

**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) and THE REGIONAL MUNICIPALITY OF DURHAM**

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 December 8, 2021)**

Date: November 15, 2021

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

Miranda Spence (LSO# 60621M)

Tel: (416) 865-3414
Fax: (416) 863-1515
Email: mspence@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) and THE REGIONAL MUNICIPALITY OF DURHAM**

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 Motion dated November 15, 2021 |
| 2. | Third Report of the Receiver dated November 15, 2021 |

Appendices to the Third Report

- | | |
|---|---|
| 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 | Endorsement of Justice Conway dated June 18, 2020 |
| E | Endorsement of Justice Conway dated October 16, 2020 |
| F | Second Report of Receiver dated October 26, 2020 (without appendices) |
| G | Supplemental Report to Second Report of the Receiver dated October 30, 2020
(without appendices) |

TAB	DOCUMENT
------------	-----------------

- | | |
|---|--|
| H | Approval and Vesting Order dated November 4, 2020 |
| I | Ancillary Approval Order dated November 4, 2020 |
| J | Articles of Amendment dated December 10, 2020 |
| K | Receiver's Final Statement of Receipts and Disbursements |
| L | Fee Affidavit of Receiver sworn November 15, 2021 |
| M | Fee Affidavit of Counsel to Receiver sworn November 11, 2021 |
-
- | | |
|----|-----------------------|
| 3. | Draft Discharge Order |
| 4. | 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) and THE REGIONAL MUNICIPALITY OF DURHAM**

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 MOTION
(Returnable December 8, 2021)**

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 December 8, 2021 at 9:30 a.m., or as soon after that time as the motion can be heard, via judicial videoconference at Toronto, Ontario. 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.

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

1. THE MOTION IS FOR :

- (a) an Order substantially in the form of draft order attached as Tab “3” of the Motion Record, *inter alia*,

- (b) 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;
- (c) approving the third and final report of the Receiver dated November 15, 2021 and the appendices thereto (collectively, the “**Report**”) and approving the actions of the Receiver described therein;
- (d) approving the Receiver’s Final Statement of Receipts and Disbursements as at November 15, 2021 (as appended to the Report);
- (e) approving the fees and disbursements of the Receiver and those of its legal counsel, including an estimate for fees and disbursements to be incurred to the completion of these proceedings;
- (f) discharging the Receiver and releasing the Receiver from any and all liability that the Receiver has or may hereafter have by reason of, or in any way arising from, the acts or omissions of the Receiver, while acting in its capacity as Receiver; and
- (g) for such further and other relief as counsel may advise and this Court may permit.

2. **THE GROUNDS FOR THE MOTION ARE:**

- (a) The Receiver has sold or realized upon all assets of the Debtor;
- (b) The Receiver has completed its administration of the estate of the Debtor;
- (c) The Receiver seeks a final order to approve its activities, approve payment of the fees of the Receiver and its counsel, and for its release and discharge;
- (d) Such further and other grounds as counsel may advise and this Honourable Court may permit.

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

- (a) the Report and the appendices thereto, filed herewith;

- (b) the Fee Affidavit of Robert Link sworn November 15, 2021;
- (c) the Fee Affidavit of Kyle Plunkett sworn November 11, 2021; and
- (d) such further and other material as counsel may submit and this Court may permit.

Date: November 15, 2021

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

Miranda Spence (LSO# 60621M)

Tel: (416) 865-3414
Fax: (416) 863-1515
Email: mspence@airdberlis.com

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

TO: ATTACHED SERVICE LIST

SCHEDULE “A”

Join Zoom Meeting

<https://us06web.zoom.us/j/87957986802?pwd=YkVaTjJnbC9KbzNodHlzMGF2SEFRQT09>

Meeting ID: 879 5798 6802

Passcode: 758883

One tap mobile

+12042727920,,87957986802#,,,,*758883# Canada

+14388097799,,87957986802#,,,,*758883# Canada

Dial by your location

+1 204 272 7920 Canada

+1 438 809 7799 Canada

+1 587 328 1099 Canada

+1 647 374 4685 Canada

+1 647 558 0588 Canada

+1 778 907 2071 Canada

Meeting ID: 879 5798 6802

Passcode: 758883

Find your local number: <https://us06web.zoom.us/j/kz86uQmvC>

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

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

Miranda Spence (LSO# 60621M)

Tel: (416) 865-3414

Fax: (416) 863-1515

Email: mspence@airdberlis.com

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

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) and the Regional Municipality of Durham

Respondents

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

(Motion for Discharge)

November 15, 2021

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 of Justice McEwen dated June 18, 2020
- D. Endorsement of Justice McEwen dated June 18, 2020
- E. Email Endorsement of Justice Conway dated October 16, 2020
- F. Receiver's Second Report to Court dated October 26, 2020 (without appendices)
- G. Receiver's Supplemental Report to Second Report dated October 30, 2020 (without appendices)
- H. Approval and Vesting Order dated November 4, 2020
- I. Ancillary Approval Order dated November 4, 2020
- J. Articles of Amendment for Corporate Name Change dated December 10, 2020.
- K. Receiver's Final Statement of Receipts and Disbursements as at November 15, 2021
- L. Receiver's Fee Affidavit
- M. Fee Affidavit of Counsel to Receiver

I. INTRODUCTION

1. This is the third and final report (the **“Third Report”**) of Link & Associates Inc., filed in its capacity as the Court-Appointed Receiver of Besnovo Inc. (**“Besnovo”**, the **“Debtor”** or the **“Company”**).
2. 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 the Debtor acquired for, or used in relation to a business carried on by the Debtor (the **“Property”**).
3. A copy of the Appointment Order is attached to this report as **Appendix “A”**.

1.1 Purpose of this Third Report

4. The purpose of this Third Report of the Receiver is to report on and seek approval from this Honourable Court as to the following:
 - i) approval of the actions, activities, conduct and findings of the Receiver and its counsel as described in this Third Report;
 - ii) approval of the Receiver’s Final Statement of Receipts and Disbursements as at November 15, 2021;
 - iii) approval for the professional fees and disbursements of the Receiver and those of its legal counsel, including the cost to complete the receivership, as set forward in the fee affidavits filed and attached to this Third Report;

iv) the discharge and release of the Receiver; and

v) Such further and other relief as to this Honourable Court may seem just and appropriate.

1.2 Notice to Reader

5. In preparing this Third 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.
6. 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.
7. Unless otherwise stated, all dollar amounts contained in the Third Report are expressed in Canadian dollars.

II. BACKGROUND

8. Besnovo is an Ontario corporation which operated from leased premises in Ajax, Ontario. The Company 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.

9. Besnovo was in the business of developing mobile industrial automation and laser de-coating solutions for various industries, including aerospace. The Company was still in the phase of conducting research, development and testing of its technology but had not yet commercialized it or generated any customer revenue as at the date of the Appointment Order.
10. 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. Cleeve Technology Inc., and its principal Paul Church, together with Cleeve Holdings shall be referred to collectively as the Cleeve Group (the “**Cleeve Group**”).
11. 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.
12. Xing (Shawn) Yuan (“**Yuan**”) was the current President and director of Besnovo, and a director of PengYuan. PengYuan acquired its 50% interest in the Debtor from Cleeve Holdings on or around December 13, 2016.
13. 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**”).
14. PengYuan took security for the \$5 million PengYuan Loan. PengYuan was the 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**”).

15. Isabelle Roberts (“**Roberts**”) commenced legal proceedings in October 2018 against various parties including PengYuan, Besnovo and the Cleeve Group in which she claims to, among other things, be a beneficial shareholder of Besnovo.
16. PengYuan thereafter commenced an action against the Cleeve Group in December, 2018.
17. The Cleeve Group subsequently disputed PengYuan’s right to a security interest over the assets of Besnovo for the PengYuan Loan.
18. Given the ongoing litigation regarding competing claims of ownership of the Debtor, the dispute between shareholders as to entitlement to claim a security interest over the assets of the Debtor, and the need for a continuous funding source to continue operations, the application was brought for the appointment of the Receiver.

III. RECEIVER’S REPORTS TO COURT AND RELATED MOTIONS

19. The Receiver has filed two Reports to Court and one Supplemental Report, as set out below.

3.1 Receiver’s First Report to Court

20. On June 9, 2020, the Receiver filed its first report to Court (the “**First Report**”) for a motion returnable June 18, 2020. A copy of the First Report (without appendices) is attached hereto as **Appendix "B"**.
21. Relief sought by the Receiver included, among other things, approval for a Stalking Horse Sales Procedure pursuant to a credit bid agreement of purchase and sale with PengYuan (the “**Stalking Horse**”).

22. On the return of the Receiver's motion scheduled for 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 an increased borrowing limit up to \$1,500,000.
23. 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.
24. A copy of the First Approval Order is attached hereto as **Appendix "C"**.
25. The Court also issued an endorsement (the "**June 18, 2020 Endorsement**") to adjourn the portion of the Receiver's motion seeking approval of the Stalking Horse to September 23, 2020, given the dispute between PengYuan and Cleeve regarding PengYuan's security interest.
26. A copy of the June 18, 2020 Endorsement is attached hereto as **Appendix "D"**.

3.2 Adjournments and Settlement of Dispute over Security Interest

27. Pursuant to the adjournment of a portion of the relief being sought to September 23, 2020, as noted above, Cleeve and PengYuan conducted examinations and prepared materials in accordance with the timetable set out by the Court in the June 18 Endorsement.
28. On the resumption of the motion on September 23, 2020, there was no determination made on the PengYuan 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.

