Besnovo Inc.**

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

Name: Robert Link

Title: President

I/We have the authority to bind the corporation

42107786.2



# EXHIBIT F



**BESNOVO INC.**  
**Receiver's Interim Statement of Receipts & Disbursements**  
**For the Period of March 12 to October 21, 2020**

	Trust Account BNS (CAD)	Besnovo Account TD (CAD)	Besnovo Account TD (USD)
<b>RECEIPTS</b>			
Opening Cash In Bank	\$ -	\$ 267,024.57	\$ 16,576.56
Proceeds of Receiver Certificates Issued		925,000.00	-
Temporary 10% Wage Subsidy		25,000.00	-
National Research Council Funding		145,830.06	-
SR&ED Refunds		317,970.58	-
HST Refunds/Recovery	26,739.97	25,431.00	-
Interest		10.76	-
Other and Miscellaneous		-	-
<b>Total Receipts</b>	<b>\$ 26,739.97</b>	<b>\$ 1,706,266.97</b>	<b>\$ 16,576.56</b>
<b>DISBURSEMENTS</b>			
Filing Fee	\$ 70.00	-	-
Ascend License Fee	275.00	-	-
Telecom/Internet/IT services	2,229.96	-	-
Company Operations - Office Expenses		206,853.27	5,820.00
Company Operations - Equipment Purchases		3,127.98	252,894.40
Company Operations - Test Project Expenses		64,991.75	1,943.91
Company Operations - Payroll		722,800.52	-
HST paid on expenses	337.94	50,090.32	1,085.39
Bank Wire and Service Charges and Miscellaneous	204.19	2,264.69	35.37
Receiver's Fees and Disbursements	71,320.50	-	-
HST on Receiver Fees/Disbursements	9,271.68	-	-
Receiver's Legal Fees and Disbursements	46,980.50	-	-
HST on Receiver's Legal Fees/Disbursements	6,102.28	-	-
Account Transfers	(120,000.00)	449,620.66	(245,420.00)
<b>Total Disbursements</b>	<b>\$ 16,792.05</b>	<b>\$ 1,499,749.19</b>	<b>\$ 16,359.07</b>
<b>Excess of Receipts over Disbursements</b>	<b>\$ 9,947.92</b>	<b>206,517.78</b>	<b>217.49</b>
<b>Closing Cash Balance</b>	<b>\$ 9,947.92</b>	<b>\$ 206,517.78</b>	<b>\$ 217.49</b>



# EXHIBIT G

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

B E T W E E N :

ISABELLE ROBERTS

Applicant

- and -

BESNOVO INC., CLEEVE HOLDINGS INC., CLEEVE TECHNOLOGY INC.,  
PENGYUAN HOLDING LIMITED, PAUL CHURCH, and XING YUAN (also known as  
SHAWN YUAN)

Respondents

**AFFIDAVIT OF ROBERT G. LINK  
SWORN OCTOBER 23, 2020**

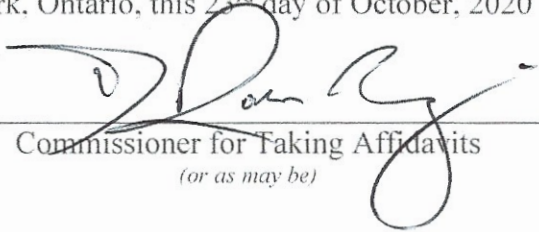
I, Robert G. Link, of the Town of Georgina, in the Province of Ontario, MAKE OATH  
AND SAY:

1. I am the President of Link & Associates Inc., in its capacity as Court-Appointed Receiver, without security (the **“Receiver”**) of all of the assets, undertakings and properties of Besnovo Inc. (the **“Debtor”**) pursuant to an Order of the Honourable Justice McEwen dated March 12, 2020 (the **“Appointment Order”**) and, as such, have knowledge of the matters contained in this affidavit.



2. The Receiver's activities and fees from commencement up to and including May 31, 2020, are set out in the Receiver's First Report to Court dated June 9, 2020 and were approved by an Order of the Honourable Justice McEwen dated June 18, 2020.
3. The Receiver's activities from June 1, 2020 to September 30, 2020 (the "**Accounts Approval Period**") are set out in the Receiver's Second Report to Court dated October 23, 2020.
4. Attached hereto and marked as **Exhibit "A"** are true copies of the accounts rendered by the Receiver for the Accounts Approval Period, totaling \$35,821.69, consisting of professional fees of \$31,606.00, disbursements of \$94.60, and HST of \$4,121.09.
5. A total of 80.8 hours were expended by the Receiver in the Accounts Approval Period in performing services in its capacity as Receiver, which equates to an average hourly rate of \$391.16.
6. The hourly billing rates outlined in Exhibit "A" are normal average hourly rates charged by Link & Associates Inc., for services rendered in relation to engagements similar to its engagement as Receiver. These accounts accurately reflect the services provided by the Receiver in this matter.
7. This Affidavit is made in support of a motion to, *inter alia*, approve the attached accounts of Link & Associates Inc. and the fees and disbursements detailed therein, and for no improper purpose whatsoever.

**SWORN BEFORE ME** by video  
conference from the City of Toronto,  
Ontario, to the community of Keswick, in the  
Town of Georgina, Regional Municipality of  
York, Ontario, this 23<sup>rd</sup> day of October, 2020



\_\_\_\_\_  
Commissioner for Taking Affidavits  
(or as may be)



\_\_\_\_\_  
**ROBERT G. LINK**

This is Exhibit "A" to the Affidavit of  
Robert G. Link sworn before me virtually

This 23<sup>rd</sup> day of October, 2020



A Commissioner etc.



Link & Associates Inc.  
Receivers + Trustees

June 30, 2020

Besnovo Inc.  
c/o Link & Associates Inc.  
Court Appointed Receiver  
77 King Street West, Suite 3000  
Toronto ON  
M5K 1G8

Invoice #1192

---

**\* I N V O I C E \***

**Re: Receivership of Besnovo Inc.**

To: Professional services rendered in our capacity as Court Appointed Receiver for the month of June, 2020 per the attached time dockets.

Our Fee:	\$ 14,015.50
HST	1,822.02
Subtotal Fee:	<u>\$ 15,837.52</u>

<b>Total Invoice</b>	<b>\$ 15,837.52</b>
----------------------	---------------------

Billing Summary	Hours	Hourly Rate	Total
Robert Link, CIRP, LIT	15.5	\$400	6,200.00
James Merryweather, CPA, CGA	20.3	\$385	7,815.50
Total			<u>\$ 14,015.50</u>

HST #81903 2178

Tel. 416.862.7785 Fax. 416.862.2136

enquiries@linkassociates.ca

77 King Street West, Suite 3000, P.O. Box 95, TD Centre North Tower, Toronto, Ontario Canada M5K 1G8

<p align="center"><b>BESNOVO INC. - RECEIVERSHIP</b>  <b>Robert Link - Time Docket</b>  <b>For the period of June 1 to June 30, 2020</b></p>
--

**June 1, 2020**

**0.5**

Tel English; tel JM.