29. The motion was adjourned to a case conference to be held on September 29, 2020, which was further adjourned to October 8, 2020.
30. Prior to the resumption of the scheduled case conference on October 8, 2020, 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 on consent.
31. On October 16, 2020, the Court issued an endorsement via email (the “**October 16, 2020 Email 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 further adjourned the balance of the Receiver’s motion (originally scheduled for June 18, 2020) to November 4, 2020.
32. A copy of the October 16, 2020 Email Endorsement of Madame Justice Conway is attached hereto as **Appendix "E"**.

3.3 Receiver’s Second Report to Court

33. On October 26, 2020, the Receiver filed its second report to Court (the “**Second Report**”) for the motion now returnable on November 4, 2020.
34. The Second Report reported on the settlement of the dispute between Cleeve and PengYuan and the expiry of the Stalking Horse.
35. With the dispute over the security interest having been settled, the Receiver recommended and sought approval for an Asset Purchase Agreement for the sale of Besnovo’s assets to PengYuan

(the “**APA**”) via credit bid of its secured debt, without undertaking the (now expired) Stalking Horse process.

36. A copy of the Second Report (without appendices) is attached hereto as **Appendix "F"**.

3.4. Supplemental Report to Receiver’s Second Report

37. On October 30, 2020, the Receiver filed a supplemental report to the Second Report (the “**Supplemental Report**”).

38. The purpose of the Supplemental Report was to advise the Court that PengYuan, as the proposed purchaser under the APA set out in the Second Report, intended to assign its rights and direct title to the assets being purchased to a new company, wholly owned by PengYuan, and to provide an updated form of Approval and Vesting Order to reflect the direction of title to PengYuan’s nominee, 12450828 Canada Inc. (“**124**”).

39. A copy of the Supplemental Report (without appendices) is attached hereto as **Appendix "G"**.

40. The APA was approved in an Order of Madam Justice Conway dated November 4, 2020 (the “**Approval and Vesting Order**”).

41. A copy of the Approval and Vesting Order is attached hereto as **Appendix “H”**

42. The balance of the relief sought on the return of the motion, dealing primarily with approval of the Receiver’s Second Report, Supplemental Report, and its fees and those of its legal counsel, was approved in an ancillary Order dated November 4, 2020 (the “**Ancillary Approval Order**”).

43. A copy of the Ancillary Approval Order is attached hereto as **Appendix “I”**.

IV. CLOSING OF SALE OF ASSETS TO 12450828 CANADA INC.

44. The sale of assets to 124 (by way of assignment from PengYuan) as contemplated by the APA (the “**Transaction**”) closed on December 4, 2020.
45. The value of the credit bid comprised of the secured debt (principal, interest, and Receiver Certificates) at the date of closing was approximately \$6.5 million. Pursuant to the terms of the APA, 124 offered continuing employment to certain former Besnovo employees.
46. Three employees were terminated effective December 4, 2020 and were paid wages and vacation pay owing up to that date. For all of the eligible terminated employees, the Receiver processed their unsecured claims for termination pay under the Wage Earner Protection Program.
47. The Receiver assisted with the assignment of the lease of the Ajax, Ontario premises to 124 and other post-closing transition matters as required to effect completion of the Transaction.

4.1 Corporate Name Change

48. Coinciding with the closing of the Transaction, and in accordance with the terms of the APA and as authorized by the Approval and Vesting Order, the Receiver on behalf of the Debtor filed articles of amendment to change the name of the corporation from Besnovo Inc. back to 2325208 Ontario Inc.
49. The Articles of Amendment were filed and accepted by the Ministry of Government Services on December 10, 2020, a copy of which are attached hereto as **Appendix “J”**.

V. RECEIVER'S OTHER ACTIVITIES

50. In addition to dealing with the operational, legal and asset sale issues described in its First and Second Reports and Supplemental Report to Court, the Receiver continued 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) Participated in Canada Revenue Agency (“CRA”) payroll trust exam and Canada Emergency Wage Subsidy (CEWS) program review by CRA;
- iii) Review and approve all purchases, payments and payroll;
- iv) Monthly accounting issues, cashflow tracking and forecasting;
- v) Year-end accounting and 2020 income tax return, other statutory and related filings;
and
- vi) Assisted in the transition of the business to the Purchaser, including assignment of lease, insurance renewal, accounting and banking, and purchase price allocation.

5.1 2020 Income Tax Return

51. One of the final matters for the Receiver to deal with was the completion of Besnovo's December 31, 2020 Corporate Income Tax Return, which contained a claim for Scientific Research & Experimental Development (“SRED”) refundable tax credits.

52. The return was assessed by CRA as filed, and on October 27, 2021, the Receiver received and deposited to its trust account the approved 2020 SRED refund of \$142,249.21 (the “**2020 SRED Refund**”).

53. The 2020 SRED Refund is a purchased asset, and the proceeds were paid over to 124 on November 3, 2021.

5.2 Liabilities

54. In its prior reports to Court, the Receiver noted that Besnovo had no significant trade payables or creditors aside from debts owing to its shareholders, and a claim by Roberts to be owed \$125,000.

55. As set out in its First Report, such claim made by Roberts could not be substantiated by the Receiver.

56. The settlement between PengYuan and Cleeve referred to in the Second Report resulted in the Cleeve Holdings Loan of \$2 million plus interest being transferred to PengYuan along with the shares. It remains an unsecured liability of the Debtor.

57. The secured PengYuan Loan of \$4.9 million (net principal amount), plus interest, along with the Receiver Certificates funded by Peng Yuan, comprised the consideration paid for the assets pursuant to the APA, and all such debts were extinguished upon the closing of the Transaction.

58. The Receiver is not aware of any unpaid liabilities of the Debtor, except for the residual unsecured shareholder loan noted above, and a recent assessment for Employer Health Tax as set out below.

5.2.1 Employer Health Tax

59. On July 15, 2021 the Ministry of Finance registered a lien for unpaid Employer Health Tax (“EHT”) in the amount of \$13,562.40.
60. The Receiver corresponded with the Ministry to advise of the stay imposed by the Appointment Order and to seek clarification as to the nature of the claim, which appears to have arisen as a result of disallowed or improperly applied exemption allocations among related companies (i.e. Cleeve Group) in prior years.
61. In response, the Ministry recognized the stay as a result of the Appointment Order, discharged its lien, and instead filed an unsecured proof of claim with the Receiver as at the date of the Appointment Order (March 12, 2020) for \$13,036.93.
62. There is no assessment owing for EHT subsequent to the appointment of the Receiver.

VI. FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS

63. Attached to this report as **Appendix “K”** is the Receiver’s Final Statement of Receipts and Disbursements for the period of March 12, 2020 to November 15, 2021 (the “**Final R&D**”).
64. The Final 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 were domiciled at TD Bank and are now closed.
65. Receipts for the period of the receivership consist primarily of funding from PengYuan by way of Receiver Certificates, SRED tax credit refunds, and grants from the National Research Council’s Industrial Research Assistance Program.

66. No cash was paid on closing of the Transaction since the consideration was satisfied by way of a secured credit bid. As part of the Transaction, the fees and expenses of the Receiver and its legal counsel and any other expenses are being satisfied in full by the Purchaser from cash retained in the Receiver's trust account, with surplus funds being paid over to the Purchaser.
67. We note that the Purchaser (124) filed articles of amendment to change its name to Besnovo Technologies Inc. ("**Technologies**") on December 11, 2020.
68. Cash in bank at the date of this Third Report is \$16,125.46. From this amount, the final fees and disbursements of the Receiver for its cost to complete of \$2,000.00 plus HST, and Counsel's final fees estimated at \$7,500.00 plus HST and disbursements, will be paid, along with any final bank charges and miscellaneous costs.
69. A further and final HST refund of approximately \$2,200.00 is expected to be collected by the Receiver, but it is unlikely to be received prior to the motion date.
70. After collecting the final HST refund and paying all of the final fees and expenses as set out herein, the Receiver will pay the remaining surplus funds over to Technologies (estimated at approximately \$7,600.00), at which time the Receiver's bank account will be brought to zero and closed.

VII. PROFESSIONAL FEES

71. The Receiver seeks approval of its fees and disbursements, and those of its legal counsel, Aird & Berlis LLP ("**Receiver's Counsel**"), as follows.

72. The Receiver's accounts for fees and disbursements from commencement up to and including September 30, 2020, were previously approved by the Court in the First Approval Order and the Ancillary Approval Order.
73. The Receiver's accounts for the period of October 1, 2020 to November 12, 2021, plus its estimated cost to complete, total \$59,861.22, which consist of professional fees of \$52,922.50, disbursements of \$52.01, and HST on fees and disbursements of \$6,886.71. Included in this total is the Receiver's estimate of its cost to complete the receivership, including final Court attendance, preparation and filing of its final statutory 246 report under the BIA, consolidation of files, final accounting matters and closing of trust account, and all other closing matters, of \$2,000 plus HST (the "**Receiver's Accounts**").
74. Attached hereto as **Appendix "L"** is the Affidavit of Robert Link sworn November 15, 2021, incorporating copies of the Receiver's Accounts and a summary of the personnel, hours and hourly rates of the Receiver.
75. The interim accounts of the Receiver's Counsel for the period ending September 30, 2020 were previously approved by the Court in the First Approval Order and the Ancillary Approval Order.
76. The accounts of the Receiver's Counsel for the period of October 5, 2020 to November 1, 2021 plus its estimated cost to complete total \$58,220.36 and consist of fees of \$51,027.50 disbursements of \$549.00 and HST of \$6,643.86 (the "**Counsel's Accounts**"). Attached hereto as **Appendix "M"** is the Affidavit of Kyle Plunkett sworn November 11, 2021, incorporating copies of Counsel's Accounts, as well as a summary of the personnel, hours and hourly rates of the Receiver's Counsel.

VIII. SUMMARY AND RECOMMENDATIONS

77. For all of the above reasons, the Receiver respectfully requests that this Honourable Court issue an Order:

- i) Approving the activities and conduct of the Receiver and its counsel as set out in this Third Report;
- ii) Approving the Receiver's Final Statement of Receipts of Disbursements;
- iii) Approving the accounts of the Receiver and its legal counsel; and
- iv) Approving the discharge and release of the Receiver.

All of which is respectfully submitted to this Court this 15th day of November, 2021.

LINK & ASSOCIATES INC.

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



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

THIRD REPORT OF LINK & ASSOCIATES INC.

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

Miranda Spence (LSO# 60621M)

Tel: (416) 865-3414

Fax: (416) 863-1515

Email: mspence@airdberlis.com

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

TAB 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.



ENREGISTRÉ ET INSCRIT À 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.

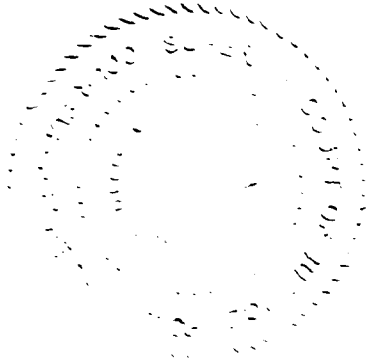
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

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

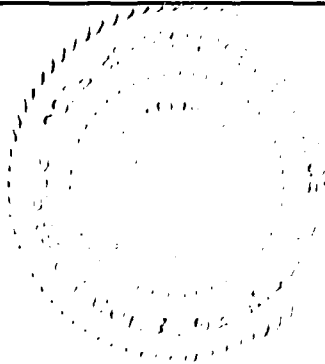
Per: _____

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

TAB 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 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

BALANCE SHEET				
CAD 000's				
		Year Ended December 31		
		2017	2018	2019
ASSETS				
Cash		4,729	2,711	433
Inventory		535	634	843
Capital Assets		101	126	121
Other		214	451	264
TOTAL ASSETS		5,579	3,922	1,661
LIABILITIES				
Trade Debt		20	36	23
Shareholder Loan				
PengYuan		5,112	5,150	5,300
Cleeve		2,035	2,061	2,121
TOTAL LIABILITIES		7,167	7,247	7,444
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/Besново 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 Besново’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 9th day of June, 2020.



LINK & ASSOCIATES INC.

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

TAB C

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) THURSDAY, THE 18TH 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: renglish@airdberlis.com

Miranda Spence (LSO# 60621M)
Tel: 416.865.3414
Email: 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

TAB D

**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~~ hours): Y2den Sept 23/20 Tm

meEnt

TABLE

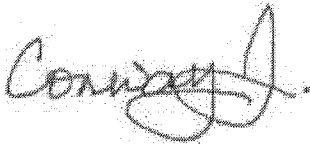
Robert Link

From: Conway, Madam Justice Barbara (SCJ) <Barbara.Conway@scj-csj.ca>
Sent: October 16, 2020 10:50 AM
To: Gertner, Thomas; JUS-G-MAG-CSD-Toronto-SCJ Commercial List; Cole, Clifford; Craddock, Erin; Jeff Rosekat; Robb English; Robert Link; Sachdeva, Bobby; mspence@airdberlis.com
Subject: RE: Isabelle Roberts v. Besnovo Inc. et al. - Court File No. CV-18-607866-00CL
Importance: High

There were two matters before me today.

First is the litigation as between the Cleeve and PengYuan shareholders. It has settled and counsel will be preparing a consent order re same. They may send it to me by email for signature once finalized.

Second is the Receiver's motion to approve a sales process. Mr. English needs a bit more time in light of the lapse of the PengYuan proposed transaction. The matter is returnable **to me on November 4th for one hour at 10:30 (confirmed with the CL office).**



Superior Court of Justice (Toronto)

-----Original Appointment-----

From: Gertner, Thomas <Thomas.Gertner@gowlingwlg.com>
Sent: October 15, 2020 10:04 AM
To: Gertner, Thomas; JUS-G-MAG-CSD-Toronto-SCJ Commercial List; Cole, Clifford; Craddock, Erin; Jeff Rosekat; Robb English; Robert Link; Sachdeva, Bobby; mspence@airdberlis.com; Conway, Madam Justice Barbara (SCJ)
Subject: Isabelle Roberts v. Besnovo Inc. et al. - Court File No. CV-18-607866-00CL
When: October 16, 2020 10:30 AM-11:00 AM (UTC-05:00) Eastern Time (US & Canada).
Where: Zoom Instructions Below;
<https://gowlingwlgca.zoom.us/j/99660560628?pwd=SIBMcuPneFBvOC9kSTd5QktRS3kxZz09>

Join Zoom Meeting

<https://gowlingwlgca.zoom.us/j/99660560628?pwd=SIBMcuPneFBvOC9kSTd5QktRS3kxZz09>

Password: 512008

One tap mobile

+12042727920,,99660560628# Canada
+14388097799,,99660560628# Canada

TAB F

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

Table of Contents

I.	Introduction.....	1
1.1	The Parties	1
1.2	First Report to the Court	2
II.	Purpose of the Report	3
2.1	Terms of Reference.....	4
III.	Background	5
3.1	Business and Financial Overview	6
3.2	Income Statement	6
3.3	Balance Sheet	8
3.4	Funding	9
IV.	Asset Values.....	9
4.1	Machinery, Equipment and Inventory	10
4.2	Accounts Receivable and SRED	10
V.	PengYuan Security Interest	11
VI.	Expiry of Stalking Horse Offer	13
VII.	The PengYuan Asset Purchase Agreement	14
7.1	Rationale for Recommendation of APA	16

7.2	CRA and Employees	18
VIII.	Receiver's Other Activities	19
IX.	Interim Statement of Receipts and Disbursements	20
X.	Professional Fees	20
XI.	Summary and Recommendations	21

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.

Income Statement Summary - Unaudited				
		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.

Balance Sheet Summary - Unaudited				
CAD 000's		31-Dec 2018	31-Dec 2019	30-Sep 2020
ASSETS				
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
TOTAL ASSETS		3,922	1,541	1,871
LIABILITIES				
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
TOTAL LIABILITIES		7,248	7,459	8,543
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:

Credit Bid - Floor Price	
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
Floor Price	\$ 6,549,533.00

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):

Credit Bid - APA	
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
Floor Price	\$ 6,249,533.00

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 26th day of October, 2020.



LINK & ASSOCIATES INC.

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

TAB G

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) and the Regional Municipality of Durham

Respondents

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

October 30, 2020

INDEX OF APPENDICES

- A. Direction re: Title
- B. Approval and Vesting Order (amended)

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**”).

II. PURPOSE OF THE REPORT

2. On October 26, 2020, the Receiver filed its second report to Court (the “**Second Report**”) for a motion returnable November 4, 2020.
3. This report is being filed as supplemental to the Second Report (the “**Supplemental Report**”).
4. The purpose of this Supplemental Report is to:
 - i) Advise the Court that PengYuan Holding Limited (“**PengYuan**”), the proposed purchaser (the “**Purchaser**”) under the revised Asset Purchase Agreement (“**APA**”) set out in the Second Report, has advised the Receiver that it intends, pursuant to Section 9.15 of the APA, to assign its rights and direct title to the assets being purchased (the “**Purchased Assets**”) to a new company wholly-owned by PengYuan;
 - ii) To provide an updated form of Approval and Vesting Order to reflect the direction of title; and

- iii) To seek such further and other relief as to this Honourable Court may seem just and appropriate.

2.1 Terms of Reference

- 5. In preparing this Supplemental 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.
- 6. 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.
- 7. Unless otherwise stated, all dollar amounts contained in the Supplemental Report are expressed in Canadian dollars.

III. ASSIGNMENT OF ASSET PURCHASE AGREEMENT

- 8. A copy of the APA is contained at Appendix “E” to the Second Report.

9. The purchase price (the “**Purchase Price**”) is currently comprised of a credit bid valued as follows (subject to increase due to interest and/or additional Receiver Certificates, if necessary):

Credit Bid - APA	
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
Floor Price	\$ 6,249,533.00

10. Section 9.15 of the APA provides for the Purchaser to 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 Receiver, provided that no such direction shall relieve the Purchaser from its obligation to make payment of the Purchase Price in the manner stipulated herein.
11. The Purchaser has designated 12450828 Canada Inc. (“**124**”) as the assignee under the APA to take title to the Purchased Assets upon closing of the Transaction. A copy of an executed Direction re: Title is attached hereto as **Appendix “A”**.
12. The Purchaser has advised that 124, as purchaser of, among other things, all the Debtor’s intellectual property including the trade name “Besnovo”, intends to carry on business under the “Besnovo” name post-closing and/or file articles of amendment to change its name to a name that will include “Besnovo”.
13. An amended form of Approval and Vesting Order has been prepared and is attached hereto as **Appendix “B”**.

IV. SUMMARY AND RECOMMENDATIONS

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

- i) approving this Supplemental Report to the Second Report.

All of which is respectfully submitted to this Court as of this 30th day of October, 2020.

A handwritten signature in dark ink, consisting of a long horizontal stroke with a loop and a diagonal line crossing it.