**June 2, 2020**

**2.5**

Drafting court report; emails counsel re same; conf call counsel and counsel to PengYuan.

**June 4, 2020**

**0.3**

Emails t/f JM re IRAP, tax returns; prepare fee affidavit for report, review R&D.

**June 5, 2020**

**0.5**

Receive and review revised draft materials from counsel.

**June 7, 2020**

**2.0**

Court report drafting.

**June 8, 2020**

**4.0**

Revising report; t/f Yuan re budget and operational issues, increase to borrowing limit; emails t/f counsel.

**June 9, 2020**

**4.0**

Conf call and numerous emails t/f English, Spence, Merryweather; review and changes to report, notice of motion, order; planning to implement sales process; swearing fee affidavit, review and approval to serve Motion Record; discuss sales process targets with JM.

**June 10, 2020**

**0.1**

Emails counsel

**June 12, 2020**

**0.3**

Review target buyers for upcoming sales process and consider data room needs.

**June 15, 2020**

**0.2**

Emails Merryweather; emails counsel.

**June 16, 2020**

**0.4**

Emails re consent partial adjournment on stalking horse and timetable, advise JM no sales process at this time; discuss cash needs with JM.

**June 17, 2020**

**0.2**

Emails counsel re language amendment suggested by Rosekat.

**June 18, 2020**

**0.3**

Attend court motion via Zoom; emails re same.

**June 22, 2020**

**0.2**

Email from Zhang; email from Spence; email from JM re Muskoka removal complete.

**TOTAL**

**15.5**

DATE	DESCRIPTION	TIME (hh/mm)
<b>JAMES MERRYWEATHER, CPA, CGA</b>		
01-Jun-20	review banking, update cash analysis; update R&D; review and approve disbursements; prepare month-end accounting	1.00
02-Jun-20	review banking, update cash analysis; update R&D; review and approve payroll and disbursements; prepare write-up for Court report; prepare shareholder interest analysis	3.50
04-Jun-20	review banking, update cashflow; prepare interim R&D for report; update GST analysis; various corr w AW re tax, accounting issues	0.80
05-Jun-20	review banking, update cashflow; review and approve disbursements; corr w AW re tax issue	0.30
08-Jun-20	review banking, update cashflow; dealing w insurance issue; review draft Court report, provide comments; prepare analysis for report	2.00
09-Jun-20	review banking, update cashflow; review and approve disbursements; conference call w RL and counsel; review draft reports and exhibits, provide comments; prepare research re MROs	4.50
12-Jun-20	review banking, update cashflow; review subsidy issue; prepare research re MROs	1.50
15-Jun-20	review banking, update cashflow; prepare funding request support; various corr w AW re funding and staffing matters	1.30
16-Jun-20	review banking, update cashflow; review and approve payroll and disbursements; update funding support schedule	1.00
19-Jun-20	review banking, update cashflow	0.30
22-Jun-20	review banking, update cashflow; review and approve disbursements	0.30
24-Jun-20	review banking, update cashflow; extend cashflow to July; review July budget, corr w AW re same; prepare draft funding request for Jul 1-15	2.00
25-Jun-20	review banking, update cashflow; review and approve disbursements	0.30
29-Jun-20	review banking, update cashflow; review and approve payroll and disbursements; update funding request; GST analysis re R&D	1.50
<b>TOTAL</b>	<b>JAMES MERRYWEATHER</b>	<b>20.30</b>

Link & Associates Inc.  
Receivers + Trustees

Besnovo Inc.  
c/o Link & Associates Inc.  
Court Appointed Receiver  
77 King Street West, Suite 3000  
Toronto ON  
M5K 1G8

Invoice #1195

**\* I N V O I C E \***

**Re: Receivership of Besnovo Inc.**

To: Professional services rendered in our capacity as Court Appointed Receiver for the month of July, 2020 per the attached time dockets.

Our Fee:	\$ 5,727.00
HST	744.51
Subtotal Fee:	\$ 6,471.51

<b>Total Invoice</b>	<b>\$ 6,471.51</b>
----------------------	--------------------

Billing Summary	Hours	Hourly Rate	Total
Robert Link, CIRP, LIT	4.5	\$400	1,800.00
James Merryweather, CPA, CGA	10.2	\$385	3,927.00
Total			\$ 5,727.00

HST #81903 2178

Tel. 416.862.7785 Fax. 416.862.2136

enquiries@linkassociates.ca

77 King Street West, Suite 3000, P.O. Box 95, TD Centre North Tower, Toronto, Ontario Canada M5K 1G8

**BESNOVO INC. - RECEIVERSHIP**  
**Robert Link - Time Docket**  
**For the period of July 1 to July 31, 2020**

**July 6, 2020**

**0.4**

Email t/f English; receive and deposit HST refunds; review funding needs for July.

**July 8, 2020**

**0.7**

Email Yuan; email Merryweather to revise funding worksheet; finalize and send funding request to Yuan; review Church affidavit from Gertner.

**July 9, 2020**

**0.2**

Review emails t/f Sachadeva/Cole.

**July 10, 2020**

**0.3**

Confirm receipt of \$125K funding, issue Rec Cert #3, advise counsel to parties of same.

**July 14, 2020**

**2.0**

Premises visit; meeting w/ Yuan, discuss operations, staffing and workflow, Boeing pre-certification and offset and ITB program.

**July 16, 2020**

**0.2**

Emails Merryweather re: company legal fees; emails Zhang re: Muskoka airport issue, restoring staff work hours.

**July 22, 2020**

**0.3**

Emails Merryweather re SRED refund; review Yuan affidavit.

**July 23, 2020**

**0.1**

Email Yuan re: receipt of SRED refund.

**July 27, 2020**

**0.3**

Courier SRED chq to company; review lease amendment, execute and mail to landlord.