LINK & ASSOCIATES INC.

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

42188445.1

TAB H

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)	WEDNESDAY, THE 4 TH
)	
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) and THE REGIONAL MUNICIPALITY OF DURHAM

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 “**PengYuan**”) dated October 25, 2020 and appended to the Second Report of the Receiver dated October 26, 2020 (the “**Report**”), and vesting in PengYuan’s nominee, 12450828 Canada Inc. (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 PengYuan, the Purchaser and Xing Yuan, counsel for Cleeve Holdings Inc., Cleeve Technology Inc. and Paul Church, and counsel for Isabelle Roberts, and no one appearing for any other person on the service list, although properly served as appears from the affidavit of Paula Hoosain 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, 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**”), but excluding any encumbrances or charges created by the Order of the Honourable Justice McEwen dated March 12, 2020, 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, notwithstanding the provisions of subsection 171(3) of the *Business Corporations Act* (Ontario) (the "**OBCA**"), the Receiver be and is hereby authorized and directed, upon filing of the Receiver's Certificate, to complete, execute and file articles of amendment for and on behalf of the Debtor and any officer and director of the Debtor (such articles of amendment to be deemed to have been signed by a director or an officer of the Debtor and executed in accordance with the OBCA when so signed by the Receiver as directed by this Court) for the sole purpose of changing the corporate name of the Debtor to 2325208 Ontario Inc. (and such amendment shall be deemed to have been duly authorized by Section 168 of the OBCA without any shareholder or director resolution approving such amendment being required), and this Court hereby directs the Director (as defined in the OBCA) to endorse thereon a certificate of amendment upon receipt from the Receiver of two duplicate originals of such articles of amendment together with the prescribed fees and any other required documents under the OBCA (which the Receiver be and is hereby authorized and directed to complete, execute and file for and on behalf of the Debtor and any officer and director of Debtor, if and as required) except for any such documents as have been dispensed or otherwise dealt with pursuant to the deeming provisions contained herein.

7. **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.

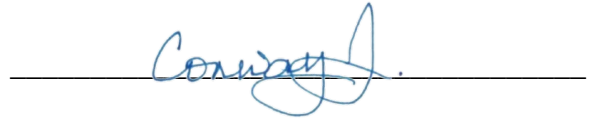
8. **THIS COURT ORDERS** that, notwithstanding:

- (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.

9. **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.

10. **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.

A handwritten signature in blue ink is written over a horizontal line. The signature is cursive and appears to read "Conway".

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) and THE REGIONAL MUNICIPALITY OF DURHAM**

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 (“**PengYuan**”) and provided for the vesting in PengYuan’s nominee, 12450828 Canada Inc. (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

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

**APPROVAL AND VESTING ORDER
(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: renglish@airdberlis.com

Sam Babe (LSO# 49498B)

Tel: (416) 865-7718

Fax: (416) 863-1515

Email: sbabe@airdberlis.com

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

TAB I

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) WEDNESDAY, THE 4TH 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) and THE REGIONAL MUNICIPALITY OF DURHAM**

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 23, 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 Cleeve Holdings Inc., Cleeve Technology Inc. and Paul Church, and counsel for Isabelle

Roberts, no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of Paula Hoosain 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** 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: renchis@airdberlis.com

Sam Babe (LSO# 49498B)

Tel: 416.865.7718

Email: 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 J

Ministry of Government
and Consumer Services

Ontario
CERTIFICATE
This is to certify that these
articles are effective on

Ministère des Services
gouvernementaux et des
Services aux consommateurs

CERTIFICAT
Ceci certifie que les présents
statuts entrent en vigueur le

2325208

DECEMBER 1 0 DÉCEMBRE, 2020

Barbara Duckitt (17)
Director / Directrice
Business Corporations Act / Loi sur les sociétés par actions

ARTICLES OF AMENDMENT STATUTS DE MODIFICATION

Form 3
Business
Corporations
Act

Formule 3
Lol sur les sociétés par actions

1. The name of the corporation is: (Set out in BLOCK CAPITAL LETTERS)
Dénomination sociale actuelle de la société (écrire en LETTRES MAJUSCULES SEULEMENT) :

[illegible]

2. The name of the corporation is changed to (If applicable): (Set out in BLOCK CAPITAL LETTERS)
Nouvelle dénomination sociale de la société (s'il y a lieu) (écrire en LETTRES MAJUSCULES SEULEMENT):

[illegible]

3. Date of Incorporation/amalgamation:
Date de la constitution ou de la fusion :

2012/04/23
(Year, Month, Day)
(année, mois, jour)

4. Complete only if there is a change in the number of directors or the minimum / maximum number of directors.
Il faut remplir cette partie seulement si le nombre d'administrateurs ou si le nombre minimal ou maximal d'administrateurs a changé.

Number of directors is/are: minimum and maximum number of directors is/are:
 Nombre d'administrateurs : nombres minimum et maximum d'administrateurs :

Number	<u>minimum and maximum</u>
Nombre	<u>minimum et maximum</u>

or
ou

5. The articles of the corporation are amended as follows;
Les statuts de la société sont modifiés de la façon suivante :

To change the name of the corporation to 2325208 Ontario Inc.

6. The amendment has been duly authorized as required by sections 168 and 170 (as applicable) of the *Business Corporations Act*.
La modification a été dûment autorisée conformément aux articles 168 et 170 (selon le cas) de la *Loi sur les sociétés par actions*.
7. The resolution authorizing the amendment was approved by the shareholders/directors (as applicable) of the corporation on
Les actionnaires ou les administrateurs (selon le cas) de la société ont approuvé la résolution autorisant la modification le

2020, 11, 04

(Year, Month, Day)
(année, mois, jour)

These articles are signed in duplicate.
Les présents statuts sont signés en double exemplaire.

BESNOVO INC.

(Print name of corporation from Article 1 on page 1)
(Veuillez écrire le nom de la société de l'article un à la page une).

By/
Par :

(Signature)
(Signature)

ROBERT LINK, CIRP, LIT

LINK & ASSOCIATES INC., as Receiver

(Description of Office)
(Fonction)

TAB K

<p style="text-align: center;">BESNOVO INC. Receiver's Final Statement of Receipts & Disbursements For the Period of March 12, 2020 to November 15, 2021</p>			
	Trust Account BNS (CAD)	Besnovo Account TD (CAD)	Besnovo Account TD (USD)
RECEIPTS			
Opening Cash In Bank	\$ -	\$ 267,024.57	\$ 16,576.56
Proceeds of Receiver Certificates Issued		1,060,000.00	-
Temporary 10% Wage Subsidy		25,000.00	-
National Research Council Funding		315,376.31	-
SR&ED Refunds	142,249.21	317,970.58	-
HST Refunds/Recovery	93,921.19	25,431.00	-
Interest		10.76	-
Other and Miscellaneous		-	-
Total Receipts	\$ 236,170.40	\$ 2,010,813.22	\$ 16,576.56
DISBURSEMENTS			
Filing Fee	\$ 70.00	-	-
Ascend License Fee	275.00	-	-
Accounting and Tax Return Preparation	3,000.00		
Telecom/Internet/IT services	2,229.96	-	-
Company Operations - Office Expenses		297,973.51	5,820.00
Company Operations - Equipment Purchases		10,009.15	279,115.32
Company Operations - Test Project Expenses		68,948.13	1,943.91
Company Operations - Payroll		858,423.50	-
HST paid on expenses	734.71	58,043.36	1,085.39
Bank Wire and Service Charges and Miscellaneous	523.29	5,070.09	55.43
Transfer of Purchased Asset to Purchaser	142,249.21	177,917.00	
Receiver's Fees and Disbursements	122,243.00	-	-
HST on Receiver Fees/Disbursements	15,891.63	-	-
Receiver's Legal Fees and Disbursements	91,057.00	-	-
HST on Receiver's Legal Fees/Disbursements	11,771.14	-	-
Account Transfers	(170,000.00)	534,428.48	(271,443.49)
Total Disbursements	\$ 220,044.94	\$ 2,010,813.22	\$ 16,576.56
Excess of Receipts over Disbursements	\$ 16,125.46	0.00	0.00
Closing Cash Balance at November 15, 2021	\$ 16,125.46	\$ 0.00	\$ 0.00
Plus:			
Estimated GST Refunds on Professional Fees	2,194.34		
Total Estimated Recoveries	\$ 2,194.34		
Less:			
Estimated Receiver Fees + HST	2,260.00		
Estimated Receiver's Legal Fees + HST	8,475.00		
Total Estimated Cost to Complete	\$ 10,735.00		
** Estimated Surplus for Distribution to Purchaser	\$ 7,584.80		

** Funds on Hand were included as a purchased asset in the Asset Purchase Agreement

TAB L

**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) and the Regional Municipality of Durham

Respondents

**AFFIDAVIT OF ROBERT G. LINK
SWORN NOVEMBER 15, 2021**

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 from October 1, 2020 to November 12, 2021 (the "**Accounts Approval Period**") are set out in the Receiver's Third Report to Court dated November 15, 2021.
3. Attached hereto and marked as **Exhibit "A"** are true copies of the accounts rendered by the Receiver for the Accounts Approval Period as set out in the table below, totaling \$59,861.22, which consist of professional fees of \$52,922.50, disbursements of \$52.01, and HST on fees and disbursements of \$6,886.71, and include the Receiver's estimate of its cost to complete the receivership of \$2,000.00 plus HST (the "**Receiver's Accounts**").

Invoice Date	Invoice No.	Fees	Disb.	HST	Total
31-Oct-20	#1201	\$ 14,813.50	\$ 20.58	\$ 1,928.44	\$ 16,762.52
01-Dec-20	#1206	8,435.00	0.00	1,096.55	9,531.55
31-Dec-20	#1209	11,413.50	15.00	1,485.71	12,914.21
31-Jan-21	#1212	2,741.00	0.00	356.33	3,097.33
01-Mar-21	#1216	2,790.00	0.00	362.70	3,152.70
31-Mar-21	#1221	577.50	0.00	75.08	652.58
30-Apr-21	#1224	1,867.50	0.00	242.78	2,110.28
31-Jul-21	#1233	2,784.50	16.43	364.13	3,165.06
12-Nov-21	#1239	5,500.00	0.00	715.00	6,215.00
12-Nov-21	Cost to Complete	2,000.00	0.00	260.00	2,260.00
		\$ 52,922.50	\$ 52.01	\$ 6,886.71	\$ 59,861.22

4. A total of 133.6 hours (including estimated time for cost to complete of 4.5 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 \$396.13.
5. 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.

6. 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 remotely by Robert G. Link stated as being located in the community of Keswick, in the Town of Georgina, Regional Municipality of York, before me in the City of Woodbridge, Province of Ontario, this 15th day of November, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely



Commissioner for Taking Affidavits
(or as may be)

Mathew Hilbing


ROBERT G. LINK

HILBING BARRISTERS & SOLICITORS
7050 Weston Road, Suite 228
Woodbridge, ON
L4L 8G7
Tel: 905-264-7155

This is **Exhibit "A"** referred to in the
Affidavit of Robert G. Link,
sworn remotely by Robert G. Link located in the community of Keswick,
in the Town of Georgina, Regional Municipality of York, before me in the City of
Woodbridge, in the Province of Ontario,
this 15th day of November, 2021
in accordance with O. Reg. 431/20,
Administering Oath or Declaration Remotely.



A Commissioner, etc.

Link & Associates Inc.
Receivers + Trustees

October 31, 2020

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

Invoice #1201

*** INVOICE ***

Re: Receivership of Besnovo Inc.

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

Our Fee:	\$ 14,813.50
HST	1,925.76
Subtotal Fee:	<u>\$ 16,739.26</u>

Disbursements:	
Courier	\$ 20.58
HST on Disbursements	<u>\$ 2.68</u>
Subtotal Disbursements	<u>\$ 23.26</u>

Total Invoice	\$ 16,762.52
----------------------	---------------------

Billing Summary	Hours	Hourly Rate	Total
Robert Link, CIRP, LIT	22.5	\$400	9,000.00
James Merryweather, CPA, CGA	15.1	\$385	5,813.50
Total			<u>\$ 14,813.50</u>

HST #81903 2178

<p style="text-align: center;">BESNOVO INC. - RECEIVERSHIP Robert Link - Time Docket For the period of October 1 to 31, 2020</p>

October 5, 2020

0.1

Emails English.

October 6, 2020

0.8

Email from Sachdeva re: tentative settlement; emails and tel t/f English re SH offer and revisions; tel Merryweather.

October 7, 2020

1.2

Email from Sachdeva re tentative settlement, request for adjournment; Review stalking horse APA; Tel and email English re changes needed to SH offer and order to deal with timelines, practical considerations; email from Justice Conway re adjournment.

October 8, 2020

1.0

Tel S Yuan to discuss practical business and closing matters in the event of a successful stalking horse sale, re: employees, lease, trademarks and IP; emails to English and Sachdeva re same; emails Merryweather.

October 14, 2020

0.5

Emails t/f Merryweather re: funding needs, banking, tax matters.

October 15, 2020

0.5

Telconf English and counsel to PengYuan re: need to revise SH offer, timelines and costs; consider possibility of going to pre-pack.

October 16, 2020

0.5

Attend Court via Zoom.

October 21, 2020

1.5

Review updated internal financials, draft second court report.

October 22, 2020

3.0

Tel and email English, Merryweather; drafting 2nd court report

October 23, 2020

5.5

Drafting 2nd Court Report; tel and emails English, Merryweather; t/f Yuan re: operations, China trip, upcoming court date; review and comment on revised APA.

October 24, 2020

2.5

Drafting and revising 2nd report.

October 25, 2020

0.3

Tel Sachdeva re APA. Report revisions.

October 26, 2020

0.5

Email English, finalize and sign report; tel Merryweather re transition steps upon sale closing if approved.

October 27, 2020

2.0

Email English; t/f Yuan re insurance, lease and employee matters; multiple tel Merryweather re same; t/t Yuan to clarify closing issues, advised of intent of PengYuan assign APA; emails t/f counsel re same, need for direction and supplemental to service list.

October 28, 2020

1.0

Draft Supplemental report.

October 29, 2020

1.0

Supplemental report; tel and emails re same; consider closing and transition matters if approved.

October 30, 2020

0.5

Finalize and sign Supp Report for service; emails re: counsel to Roberts' concerns about assignment and vesting.

October 31, 2020

0.1

Email English re: need to re-serve Supplemental report, style of cause.

TOTAL	22.5
--------------	-------------

DATE	DESCRIPTION	TIME (hh/mm)
JAMES MERRYWEATHER, CPA, CGA		
05-Oct-20	review banking, update cashflow; prepare month-end accounting; corr w AW, MZ re amended re-opening rules	1.00
06-Oct-20	review and approve payroll; corr w AW re same	0.30
08-Oct-20	review banking, update cashflow; update cashflow w cheque run and GST analysis	0.80
14-Oct-20	review banking, update cashflow; corr w AW re forecast issues; corr w MZ re COVID-19 enhanced protocols	0.50
16-Oct-20	review banking, update cashflow, funding schedule; review and approve disbursement	0.50
19-Oct-20	review banking, update cashflow; provide Receiver accounting to AW	0.30
20-Oct-20	review banking, update cashflow; review and approve payroll; review and approve disbursement; update cashflow w cheque run and GST analysis; prepare Receiver R&D	1.00
21-Oct-20	review banking, update cashflow; finalize R&D; prepare analysis for report; review and approve disbursements	0.60
22-Oct-20	review banking, update cashflow; assemble and prepare info for Court report; tc w RL to review draft report	0.80
23-Oct-20	review banking, update cashflow; review and approve disbursement; prepare information for report; review and comments on draft reports	2.10
25-Oct-20	review amended report and appendices, provide comments; review final version of report	1.10
26-Oct-20	review banking, update cashflow; review and approve disbursement	0.30
27-Oct-20	review banking, update cashflow; review and approve disbursement; corr w landlord re lease extension; dealing w insurance renewal; prepare for potential sale and transition; review November forecast	3.00
28-Oct-20	review banking, update cashflow; review and approve disbursement; prepare funding analysis; prepare accounting; update account analysis	1.80
29-Oct-20	review banking, update cashflow; prepare draft employee termination letters re sale	1.00
TOTAL	JAMES MERRYWEATHER	15.10

Link & Associates Inc.
Receivers + Trustees

December 1, 2020

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

Invoice #1206

*** INVOICE ***

Re: Receivership of Besnovo Inc.

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

Our Fee:	\$ 8,435.00
HST	1,096.55
Subtotal Fee:	<u>\$ 9,531.55</u>

Total Invoice	\$ 9,531.55
----------------------	--------------------

Billing Summary	Hours	Hourly Rate	Total
Robert Link, CIRP, LIT	10.5	\$400	4,200.00
James Merryweather, CPA, CGA	11.0	\$385	4,235.00
Total			<u>\$ 8,435.00</u>

HST #81903 2178

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

November 2, 2020

0.2

Revise report for style of cause and appedix reference; emails t/f counsel.

November 3, 2020

1.0

Numerous tel and email re pending court hearing; review ltr from Rosekat to Sachdeva re Roberts request for carve-out and discussions re same.

November 4, 2020

2.0

Prepare for and attend Court via Zoom; tel Rosekat; review employee letters; review transition memo, fwd to buyer and buyer's counsel.

November 9, 2020

1.5

Numerous emails t/f counsel and buyer's counsel re closing matters; Email t/f Yuan re lease extension date; tel and emails Merryweather re lease and insurance deadlines.

November 10, 2020

1.0

Emails t/f Merryweather re: funding needs, banking, tax matters; t/f Yuan re closing, insurance and premises and detailed email to Receiver and buyer counsel re same.

November 11, 2020

0.3

Emails t/f Yuan confirming desire to stay in premises, forward tenant application re same; corr re insurance extension; emails counsel re same.

November 15, 2020

0.1

Emails t/f counsel to buyer re assets being sold.

November 17, 2020

0.1

Email from JM re purchase orders.

November 18, 2020

0.1

Email English; email Merryweather

November 19, 2020

0.2

Review of emails re proposed electrical work in premises; emails Babe and English on status of closing.

November 20, 2020

0.8

Emails t/f buyer's counsel, review detailed asset listing provided; review funding support worksheet from JM and discuss same re timing; email Yuan re tenancy application and funding request;

November 23, 2020

0.4

T/F Yuan re closing, funding, payroll, NRC heli; tel Merryweather re funding and landlord.

November 24, 2020

1.5

Emails from Zhang re heli parts and employees; email to P Church re heli and t/f C Cole re his clients position on same, and subsequent email from Cole; email to counsel and buyer re same; email JM re employees and closing, interim funding needs.

November 25, 2020

0.7

Emails t/f Yuan and counsel re helicopter parts, and t/f Chan re same; email fr Babe re landlord, email JM re same; email Sachdeva re possible bankruptcy.