**TOTAL**

**4.5**

DATE	DESCRIPTION	TIME (hh/mm)
<b>JAMES MERRYWEATHER, CPA, CGA</b>		
03-Jul-20	review banking, update cashflow; review and incorporate revised July budget; revise funding request support; review and approve disbursements	1.30
06-Jul-20	review banking, update cashflow; accounting re GST refunds; finalize funding request support	1.00
07-Jul-20	review banking, update cashflow; review and approve disbursement	0.30
08-Jul-20	review banking, update cashflow; review and approve disbursement; various corr w AW re forecast; revise funding support schedule	2.30
14-Jul-20	review banking, update cashflow; review and approve payroll; develop cashflow template for AW	1.00
16-Jul-20	review banking, update cashflow; update accounting and GST analysis; review and approve disbursements; update R&D	1.00
21-Jul-20	review banking, update cashflow; review company forecast; extend cashflow to Aug	0.50
22-Jul-20	review banking, update cashflow; review and approve disbursement; various corr w AW re tax and accounting issues	0.60
27-Jul-20	review banking, update cashflow; review and advise on lease extension; review and approve expenses	0.50
28-Jul-20	review banking, update cashflow; review and approve payroll; review and approve expenses; update GST analysis	0.70
31-Jul-20	review banking, update cashflow; review and approve disbursement; prepare funding support schedule; finalize August forecast	1.00
<b>TOTAL</b>	<b>JAMES MERRYWEATHER</b>	<b>10.20</b>

Link & Associates Inc.  
Receivers + Trustees

Besново Inc.  
c/o Link & Associates Inc.  
Court Appointed Receiver  
77 King Street West, Suite 3000  
Toronto ON  
M5K 1G8

Invoice #1196

**\* I N V O I C E \***

**Re: Receivership of Besново Inc.**

To: Professional services rendered in our capacity as Court Appointed Receiver for the month of August, 2020 per the attached time dockets.

Our Fee:	\$ 3,367.50
HST	437.78
Subtotal Fee:	<u>\$ 3,805.28</u>

Disbursements:	
Teleconference charge (May 19/20)	\$ 94.60
HST on Disbursements	<u>\$ 13.24</u>
Subtotal Disbursements	<u>\$ 107.84</u>

<b>Total Invoice</b>	<b>\$ 3,913.12</b>
----------------------	--------------------

Billing Summary	Hours	Hourly Rate	Total
Robert Link, CIRP, LIT	1.2	\$400	480.00
James Merryweather, CPA, CGA	7.5	\$385	2,887.50
Total			<u>\$ 3,367.50</u>

HST #81903 2178

Tel.416.862.7785 Fax.416.862.2136

enquiries@linkassociates.ca

77 King Street West, Suite 3000, P.O. Box 95, TD Centre North Tower, Toronto, Ontario Canada M5K 1G8

<p><b>BESNOVO INC. - RECEIVERSHIP</b> <b>Robert Link - Time Docket</b> <b>For the period of August 1 to August 31, 2020</b></p>
---

**August 2, 2020**

**0.2**

Review funding projection worksheet.

**August 5, 2020**

**0.2**

Review and approve legal bill; review R&D to July 31.

**August 11, 2020**

**0.1**

Email t/f English.

**August 21, 2020**

**0.2**

Email and tel re: equipment purchases, funding.

**August 25, 2020**

**0.5**

Review amended funding worksheet; prepare funding request to PengYuan; issue Receiver Cert #4.

**TOTAL**

**1.2**



DATE	DESCRIPTION	TIME (hh/mm)
<b>JAMES MERRYWEATHER, CPA, CGA</b>		
05-Aug-20	review banking, update cashflow; prepare monthly Receiver accounting; prepare R&D	0.50
06-Aug-20	update cashflow and August forecast; review and approve disbursements	0.50
07-Aug-20	review banking, update cashflow; review and approve disbursements	0.30
11-Aug-20	review banking, update cashflow; review and approve payroll; update cashflow w cheque run and GST analysis	0.80
13-Aug-20	review banking, update cashflow; update Receiver accounting; review funding needs	0.50
19-Aug-20	review banking, update cashflow; update R&D; review and approve disbursement	0.50
21-Aug-20	review and approve disbursement; various corr w AW, SY re cashflow matters	0.50
24-Aug-20	review banking, update cashflow; review amended forecast; prepare draft funding request	1.00
25-Aug-20	review banking, update cashflow; review and approve payroll; review and approve disbursement; finalize funding request; expand cashflow to September, update w cheque run and GST analysis	1.50
26-Aug-20	review banking, update cashflow; review and approve disbursement; review draft September forecast, provide comments	0.80
27-Aug-20	review banking, update cashflow; review and approve disbursement; review amended forecast	0.30
31-Aug-20	review banking, update cashflow; review and approve disbursement	0.30
<b>TOTAL</b>	<b>JAMES MERRYWEATHER</b>	<b>7.50</b>

Link & Associates Inc.  
Receivers + Trustees

October 1, 2020

Besnovo Inc.  
c/o Link & Associates Inc.  
Court Appointed Receiver  
77 King Street West, Suite 3000  
Toronto ON  
M5K 1G8

Invoice #1198

---

**\* INVOICE \***

**Re: Receivership of Besnovo Inc.**

To: Professional services rendered in our capacity as Court Appointed Receiver for the month of September, 2020 per the attached time dockets.

Our Fee:	\$ 8,496.00
HST	1,104.48
Subtotal Fee:	<u>\$ 9,600.48</u>

Credit Adjustment:

Invoice #1196 - HST error on disbursements should be \$12.30 not \$13.24	\$ (0.94)
Subtotal Adjustments	<u>\$ (0.94)</u>

<b>Total Invoice</b>	<b>\$ 9,599.54</b>
----------------------	--------------------

Billing Summary	Hours	Hourly Rate	Total
Robert Link, CIRP, LIT	12.0	\$400	4,800.00
James Merryweather, CPA, CGA	9.6	\$385	3,696.00
Total			<u>\$ 8,496.00</u>

HST #81903 2178

<p align="center"><b>BESNOVO INC. - RECEIVERSHIP</b>  <b>Robert Link - Time Docket</b>  <b>For the period of September 1 to 30, 2020</b></p>
--

**September 3, 2020**

**0.1**

Review updated R&D for interim report.

**September 8, 2020**

**1.2**

Prepare and file 246 (2) report with OSB, and provide copy to counsel for all parties; review emails t/f counsel.

**September 9, 2020**

**1.2**

Emails English and Merryweather; consider employment issues and extension of COVID period; tel English; review Roberts' consolidated statement of claim received from J. Rosekat; brief review of Examination transcripts.

**September 14, 2020**

**0.4**

Emails re painting dispute; review Cleeve factum received from Gowlings.

**September 15, 2020**

**0.1**

Emails Merryweather.

**September 16, 2020**

**0.5**

Review funding projection to Sept 30, tel and email Merryweather; emails Zhang and Yuan re FlyGTA dispute.

**September 17, 2020**

**1.2**

Review funding projection worksheet; submit funding request, t/f S Yuan re same and modify; review emails and photos dealing with hangar painting issue; t/f counsel to PengYuan.

**September 18, 2020**

**2.0**

Emails t/f and t/f M Zhang re hangar painting issue; review PengYuan factum; review Cleeve compiled motion record; review Cleeve consol. Stmt of Defence and Counterclaim; tel and email K. McCoy re hangar painting; emails re funding.