November 26, 2020

0.2

Email fr JM re landlord; email fr Yuan re helicopter parts.

November 30, 2020

0.4

Prepare and issue Rec Cert #6; emails t/f Babe, Merryweather; review draft closing docs.

TOTAL	10.5
--------------	-------------

DATE	DESCRIPTION	TIME (hh/mm)
JAMES MERRYWEATHER, CPA, CGA		
02-Nov-20	review banking, update cashflow	0.30
03-Nov-20	review banking, update cashflow; review and approve payroll; prepare month-end Receiver accounting	0.50
04-Nov-20	update cashflow incl. cheque run and GST analysis; tc w AW re transition issues	0.80
05-Nov-20	review banking, update cashflow; review and approve disbursement	0.30
09-Nov-20	review banking, update cashflow; review and approve disbursement; dealing w lease extension; dealing w insurance renewal	0.80
10-Nov-20	dealing with insurance renewal issues; review and approve disbursements	0.30
11-Nov-20	tc and corr w landlord re lease extension and assignment of lease; review and approve insurance renewal; review banking, update cashflow	1.00
13-Nov-20	review banking, update cashflow and funding schedule	0.30
16-Nov-20	review banking, update cashflow; update funding support schedule and forecast; corr w AW re purchasing matters	0.50
17-Nov-20	review banking, update cashflow; review and approve payroll; update cashflow incl. cheque run and GST analysis	1.20
18-Nov-20	review banking; review funding needs and update support schedule; corr w AW re IRAP	0.50
19-Nov-20	review banking, update cashflow; corr w landlord re lease assignment; update funding projection; corr w AW re electrical/landlord issue	0.60
20-Nov-20	review banking, update cashflow; prepare funding support schedule; review and approve disbursement; update R&D	1.10
24-Nov-20	review banking, update cashflow; dealing w personnel issue; funding analysis and accounting	0.50
26-Nov-20	review banking, update cashflow; review and approve disbursements; corr and tc w landlord; update funding support	0.50
30-Nov-20	review banking, update cashflow; corr w landlord re assignment; review Decembe forecast, incorporate into cashflow; prepare draft funding request; dealing w employee termination issues	1.80
TOTAL	JAMES MERRYWEATHER	11.00

Link & Associates Inc.
Receivers + Trustees

December 31, 2020

Besnovo Inc.
c/o Link & Associates Inc.
Court Appointed Receiver
7050 Weston Road, Suite #228
Woodbridge, ON
L4L 8G7

Invoice #1209

*** INVOICE ***

Re: Receivership of Besnovo Inc.

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

Our Fee:	\$ 11,413.50
HST	1,483.76
Subtotal Fee:	<u>\$ 12,897.26</u>

Disbursements:	
Courier	\$ 15.00
HST on Disbursements	<u>\$ 1.95</u>
Subtotal Disbursements	<u>\$ 16.95</u>

Total Invoice	\$ 12,914.21
----------------------	---------------------

Billing Summary	Hours	Hourly Rate	Total
Robert Link, CIRP, LIT	6.3	\$400	2,520.00
James Merryweather, CPA, CGA	23.1	\$385	8,893.50
Total			<u>\$ 11,413.50</u>

HST #81903 2178

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

December 1, 2020

0.2

Emails re approval of lease assignment and closing matters.

December 2, 2020

1.0

Email Yuan; email English; review closing docs, consider cooperation after closing, IRAP, vac pay other issues.

December 3, 2020

1.2

Draft reply to landlord for adjusted language in lease assignment, tel and emails t/f JM and counsel re same; amendments and additions to closing docs re undertaking; review funding forecast, send request to Yuan for funding.

December 4, 2020

0.5

Execute closing docs; review emails re Landlord assignment; Emails t/f Babe re confirmation of closing.

December 7, 2020

0.2

Prepare and issue Receiver Cert #7.

December 9, 2020

0.5

Tel and email JM re employee status on termination, vac pay liability, consider issue and instruct JM re same.

December 10, 2020

0.5

Email re EHT allocation; review employee termination letters, emails t/f S. Yuan re: same.

December 11, 2020

0.2

T/F CRA looking to schedule trust exam, tel JM re same.

December 14, 2020

0.1

Email re executed lease assignment.

December 16, 2020

0.1

Receive and review certified articles of amendment.

December 18, 2020

0.1

Tel and email JM re banking issue for Newco.

December 21, 2020

0.4

Tel JM re interco funding issues and needs; email Yuan re CRA payroll trust exam, prepare form to expedite auth to upload via rep a client;

December 22, 2020

0.7

T/F S Yuan re banking arrangements and funding, transition. Tel and email JM re same, IRAP funding; upload signed auth form for online CRA access.

December 24, 2020

0.3

Confirm CRA access; upload payroll trust exam documents to portal.

December 29, 2020

0.1

Verify status of pending HST refund.

December 30, 2020

0.2

Upload second batch of documents to CRA for payroll audit. Email JM re same.

TOTAL

6.3

DATE	DESCRIPTION	TIME (hh/mm)
JAMES MERRYWEATHER, CPA, CGA		
01-Dec-20	review banking, update cashflow; review and approve payroll; review and approve disbursements; corr w landlord re assignment; dealing w transition issues; prepare month-end accounting: update cashflow w cheque run	1.30
02-Dec-20	review banking, update cashflow; review and approve disbursements; prepare month-end accounting, send to AW; update funding support schedule; review closing	1.20
03-Dec-20	review banking, update cashflow; review and approve disbursements; various corr w counsel re closing issues; corr w AW re transition issues; corr w landlord, review assignment: finalize funding support schedule	2.50
04-Dec-20	review banking, update cashflow; dealing w lease assignment; review and approve disbursement	0.50
07-Dec-20	review banking, update cashflow; review and approve disbursements; working w AW on transition issues	1.30
08-Dec-20	review banking, update cashflow; review and approve disbursements; working w AW on transition issues	0.30
09-Dec-20	working w AW on transition issues; prepare employee database, update letters; corr w counsel re IDEL	2.50
10-Dec-20	review banking, update cashflow; finalize termination letters; set up WEPPA; working w AW on transition issues; review and approve disbursement	2.00
11-Dec-20	working w AW on transition issues; dealing w EHT issue	0.80
14-Dec-20	review banking, update cashflow; review and approve payroll; process employee claim; review and approve disbursements	1.30
15-Dec-20	update cashflow w cheque run, GST analysis; corr w AW re transition issues	1.00
16-Dec-20	review banking, update cashflow; corr w AW on transition issues	0.50
17-Dec-20	tc w CRA re trust exam; preparing information for trust exam, corr w AW re same	1.00
18-Dec-20	review banking, update cashflow; corr w AW on transition issues	0.80
21-Dec-20	review banking, update cashflow; review and approve disbursements; corr w AW on transition issues; prepare documents for payroll trust exam	2.30
23-Dec-20	review banking, update cashflow; review and approve disbursements; corr w AW re transition issues; send docs for upload to CRA; update R&D; roll forward cashflow to Januarv	1.30
29-Dec-20	review banking, update cashflow; corr w AW re transition issue; tc w CRA auditor re trust exam	0.50
30-Dec-20	review banking, update cashflow; tc w CRA re trust exam, corr w AW re same; update schedules, send to CRA	2.00
TOTAL	JAMES MERRYWEATHER	23.10

Link & Associates Inc.
Receivers + Trustees

January 31, 2021

Besnovo Inc.
c/o Link & Associates Inc.
Court Appointed Receiver
7050 Weston Road, Suite #228
Woodbridge, ON
L4L 8G7

Invoice #1212

*** 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 January, 2021 per the attached time dockets.

Our Fee:	\$ 2,741.00
HST	356.33
Subtotal Fee:	<u>\$ 3,097.33</u>

Disbursements:	
Subtotal Disbursements	\$ -

Total Invoice	\$ 3,097.33
----------------------	--------------------

Billing Summary	Hours	Hourly Rate	Total
Robert Link, CIRP, LIT	0.5	\$400	200.00
James Merryweather, CPA, CGA	6.6	\$385	2,541.00
Total			<u>\$ 2,741.00</u>

HST #81903 2178

BESNOVO INC. - RECEIVERSHIP Robert Link - Time Docket For the period of January 1 to 31, 2021
--

January 6, 2021

0.1

Notify BNS of corporate name change to update trust account.

January 7, 2021

0.1

Review and submit payroll trust exam documents to CRA.

January 15, 2021

0.1

HST refund, bank deposit.

January 21, 2021

0.1

Email re WSIB return; email JM re corr from terminated employee.

January 29, 2021

0.1

Email S Babe re closing documents.

TOTAL

0.5

Timedocket James Merryweather
ENGAGEMENT NAME: BESNOVO

DATE	DESCRIPTION	TIME (hh/mm)
JAMES MERRYWEATHER, CPA, CGA		
04-Jan-21	review banking, update cashflow; review and approve disbursement; dealing w payroll trust exam; prepare and reconcile wage subsidy form for CRA	1.80
05-Jan-21	review banking, update cashflow; finalize wage subsidy form, send to CRA; tc w trust examiner	1.00
07-Jan-21	review banking, update cashflow; review and approve disbursements; tc w trust examiner, provide info to same; prepare month-end accounting	0.80
11-Jan-21	review banking, update cashflow; update R&D	0.50
19-Jan-21	review banking, update cashflow; corr w AW re accounting and transition issues; prepare WEPPA, send to employee; process Receiver accounting	1.00
28-Jan-21	review banking, update cashflow; corr w AW re transition issues	0.50
29-Jan-21	review draft 2020 financials; prepare draft purchase price allocation, prepare AJE	1.00
TOTAL	JAMES MERRYWEATHER	6.60

Link & Associates Inc.
Receivers + Trustees

March 1, 2021

Besnovo Inc.
c/o Link & Associates Inc.
Court Appointed Receiver
7050 Weston Road, Suite #228
Woodbridge, ON
L4L 8G7

Invoice #1216

*** INVOICE ***

Re: Receivership of Besnovo Inc.

To: Professional services rendered in our capacity as Court Appointed Receiver for the month of February, 2021 per the attached time dockets.

Our Fee:	\$ 2,790.00
HST	362.70
Subtotal Fee:	<u>\$ 3,152.70</u>

Disbursements:	
Subtotal Disbursements	\$ -

Total Invoice	\$ 3,152.70
----------------------	--------------------

Billing Summary	Hours	Hourly Rate	Total
Robert Link, CIRP, LIT	1.2	\$400	480.00
James Merryweather, CPA, CGA	6.0	\$385	2,310.00
Total			<u>\$ 2,790.00</u>

HST #81903 2178

<p>BESNOVO INC. - RECEIVERSHIP Robert Link - Time Docket For the period of February 1 to 28, 2021</p>
--

February 4, 2021

1.0

Prepare 246(2) Interim Report w/ R&D and submit to OR.

February 12, 2021

0.1

Emails t/f Merryweather.

February 22, 2021

0.1

Email t/f S Yuan.

TOTAL

1.2

Timedocket James Merryweather
ENGAGEMENT NAME: BESNOVO

DATE	DESCRIPTION	TIME (hh/mm)
JAMES MERRYWEATHER, CPA, CGA		
03-Feb-21	review banking, update cashflow, roll forward to February; update R&D; dealing w cash transfer re transition; prepare accounting	1.00
12-Feb-21	review banking, update cashflow; update R&D; finalize purchase price analysis and allocation; various corr w AW re accounting and transition matters; process employee	3.75
19-Feb-21	review banking, update cashflow; dealing w AW on transition matters	0.75
23-Feb-21	Dealing w AW re transition matters	0.25
26-Feb-21	Dealing w AW re transition matters	0.25
TOTAL	JAMES MERRYWEATHER	6.00

Link & Associates Inc.
Receivers + Trustees

March 31, 2021

Besnovo Inc.
c/o Link & Associates Inc.
Court Appointed Receiver
7050 Weston Road, Suite #228
Woodbridge, ON
L4L 8G7

Invoice #1221

*** INVOICE ***

Re: Receivership of Besnovo Inc.

To: Professional services rendered in our capacity as Court Appointed Receiver for the month of March, 2021 per the attached time dockets.

Our Fee:	\$	577.50
HST		75.08
Subtotal Fee:	\$	652.58

Disbursements:		
Subtotal Disbursements	\$	-

Total Invoice	\$	652.58
----------------------	-----------	---------------

Billing Summary	Hours	Hourly Rate	Total
James Merryweather, CPA, CGA	1.5	\$385	577.50
Total			\$ 577.50

HST #81903 2178

Timedocket James Merryweather
ENGAGEMENT NAME: BESNOVO

DATE	DESCRIPTION	TIME (hh/mm)
JAMES MERRYWEATHER, CPA, CGA		
02-Mar-21	review banking, update cashflow; dealing w year-end matters; prepare month-end accounting	1.00
10-Mar-21	review banking, update cashflow; dealing w transition issues w AW; corr w insurer	0.50
TOTAL	JAMES MERRYWEATHER	1.50

Link & Associates Inc.
Receivers + Trustees

April 30, 2021

Besnovo Inc.
c/o Link & Associates Inc.
Court Appointed Receiver
7050 Weston Road, Suite #228
Woodbridge, ON
L4L 8G7

Invoice #1224

*** 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 April, 2021 per the attached time dockets.

Our Fee:	\$ 1,867.50
HST	242.78
Subtotal Fee:	<u>\$ 2,110.28</u>

Disbursements:	
Subtotal Disbursements	\$ -

Total Invoice	\$ 2,110.28
----------------------	--------------------

Billing Summary	Hours	Hourly Rate	Total
Robert Link, CIRP, LIT	1.3	\$400	520.00
James Merryweather, CPA, CGA	3.5	\$385	1,347.50
Total			<u>\$ 1,867.50</u>

HST #81903 2178

BESNOVO INC. - RECEIVERSHIP Robert Link - Time Docket For the period of April 1 to 30, 2021
--

April 6, 2021

0.2

Emails t/f JM re EHT assessments.

April 20, 2021

0.1

Inquiry re disposition of data backups.

April 22, 2021

0.5

Tel JM re: EHT issue; review assessments; emails re same.

April 23, 2021

0.5

Review and revise memo, send to Yuan and Chan.

TOTAL

1.3

Timedocket James Merryweather
ENGAGEMENT NAME: BESNOVO

DATE	DESCRIPTION	TIME (hh/mm)
JAMES MERRYWEATHER, CPA, CGA		
05-Apr-21	review banking, update cashflow; prepare month-end accounting	0.50
06-Apr-21	review EHT assessment, tc w RL re same	0.50
07-Apr-21	review additional EHT assessment information; corr w AW re same	0.50
22-Apr-21	review banking, update cashflow; dealing w AW re banking, WSIB transition; prepare letter and docs, send to Ministry re EHT assessment; prepare EHT summary for RL	2.00
TOTAL	JAMES MERRYWEATHER	3.50

Link & Associates Inc.
Receivers + Trustees

July 31, 2021

Besnovo Inc.
c/o Link & Associates Inc.
Court Appointed Receiver
7050 Weston Road, Suite #228
Woodbridge, ON
L4L 8G7

Invoice #1233

*** INVOICE ***

Re: Receivership of Besnovo Inc.

To: Professional services rendered in our capacity as Court Appointed Receiver for the period of May 1 to July 31, 2021 per the attached time dockets.

Our Fee:	\$ 2,784.50
HST	361.99
Subtotal Fee:	<u>\$ 3,146.49</u>

Disbursements:	
Courier/Postage	\$ 16.43
HST on Disbursements	2.14
Subtotal Disbursements	<u>\$ 18.57</u>

Total Invoice	\$ 3,165.06
----------------------	--------------------

Billing Summary	Hours	Hourly Rate	Total
Robert Link, CIRP, LIT	0.1	\$400	40.00
Robert Link, CIRP, LIT	1.6	\$440	704.00
James Merryweather, CPA, CGA	5.3	\$385	2,040.50
Total			<u>\$ 2,784.50</u>

HST #81903 2178

<p>BESNOVO INC. - RECEIVERSHIP Robert Link - Time Docket For the period of May 1 to July 31, 2021</p>
--

May 31, 2021

0.1

Review bank and G/L.

June 4, 2021

0.1

Email re status of fiscal 2020 year end.

July 5, 2021

0.4

Review and approve draft F/S and T2.

July 8, 2021

0.1

Review, approve and pay accountant invoice.

July 31, 2021

1.0

Prepare 3rd Interim 246 report.

TOTAL

1.7

Timedocket James Merryweather
ENGAGEMENT NAME: BESNOVO

DATE	DESCRIPTION	TIME (hh/mm)
JAMES MERRYWEATHER, CPA, CGA		
04-May-21	review banking, update cashflow; process month-end accounting; update R&D	0.50
04-Jun-21	review banking, update cashflow; process month-end accounting; update R&D; corr w AW re tax issues	0.50
05-Jul-21	review draft financials and T2, send comments to AW; prepare month-end accounting; update cashflow and R&D	1.00
07-Jul-21	review amended financials and T2; corr w AW re issues	0.80
08-Jul-21	review and approve financials and T2, corr w AW re same	0.50
27-Jul-21	review banking, update cashflow; prepare R&D; review final 2020 financials from AW, advise on same	1.00
28-Jul-21	review third interim report, provide comments and additional information	0.80
30-Jul-21	review final third interim report	0.20
TOTAL	JAMES MERRYWEATHER	5.30

Courier to Ministry of Finance (\$16.43 + \$2.14 HST)

\$ 18.57

Link & Associates Inc.
Receivers + Trustees

November 12, 2021

Besnovo Inc.
c/o Link & Associates Inc.
Court Appointed Receiver
7050 Weston Road, Suite #228
Woodbridge, ON
L4L 8G7

Invoice #1239

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

Re: Receivership of Besnovo Inc. (now 2325208 Ontario Inc.)

To: Professional services rendered in our capacity as Court Appointed Receiver for the period of August 1 to November 12, 2021, plus cost to complete the administration, as per the attached time dockets.

Our Fee:	\$ 5,500.00
Plus: Cost to Complete	2,000.00
Subtotal Fee:	<u>7,500.00</u>
HST on Fee	975.00
Total Fee:	<u>\$ 8,475.00</u>

Total Invoice	\$ 8,475.00
----------------------	--------------------

Billing Summary	Hours	Hourly Rate	Total
Robert Link, CIRP, LIT	9.0	\$440	3,960.00
James Merryweather, CPA, CGA	4.0	\$385	1,540.00
Total			<u>\$ 5,500.00</u>

HST #81903 2178

<p style="text-align: center;">BESNOVO INC. - RECEIVERSHIP Robert Link - Time Docket For the period of August 1 to November 12, 2021</p>

September 7, 2021

0.1

Tel f/ CRA re sale of assets and HST.

September 16, 2021

0.1

Tel fr CRA, confirm joint election, HST return approved.

October 6, 2021

0.1

Review CRA correspondence re HST.