**September 19, 2020**

**0.2**

Issue Receiver Certificate #5; notify all parties of same and quantum of borrowings to date.

**September 21, 2020**

**0.5**

Telconf w/ counsel re upcoming hearing, stalking horse and amendment of dates and approve letter re same.

**September 23, 2020**

**3.3**

Attend court hearing via Zoom; tel and email counsel before/after.

**September 24, 2020**

**1.1**

Tel Conf English and counsel to PengYuan; tel Merryweather re: funding, sales process, laser delivery and capex.

**September 28, 2020**

**0.1**

Receive and review executed lease renewal.

**September 29, 2020**

**0.1**

Emails re adjourned case conference and rescheduling.

<b>TOTAL</b>	<b>12.0</b>
--------------	-------------

DATE	DESCRIPTION	TIME (hh/mm)
<b>JAMES MERRYWEATHER, CPA, CGA</b>		
02-Sep-20	review banking, update cashflow; prepare monthly Receiver accounting	0.50
03-Sep-20	review banking, update cashflow, incl. cheque run and GST analysis; prepare Receiver R&D	0.80
08-Sep-20	review and approve disbursements; review and approve payroll; corr w AW re accounting matters	0.50
09-Sep-20	review banking, update cashflow; update cashflow incl. cheque run and GST analysis; review and approve disbursements; review and update forecast, funding support schedule: dealing with employment matters re COVID-19	2.30
15-Sep-20	review banking, update cashflow; review and approve disbursements; review amended forecast, incorporate into funding support schedule; review FlyGTA matter, corr w RL re same	2.00
16-Sep-20	review banking, update cashflow; finalize funding support schedule	0.50
18-Sep-20	review banking, update cashflow; review and approve disbursements	0.30
21-Sep-20	attend conference call w RL, counsel	0.30
22-Sep-20	update cashflow incl. cheque run and GST analysis; review and approve payroll	0.50
23-Sep-20	review banking, update cashflow	0.30
28-Sep-20	review banking, update cashflow; review and approve disbursement; expand cashflow to October	0.60
29-Sep-20	review banking, update cashflow; review October budget, corr w AW re same, incorporate into cashflow	0.50
30-Sep-20	review banking, update cashflow; prepare draft October funding schedule	0.50
<b>TOTAL</b>	<b>JAMES MERRYWEATHER</b>	<b>9.60</b>

ISABELLE ROBERTS

-and-

BESNOVO INC., CLEEVE HOLDINGS INC., CLEEVE  
TECHNOLOGY INC., PENGYUAN HOLDING LIMITED, PAUL  
CHURCH, and XING YUAN (also known as SHAWN YUAN)  
Respondents

Applicant

Court File No. CV-18-607866-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT  
TORONTO

**AFFIDAVIT OF ROBERT G. LINK  
SWORN OCTOBER 23, 2020**

**AIRD & BERLIS LLP**  
Barristers and Solicitors  
Brookfield Place  
181 Bay Street, Suite 1800  
Toronto, ON M5J 2T9

**D. Robb English (LSUC # 19862F)**

Tel: (416) 865-4748

Fax: (416) 863-1515

Email: [renglish@airdberlis.com](mailto:renglish@airdberlis.com)

**Miranda Spence (LSO# 60621M)**

Tel: (416) 865-3414

Fax: (416) 863-1515

Email: [mspence@airdberlis.com](mailto:mspence@airdberlis.com)

*Lawyers for Link & Associates Inc., in its capacity as the Court-appointed  
receiver of Besnovo Inc*



# EXHIBIT H



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

**ISABELLE ROBERTS**

Applicant

- and -

**BESNOVO INC., CLEEVE HOLDINGS INC., CLEEVE TECHNOLOGY INC.  
PENGYUAN HOLDING LIMITED, PAUL CHURCH, and XING YUAN (also known as  
SHAWN YUAN)**

Respondents

APPLICATION UNDER Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C 1985,  
c. B-3, and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43

**AFFIDAVIT OF D. ROBB ENGLISH  
(sworn October 26, 2020)**

I, D. ROBB ENGLISH, of the City of Toronto, in the Province of Ontario, **MAKE  
OATH AND SAY AS FOLLOWS:**


1. I am a lawyer at Aird & Berlis LLP and, as such, I have knowledge of the matters to which I hereinafter depose. Aird & Berlis LLP is acting as counsel for Link & Associates Inc., in its capacity as the Court-appointed receiver of Besnovo Inc. (in such capacity, the “**Trustee**”).
2. Aird & Berlis LLP has prepared statements of account in connection with its mandate as counsel to the Trustee, detailing its services rendered and disbursements incurred, namely:
  - (a) an account dated July 31, 2020 in the amount of \$21,936.13 in respect of the period from May 30, 2020 to July 27, 2020; and


(b) an account dated September 30, 2020 in the amount of \$11,390.40 in respect of the period from July 28, 2020 to September 30, 2020,

(collectively, the "**Statements of Account**"). Attached hereto and marked as **Exhibit "A"** to this Affidavit are copies of the Statements of Account. The average hourly rate of Aird & Berlis LLP was \$651.05.

3. Attached hereto and marked as **Exhibit "B"** to this Affidavit is a chart detailing the lawyers, law clerks and articling students who have worked on this matter.
4. This Affidavit is made in support of a motion to, *inter alia*, approve the attached accounts of Aird & Berlis LLP and the fees and disbursements detailed therein, and for no improper purpose whatsoever.

SWORN remotely by D. Robb English by )  
videoconference, stated as being located in )  
the City of Toronto, in the Province of )  
Ontario, this 26th day of October, 2020, in )  
accordance with O. Reg 431/20, )  
Declaration Remotely,. )  
Commissioner for taking affidavits )

  
Kyle B. Plunkett

  
D. ROBB ENGLISH



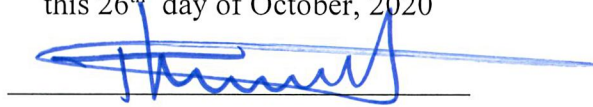
Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF D. ROBB ENGLISH

Sworn before me

this 26<sup>th</sup> day of October, 2020

A handwritten signature in blue ink is written over a horizontal line. The signature is stylized and appears to be a name, possibly "H. M. ...".

Commissioner for taking Affidavits, etc

IN ACCOUNT WITH:

**AIRD BERLIS**

Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Ontario, Canada M5J 2T9  
T 416.863.1500 F 416.863.1515  
airdberlis.com

Link & Associates Inc.  
3000-77 King Street West  
PO Box 95  
TD Centre North Tower  
Toronto, ON  
M5K 1G8

Attention: Mr. Robert Link

**Invoice No.: 678337**

PLEASE WRITE INVOICE NUMBERS  
ON THE BACK OF ALL CHEQUES  
File No.: 46217/155850  
Client No.: 46217  
Matter No.: 155850

July 31, 2020

---

**Re: Receiver of Besnovo Inc.**

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended July 27, 2020

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
DRE	01/06/20	\$875.00	1.00	\$875.00	Review draft APA; Comments to R. Link; Telephone call with R. Link to discuss process and APA; Instruct M. Spence re process order
DRE	01/06/20	\$875.00	0.30	\$262.50	Letter R. Link; Set up call with B. Sachdeva
MES	01/06/20	\$525.00	1.20	\$630.00	Receive emails and review APA; Review comments from R. English and R. Link; Draft Stalking Horse Process order and exchange emails with R. English re: same
DRE	02/06/20	\$875.00	0.30	\$262.50	Consult with R. Link on possible revisions to deal; Letter to B. Sachdeva
DRE	02/06/20	\$875.00	1.20	\$1,050.00	Conference call with Receiver and Miller Thompson re offer coming and sales process; Revise offer received and instruct re motion
MES	02/06/20	\$525.00	1.00	\$525.00	Receive emails and telephone call with R. Link re: First Report;

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					Telephone call with B. Sachdeva, R. English, R. Link re: stalking horse; Review further emails re: same; Instruct S. John re: notice of motion Receive emails and telephone call with R. Link re: First Report; Telephone call with B. Sachdeva, R. English, R. Link re: stalking horse; Review further emails re: same; Instruct S. John re: notice of motion
DRE	03/06/20	\$875.00	0.30	\$262.50	Update from R. Link on interest on shareholder advances
SLJ	03/06/20	\$370.00	2.00	\$740.00	Draft notice of motion re stalking horse motion
MES	03/06/20	\$525.00	0.20	\$105.00	Address notice of motion
DRE	04/06/20	\$875.00	0.70	\$612.50	Letter to Gowlings; Review offer revisions received and comments; Instruct M. Spence
MES	04/06/20	\$525.00	0.50	\$262.50	Exchange emails with R. English and R. Link re: motion date and draft report, and consider draft report
DRE	05/06/20	\$875.00	0.60	\$525.00	Telephone call to Gowlings, Brief M. Spence; Set up conference call; Conference call
MES	05/06/20	\$525.00	3.10	\$1,627.50	Review stalking horse agreement and form of draft order, and revise first report to address same; Telephone calls and exchange of emails with R. English re: status and strategy; Telephone call and exchange of emails with Gowlings re same
DRE	06/06/20	\$875.00	0.30	\$262.50	Review draft receiver report and recommend changes
MES	06/06/20	\$525.00	1.30	\$682.50	Further revise First Report per comments from R. English, and update bidding procedures
MES	07/06/20	\$525.00	0.20	\$105.00	Review emails from R. Link and R. English re: First Report
DRE	08/06/20	\$875.00	0.50	\$437.50	Receive updated report from R.

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					Link; Letter to counsel (MT) re status; Instruct M. Spence
MES	08/06/20	\$525.00	2.30	\$1,207.50	Exchange emails with R. Link, R. English re: timing of service; Further revise First Report; Revise draft order and notice of motion; Email to Gowlings re: court date; Exchange emails with R. English and R. Link re: same
DRE	09/06/20	\$875.00	0.90	\$787.50	Review changes to Stalking Horse process; Conference call with receiver and M. Spence; Revise order; Discuss and sign Affidavits
DRE	09/06/20	\$875.00	0.40	\$350.00	Instruct re final changes and service of motion record, etc.
MES	09/06/20	\$525.00	3.80	\$1,995.00	Call with R. English, R. Link to discuss materials; Exchange drafts with R. Link and effect various revisions to finalize First Report, draft Order, Notice of Motion; Correspondence with court re: scheduling motion date; Correspondence with parties re: same; Arrange for service of motion record
DRE	10/06/20	\$875.00	0.20	\$175.00	Update from counsel on scheduling issues
MES	10/06/20	\$525.00	0.50	\$262.50	Exchange emails with counsel for Roberts re: June 18 court date; Exchange emails with B. Sachdeva, R. English re: timetable issues
MES	11/06/20	\$525.00	0.10	\$52.50	Address affidavit of service of motion record
MES	12/06/20	\$525.00	0.30	\$157.50	Arrange for filing of materials
DRE	15/06/20	\$875.00	0.30	\$262.50	Update on status of hearing with receiver and counsel
MES	15/06/20	\$525.00	0.50	\$262.50	Exchange emails with B. Sachdeva re: position on motion; Revise draft order and circulate to R. English and R. Link

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
DRE	16/06/20	\$875.00	0.40	\$350.00	Update status with R. Link and M. Spence; Letters from counsel; Share proposal for timetable
DRE	16/06/20	\$875.00	0.20	\$175.00	Finalize schedule and arrange hearing details; Letter to R. Link
MES	16/06/20	\$525.00	0.90	\$472.50	Revise and circulate draft order; Exchange further emails with parties re: scheduling and position on motion
DRE	17/06/20	\$875.00	0.60	\$525.00	Deal with requested changes to order and approval motion; Instruct M. Spence; Letter to R. Link
MES	17/06/20	\$525.00	1.50	\$787.50	Exchange emails with all counsel re: form of order and endorsement for June 18 hearing; Exchange emails with R. Link re: same; Revise draft order; Draft endorsement and counsel slip for motion; Circulate materials to parties and Justice McEwen
DRE	18/06/20	\$875.00	0.50	\$437.50	Video court attendance
MES	18/06/20	\$525.00	0.80	\$420.00	Prepare for and attend at hearing before Justice McEwen; Circulate order and endorsement to service list
MES	19/06/20	\$525.00	0.10	\$52.50	Receive entered order from the Court
MES	22/06/20	\$525.00	0.10	\$52.50	Serve issued and entered order of Justice McEwen
MES	06/07/20	\$525.00	0.20	\$105.00	Review emails from T. Gertner, R. English re: outstanding amount under Receiver's Certificates
DRE	07/07/20	\$875.00	0.20	\$175.00	Update T. Gertner on DIP advances
DRE	08/07/20	\$875.00	0.20	\$175.00	Update R. Link on process timelines and status of accounts
MES	08/07/20	\$525.00	0.20	\$105.00	Receive and review materials from Cleeve Group re challenge to security

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MES	09/07/20	\$525.00	0.30	\$157.50	Review emails from T. Gertner, B. Sachdeva re: materials in support of Chase position
DRE	10/07/20	\$875.00	0.20	\$175.00	Circulate Receiver's Certificate
DRE	22/07/20	\$875.00	0.10	\$87.50	Letter from counsel
MES	22/07/20	\$525.00	0.20	\$105.00	Review emails serving affidavits for challenge to debt and security
DRE	23/07/20	\$875.00	0.10	\$87.50	Review pleadings received
DRE	24/07/20	\$875.00	0.20	\$175.00	Update re SHRED claim from R. Link
MES	27/07/20	\$525.00	0.10	\$52.50	Receive sworn affidavit of S. Yuan
<b>TOTAL:</b>			31.10	\$19,412.50	

<b>OUR FEE</b>	\$19,412.50
HST at 13%	\$2,523.63
<b>AMOUNT NOW DUE</b>	<b>\$21,936.13</b>

THIS IS OUR ACCOUNT HEREIN  
Aird & Berlis LLP

*D. Robb English*

D. Robb English  
/ph  
E.&O.E.

**PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT**

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 2.0% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTTOR. Please include the account number as reference.

IN ACCOUNT WITH:

**AIRD BERLIS**

Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Ontario, Canada M5J 2T9  
T 416.863.1500 F 416.863.1515  
airdberlis.com

Link & Associates Inc.  
3000-77 King Street West  
PO Box 95  
TD Centre North Tower  
Toronto, ON  
M5K 1G8

Attention: Mr. Robert Link

**Invoice No.: 684061**

PLEASE WRITE INVOICE NUMBERS  
ON THE BACK OF ALL CHEQUES  
File No.: 46217/155850  
Client No.: 46217  
Matter No.: 155850

September 30, 2020

---

**Re: Receiver of Besnovo Inc.**

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended September 30, 2020:

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
DRE	11/08/20	\$875.00	0.20	\$175.00	Update with B. Sachdeva and R. Link
DRE	25/08/20	\$875.00	0.30	\$262.50	Deal with new funding under certificate
DRE	08/09/20	\$875.00	0.60	\$525.00	Review Trustee report; Letter to counsel re motion status
DRE	09/09/20	\$875.00	0.30	\$262.50	Letter from B. Sachdeva re status of motion; Letter to R. Link
DRE	09/09/20	\$875.00	0.50	\$437.50	Instruct M. Spence; Telephone call R. Link
MES	09/09/20	\$525.00	0.20	\$105.00	Exchange emails with R. English re: court hearing
MES	14/09/20	\$525.00	0.20	\$105.00	Receive factum of Cleeve for Sept 23 motion
DRE	17/09/20	\$875.00	0.30	\$262.50	Further receiver's certificate and discuss with R. Link

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
DRE	18/09/20	\$875.00	0.40	\$350.00	Telephone call with M. Spence; Prepare for motion
DRE	18/09/20	\$875.00	0.80	\$700.00	Review court material; Telephone call with R. Link; Review stalking horse bid and set up call; Letter to counsel
MES	18/09/20	\$525.00	0.40	\$210.00	Telephone call with R. English re: upcoming motion; Receive motion record of Cleeve; Receive factum of PengYuan
DRE	19/09/20	\$875.00	0.50	\$437.50	Emails with R. Link; Review file; Set up call; Receive Receiver's certificate; Email to B. Sachdeva re terms of stalking horse
DRE	21/09/20	\$875.00	1.00	\$875.00	Prepare for hearing; Letters with counsel; Arrange and participate in conference call
MES	21/09/20	\$525.00	1.60	\$840.00	Conference call re: preparation for motion on September 23; Review emails re: materials served for September 23 motion; Revise draft order and circulate to counsel
DRE	23/09/20	\$875.00	0.30	\$262.50	Instruct M. Spence; Letter to R. Link and to counsel
DRE	23/09/20	\$875.00	0.60	\$525.00	Review report from M. Spence; Telephone call with R. Link; Set up call
DRE	23/09/20	\$875.00	0.20	\$175.00	Emails with R. Link
MES	23/09/20	\$525.00	4.10	\$2,152.50	Attend at hearing, and prepare for same; Telephone calls with R. Link; Report to R. English re: outcome of hearing; Exchange emails and telephone call with B. Sachdeva re: hearing and next steps
DRE	24/09/20	\$875.00	0.80	\$700.00	Conference call with R. Link and Peng Juan counsel re offer and next steps
DRE	25/09/20	\$875.00	0.20	\$175.00	Instruct M. Spence
MES	25/09/20	\$525.00	0.20	\$105.00	Exchange emails with R. English re:



LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					attendance at case conference
DRE	28/09/20	\$875.00	0.20	\$175.00	Schedule case conference
DRE	29/09/20	\$875.00	0.20	\$175.00	Revise court date
DRE	30/09/20	\$875.00	0.10	\$87.50	Letter to R. Link re update hearing status
<b>TOTAL:</b>			14.20	\$10,080.00	

<b>OUR FEE</b>	\$10,080.00
HST at 13%	\$1,310.40
<b>AMOUNT NOW DUE</b>	<b>\$11,390.40</b>

THIS IS OUR ACCOUNT HEREIN  
Aird & Berlis LLP



D. Robb English  
/ph  
E.&O.E.

**PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT**

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 2.0% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTOR. Please include the account number as reference.

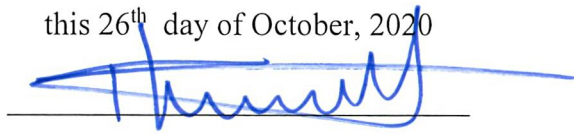
Attached is Exhibit "B"

Referred to in the

AFFIDAVIT OF D. ROBB ENGLISH

Sworn before me

this 26<sup>th</sup> day of October, 2020

A handwritten signature in blue ink is written over a horizontal line. The signature is stylized and appears to be a cursive or semi-cursive script. It starts with a long horizontal stroke on the left, followed by several loops and a final upward stroke on the right.

Commissioner for taking Affidavits, etc

## STATEMENT OF RESPONSIBLE INDIVIDUALS

*Aird & Berlis LLP's professional fees herein are made with respect to the following individuals*

Lawyer	Call to Bar	Hrly Rate	Total Time	Value
English, D. R.	1980	\$875.00	17.2	\$15,050.00
Spence, M. E	2011	\$525.00	26.1	\$13,702.50
Shakaira John	2017	\$370.00	2.0	\$740.00

**ISABELLE ROBERTS**

- and - **BESNOVO INC. et al.**

Applicant

Respondents

Court File No. CV-18-607866-00CL

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

**Proceedings commenced at Toronto**

**AFFIDAVIT OF FEES**

**AIRD & BERLIS LLP**

Barristers and Solicitors

Brookfield Place

181 Bay Street, Suite 1800

P.O. Box 754

Toronto, ON M5J 2T9

**D. Robb English (LSUC # 19862F)**

Tel: (416) 865-4748

Fax: (416) 863-1515

Email: [renglish@airdberlis.com](mailto:renglish@airdberlis.com)

**Sam Babe (LSO# 49498B)**

Tel: (416) 865-7718

Fax: (416) 863-1515

Email: [sbabe@airdberlis.com](mailto:sbabe@airdberlis.com)

Lawyers for Link & Associates Inc., in its capacity as the Court-appointed receiver of Besnovo Inc.

# TAB 3

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

THE HONOURABLE	)	WEDNESDAY, THE 4 <sup>TH</sup>
	)	
JUSTICE CONWAY	)	DAY OF NOVEMBER, 2020

BETWEEN

**ISABELLE ROBERTS**

Applicant

and

**BESNOVO INC., CLEEVE HOLDINGS INC., CLEEVE TECHNOLOGY INC.**  
**PENGYUAN HOLDING LIMITED, PAUL CHURCH, and XING YUAN (also known as**  
**SHAWN YUAN)**

Respondents

**APPROVAL AND VESTING ORDER**

**THIS MOTION**, made by Link & Associates Inc. (“**Link**”) in its capacity as the Court-appointed receiver (in such capacity, the “**Receiver**”) of the undertaking, property and assets of (collectively, the “**Property**”) of Besnovo Inc. (the “**Debtor**”) for an order approving the sale transaction (the “**Transaction**”) contemplated by an Asset Purchase Agreement (the “**Sale Agreement**”) between the Receiver and PengYuan Holding Limited (the “**Purchaser**”) dated October 25, 2020 and appended to the Second Report of the Receiver dated October 26, 2020 (the “**Report**”), and vesting in the Purchaser the Debtor’s right, title and interest in and to the

assets described in the Sale Agreement (the “**Purchased Assets**”), was heard this day via Zoom judicial conference due to the COVID-19 pandemic.

**ON READING** the Report and on hearing the submissions of counsel for the Receiver, counsel for the Purchaser and Xing Yuan, counsel for \_\_\_\_\_ and no one appearing for any other person on the service list, although properly served as appears from the affidavit of <\*> sworn October 26, 2020, filed:

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver’s certificate to the Purchaser substantially in the form attached as **Schedule “A”** hereto (the “**Receiver's Certificate**”), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing (i) any encumbrances or charges created by the Order of the Honourable Justice McEwen dated March 12, 2020 and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the “**Encumbrances**”) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, including personal information of those employees offered employment by the Purchaser. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

7. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent



preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. **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.

9. **THIS COURT ORDERS** that, notwithstanding Rule 59.05, this order is effective from the date it is made, and it is enforceable without any need for entry and filing. In accordance with Rules 77.07(6) and 1.04, no formal order need be entered and filed unless an appeal or motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original, signing, entry and filing, as the case may be, when the Court returns to regular operations.

---

**Schedule “A” – Form of Receiver’s Certificate**

Court File No. CV-18-607866-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

**ISABELLE ROBERTS**

Applicant

and

**BESNOVO INC., CLEEVE HOLDINGS INC., CLEEVE TECHNOLOGY INC. PENGYUAN  
HOLDING LIMITED, PAUL CHURCH, and XING YUAN (also known as SHAWN YUAN)**

Respondents

**RECEIVER’S CERTIFICATE**

**RECITALS**

A. Pursuant to an Order of the Honourable Justice McEwen of the Ontario Superior Court of Justice (the “**Court**”) dated March 12, 2020, Link & Associates Inc. was appointed as the receiver (the “**Receiver**”) of the undertaking, property and assets of Besnovo Inc. (the “**Debtor**”).

B. Pursuant to an Order of the Court dated November 4, 2020, the Court approved the asset purchase agreement dated October 23, 2020 (the “**Sale Agreement**”) between the Receiver and PengYuan Holding Limited (the “**Purchaser**”) and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 5 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

**THE RECEIVER CERTIFIES** the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Article 5 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at \_\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

**LINK & ASSOCIATES INC., in its capacity  
as Receiver of the undertaking, property and  
assets of BESNOVO INC., and not in its  
personal capacity**

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

Robert Link, CIRP, LIT

# TAB 4

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) WEDNESDAY, THE 4<sup>TH</sup> DAY  
)  
JUSTICE CONWAY ) OF NOVEMBER, 2020

BETWEEN:

**ISABELLE ROBERTS**

Applicant

and

**BESNOVO INC., CLEEVE HOLDINGS INC., CLEEVE TECHNOLOGY INC.  
PENGYUAN HOLDING LIMITED, PAUL CHURCH, and XING YUAN (also known as  
SHAWN YUAN)**

Respondents

**ORDER**

**THIS MOTION**, made by Link & Associates Inc. (“**Link**”), in its capacity as the Court-appointed receiver (in such capacity, the “**Receiver**”), without security, of all the assets, undertakings and properties (collectively, the “**Property**”) of Besnovo Inc. (the “**Debtor**”), for an order, amongst other things, approving the second report of the Receiver dated October 26, 2020 (the “**Second Report**”), was heard this day by way of judicial video-conference due to the COVID-19 crisis.

**ON READING** the Second Report and the appendices thereto, including the affidavit of Robert G. Link sworn October <\*>, 2020 (the “**Link Affidavit**”) and the affidavit of D. Robb English sworn October 26, 2020 (the “**English Affidavit**”), and on hearing the submissions of counsel for the Receiver, counsel for PengYuan Holding Limited and Xing Yuan, counsel for \_\_\_\_\_, no one appearing for any other person on the

service list, although duly served as appears from the affidavit of service of <\*> sworn October <\*>, 2020, filed,

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that the actions, activities, conduct, and findings of the Receiver and its counsel as set out in the Second Report, including the Receiver's interim statement of receipts and disbursements attached as Appendix F to the Second Report, be and are hereby approved.

3. **THIS COURT ORDERS** that the fees and disbursements of the Receiver, as described in the Second Report and as set out in the Link Affidavit, be and are hereby approved.

4. **THIS COURT ORDERS** that the fees and disbursements of the Receiver's counsel, Aird & Berlis LLP, as described in the Second Report and as set out in the English Affidavit, be and are hereby approved.

5. **THIS COURT ORDERS** that, notwithstanding Rule 59.05, this order is effective from the date it is made, and it is enforceable without any need for entry and filing. In accordance with Rules 77.07(6) and 1.04, no formal order need be entered and filed unless an appeal or motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original, signing, entry and filing, as the case may be, when the Court returns to regular operations.

---

**ISABELLE ROBERTS**

- and -

**BESNOVO INC. et al.**

Applicant

Respondents

Court File No. CV-18-607866-00CL

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

**Proceedings commenced at Toronto**

**ORDER**

**AIRD & BERLIS LLP**  
Barristers and Solicitors  
Brookfield Place  
Suite 1800, Box 754  
181 Bay Street  
Toronto, ON M5J 2T9

**D. Robb English (LSO# 19862F)**

Tel: 416.865.4748

Email: [renglish@airdberlis.com](mailto:renglish@airdberlis.com)

**Sam Babe (LSO# 49498B)**

Tel: 416.865.7718

Email: [sbabe@airdberlis.com](mailto:sbabe@airdberlis.com)

Fax: 416.863.1515

*Lawyers for Link & Associates Inc., in its capacity as the Court-appointed receiver of Besnovo Inc. and not in its personal capacity*



# TAB 5



## SERVICE LIST

(As of October 26, 2020)

TO: **AIRD & BERLIS LLP**  
Barristers and Solicitors  
Brookfield Place  
181 Bay Street, Suite 1800  
Toronto, ON M5J 2T9

**D. Robb English (LSO# 19862F)**  
Tel: (416) 865-4748  
Fax: (416) 863-1515  
Email: [renglish@airdberlis.com](mailto:renglish@airdberlis.com)

**Sam Babe (LSO# 49498B)**  
Tel: (416) 865-7718  
Fax: (416) 863-1515  
Email: [sbabe@airdberlis.com](mailto:sbabe@airdberlis.com)

Lawyers for Link & Associates Inc.,  
in its capacity as the Court-appointed receiver of Besnovo Inc.

AND TO: **MILLER THOMSON LLP**  
Scotia Plaza  
40 King Street West, Suite 5800  
Toronto, Ontario  
M5H 3S1

**Bobby Sachdeva LSO#: 34454C**  
Email: [bsachdeva@millerthomson.com](mailto:bsachdeva@millerthomson.com)  
Tel: (905) 532-6670  
Fax: (905) 660-0139

**Erin Craddock LSO#: 62828J**  
Email: [ecraddock@millerthomson.com](mailto:ecraddock@millerthomson.com)  
Tel: (416) 595-8631  
Fax: (416) 595-8695

Lawyers for the Respondents,  
PengYuan Holding Limited and  
Xing Yuan (also known as Shawn Yuan)

AND TO: **SPARK LLP**  
67 Yonge Street  
2<sup>nd</sup> Floor  
Toronto, Ontario M5E 1J8

**Jeff Rosekat**  
Tel: (416) 639-2151  
Fax: (647) 490-4888  
Email: [jeff@spark.law](mailto:jeff@spark.law)

Lawyers for Isabelle Roberts

AND TO: **GARDINER ROBERTS**  
Bay Adelaide Centre – East Tower  
22 Adelaide Street West, Suite 3600  
Toronto, Ontario M5H 4E3

**Dara Shane Hirbod**  
Tel: (416) 865-4014  
Fax: (416) 865-6636  
Email: [dhirbod@grllp.com](mailto:dhirbod@grllp.com)

Lawyers for Besnovo Inc.

AND TO: **GOWLING WLG (CANADA) LLP**  
1 Frist Canadian Place  
100 King Street West, Suite 1600  
Toronto, Ontario M5X 1G5

**Clifford Cole LSO #20549T**  
Tel: (416) 862-7525  
Fax: (416) 862-7661  
Email: [Clifford.cole@gowlingwlg.com](mailto:Clifford.cole@gowlingwlg.com)

**Thomas Gertner**  
Tel: (416) 369-4618  
Fax: (416) 862-7661  
Email: [thomas.gertner@gowlingwlg.com](mailto:thomas.gertner@gowlingwlg.com)

Lawyers for Cleeve Holdings Inc., Cleeve Technology Inc., and Paul Church

AND TO: **LINK & ASSOCIATES, INC.**  
77 King Street West, Suite 3000  
PO Box 95  
TD Centre North Tower  
Toronto, ON M5K 1G8

Robert Link  
Tel: (416) 862-7785 ext. 2  
Email: [rlink@linkassociates.ca](mailto:rlink@linkassociates.ca)

Court Appointed Receiver

AND TO: **ATTORNEY GENERAL OF CANADA**  
Department of Justice Canada  
Ontario Regional Office, Tax Law Section  
120 Adelaide Street West, Suite 400  
Toronto, ON M5H 1P9

**Diane Winters**  
Tel: (647) 256-7459  
Email: [diane.winters@justice.gc.ca](mailto:diane.winters@justice.gc.ca)

AND TO: **MINISTRY OF FINANCE (ONTARIO)**  
Legal Services Branch  
777 Bay Street, 11th Floor  
Toronto, ON M5G 2C8

**Kevin O'Hara**  
Tel: (416) 327-8463  
Email: [kevin.ohara@ontario.ca](mailto:kevin.ohara@ontario.ca)

## EMAIL SERVICE LIST

[bsachdeva@millerthomson.com](mailto:bsachdeva@millerthomson.com); [jeff@spark.law](mailto:jeff@spark.law); [dhirbod@grllp.com](mailto:dhirbod@grllp.com); [rlink@linkassociates.ca](mailto:rlink@linkassociates.ca);  
[diane.winters@justice.gc.ca](mailto:diane.winters@justice.gc.ca); [kevin.ohara@ontario.ca](mailto:kevin.ohara@ontario.ca); [renglish@airdberlis.com](mailto:renglish@airdberlis.com);  
[sbabe@airdberlis.com](mailto:sbabe@airdberlis.com); [jmerryweather@linkassociates.ca](mailto:jmerryweather@linkassociates.ca); [ecraddock@millerthomson.com](mailto:ecraddock@millerthomson.com);  
[achan@millerthomson.com](mailto:achan@millerthomson.com); [Clifford.Cole@gowlingwlg.com](mailto:Clifford.Cole@gowlingwlg.com);  
[Thomas.gertner@gowlingwlg.com](mailto:Thomas.gertner@gowlingwlg.com);

**ISABELLE ROBERTS**

- and - **BESNOVO INC. et al.**

Applicant

Respondents

Court File No. CV-18-607866-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**Proceedings commenced at Toronto**

**MOTION RECORD  
(returnable November 4, 2020)**

**AIRD & BERLIS LLP**  
Barristers and Solicitors  
Brookfield Place  
181 Bay Street, Suite 1800  
P.O. Box 754  
Toronto, ON M5J 2T9

**D. Robb English (LSUC # 19862F)**

Tel: (416) 865-4748

Fax: (416) 863-1515

Email: [renchlish@airdberlis.com](mailto:renchlish@airdberlis.com)

**Sam Babe (LSO# 49498B)**

Tel: (416) 865-7718

Fax: (416) 863-1515

Email: [sbabe@airdberlis.com](mailto:sbabe@airdberlis.com)

*Lawyers for Link & Associates Inc., in its capacity as the Court-appointed receiver of Besnovo Inc.*