October 15, 2021

0.1

Receive, review and enter EHT claim.

October 28, 2021

3.0

Drafting 3rd Court Report.

October 29, 2021

2.0

Continued drafting 3rd Court Report.

November 1, 2021

2.0

Revisions and edits to 3rd Court Report; compile appendices; send to counsel for review; emails t/f English.

November 2, 2021

0.1

Emails t/f English re discharge.

November 3, 2021

1.0

Email S Yuan and counsel re SRED and discharge matters. Prepare wire instructions and send to bank for SRED funds to Purchaser; emails counsel; receive and review draft notice of motion, draft order, counsel's draft fee affidavit and final fee estimate.

November 12, 2021

0.5

Prepare fee affidavit and final report edits.

TOTAL

9.0

Timedocket James Merryweather
ENGAGEMENT NAME: BESNOVO

DATE	DESCRIPTION	TIME (hh/mm)
JAMES MERRYWEATHER, CPA, CGA		
11-Aug-21	dealing w Ministry re EHT matter	0.30
03-Sep-21	prepare month-end accounting; update cashflow; deal w AW re GST issue on sale of assets	0.50
07-Oct-21	prepare month-end accounting; update cashflow and Receiver R&D; deal w AW re GST filing issue	0.50
08-Oct-21	dealing w AW re closing of bank accounts and transfer to Besnovo Tech	0.30
29-Oct-21	prepare month-end accounting; update cashflow; prepare Receiver R&D; review draft Court report, provide comments	1.00
04-Nov-21	corr w AW re November accounting; update R&D	0.40
12-Nov-21	corr w AW re banking matter; review amended Court report; update cashflow and R&D	1.00
TOTAL JAMES MERRYWEATHER		4.00

ISABELLE ROBERTS

-and-

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

Applicant

Respondents

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

**AFFIDAVIT OF ROBERT G. LINK
SWORN NOVEMBER 15, 2021**

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

Miranda Spence (LSO# 60621M)

Tel: (416) 865-3414

Fax: (416) 863-1515

Email: mspence@airdberlis.com

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

TAB M

**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) and THE REGIONAL MUNICIPALITY OF DURHAM**

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 KYLE PLUNKETT
(sworn November 11, 2021)**

I, KYLE PLUNKETT, 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 November 30, 2020 in the amount of \$37,443.33 in respect of the period from October 5, 2020 to November 30, 2020;
 - (b) an account dated December 23, 2020 in the amount of \$9,940.89 in respect of the period from December 1, 2020 to December 20, 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 \$710.68.

4. Assuming that this Honourable Court grants an Order discharging the Receiver as requested, without opposition, the proposed accrual of legal fees and disbursements to the discharge of the Receiver is \$7,500.00, exclusive of disbursements and HST.

SWORN BEFORE ME, at the City of)
Toronto, in the Province of Ontario, this)
11th day of November, 2021)

IM AVERJA

KYLE PLUNKETT

Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF KYLE PLUNKETT

Sworn before me

this 11th day of November, 2021

A handwritten signature in blue ink is written over a horizontal line. The signature is stylized and appears to be the name of the Commissioner.

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.
Receivers + Trustees
7050 Weston Road, Suite #228
Woodbridge, ON
L4L 8G7

Attention: Mr. Robert Link

Invoice No.: 690661

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

November 30, 2020

Re: Receiver of Besnovo Inc.

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

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
DRE	05/10/20	\$875.00	0.30	\$262.50	Update with B. Sachdeva
DRE	06/10/20	\$875.00	0.80	\$700.00	Telephone call with B. Sachdeva; Review APA and Stalking Horse; Telephone call with R. Link; Review options for process
DRE	07/10/20	\$875.00	2.00	\$1,750.00	Telephone calls with R. Link; Revise APA and Stalking Horse Order
DRE	08/10/20	\$875.00	0.50	\$437.50	Discuss closing issues and terms
DRE	14/10/20	\$875.00	0.30	\$262.50	Email update and telephone call with R. Link
DRE	14/10/20	\$875.00	0.20	\$175.00	Set up conference call
DRE	15/10/20	\$875.00	0.60	\$525.00	Conference call with client and Miller Thompson regarding revisions to APA and sale process
DRE	16/10/20	\$875.00	1.20	\$1,050.00	Attend court hearing by conference call; set up next court date; telephone

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					call with R. Link; letter to B. Sachdeva re APA
DRE	16/10/20	\$875.00	0.20	\$175.00	Instruct D. Lu re scheduling
LN	16/10/20	\$225.00	0.20	\$45.00	Email from D. Lu re: creation of Sync.com link; Creation of Sync.com link; Email to D. Lu re: same.
SEB	20/10/20	\$625.00	0.40	\$250.00	Telephone call and emails from and to R. English
DRE	20/10/20	\$875.00	0.50	\$437.50	Review AVO; instruct S. Babe, etc.
SEB	21/10/20	\$625.00	0.10	\$62.50	Email from R. English
DRE	21/10/20	\$875.00	0.30	\$262.50	Telephone call with R. Link; message to B. Sachdeva
SEB	22/10/20	\$625.00	2.20	\$1,375.00	Emails from and to R. English; review report; draft affidavit of fees; review file
DRE	22/10/20	\$875.00	0.80	\$700.00	Review first draft of report; consult by phone with R. Link; instruct S. Babe, etc.
SEB	23/10/20	\$625.00	0.80	\$500.00	Emails from and to R. English; email from R. Link; emails from B. Sachdeva
DRE	23/10/20	\$875.00	2.00	\$1,750.00	Review revised report; review fee affidavit; instruct S. Babe; letter to B. Sachdeva; receive APA; review APA; instruct re motion; telephone call R. Link, etc.
DRE	23/10/20	\$875.00	1.00	\$875.00	Instruct S. Babe; Review and revise report and APA; Revise and execute fee affidavits
SEB	24/10/20	\$625.00	1.10	\$687.50	Review and revise report; draft approval and vesting order; email from R. Link
SEB	25/10/20	\$625.00	1.40	\$875.00	Draft motion materials; email from J. Merryweather; email from R. Link

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
SEB	26/10/20	\$625.00	0.70	\$437.50	Emails from and to R. Link; emails from and to R. English; revise report
DRE	26/10/20	\$875.00	1.30	\$1,137.50	Prepare notice of return; Review draft orders and revised report; Complete fee affidavit; Instruct and arrange service
DRE	26/10/20	\$875.00	0.30	\$262.50	Letter to J. Rosekat; Letter to R. Link
DRE	27/10/20	\$875.00	0.30	\$262.50	Messages with R. Link and J. Rosekat
SEB	28/10/20	\$625.00	2.60	\$1,625.00	Emails from and to R. English; revise orders; draft closing docs; email to R. Link
DRE	28/10/20	\$875.00	0.80	\$700.00	Review request for assignment and APA; Discuss report with R. Link; Instruct S. Babe
SEB	29/10/20	\$625.00	2.00	\$1,250.00	Email from and to R. Link; emails from R. English; revise order; revise APA; emails to and from B. Sachdeva; emails from J. Merryweather; review and comment on supplemental report
DRE	29/10/20	\$875.00	0.60	\$525.00	Review draft direction and changes to AVO; Consult with R. Link; Instruct S. Babe
DRE	29/10/20	\$875.00	0.60	\$525.00	Deal with closing issues and revisions to APA
SEB	30/10/20	\$625.00	0.80	\$500.00	Emails from R. Link; email from J. Merryweather; emails from and to R. English; attend to service of supplemental report; email from B. Sachdeva
DRE	30/10/20	\$875.00	0.20	\$175.00	Review supplementary report; Letter to R. Link
DRE	30/10/20	\$875.00	0.20	\$175.00	Letter from J. Rosekat and respond; Letter to client and B. Sachdeva
PLW	30/10/20	\$200.00	0.40	\$80.00	Filed Notice of Return of Motion Record online

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
SEB	31/10/20	\$625.00	0.30	\$187.50	Emails from R. Link; emails from R. English
DRE	31/10/20	\$875.00	0.30	\$262.50	Deal with errors in service docs and message R. Link
SEB	02/11/20	\$625.00	1.40	\$875.00	Review and revise motion materials; emails to and from R. English; emails to and from R. Link; email from J. Rosenkat
DRE	02/11/20	\$875.00	0.30	\$262.50	Deal with changes to supplemental report and service
SEB	03/11/20	\$625.00	0.30	\$187.50	Email from J. Rosekat; email from R. English; email from R. Link; email from B. Sachdeva
DRE	03/11/20	\$875.00	0.80	\$700.00	Letter from J. Rosekat; Telephone call from B. Sachdeva; Telephone call to J. Rosekat; Telephone call with R. Link; Instruct S. Babe
SEB	04/11/20	\$625.00	1.90	\$1,187.50	Emails from R. Link; revise orders; attend motion hearing; emails from and to D. Lu; emails from R. English; draft closing agenda; emails from and to B. Sachdeva; email from Conway J.
DRE	04/11/20	\$875.00	1.00	\$875.00	Prepare and attend on court approval motion for AVO; Instruct S. Babe re closing
DYL	04/11/20	\$325.00	0.70	\$227.50	Prepare counsel slips; upload to sync.com; attend meeting; send orders
DRE	05/11/20	\$875.00	0.20	\$175.00	Telephone call with R. Link
SEB	09/11/20	\$625.00	1.60	\$1,000.00	Emails and phone call to and from B. Kelling; emails from and to R. Link; email from S. Yuan
DRE	09/11/20	\$875.00	0.40	\$350.00	Consult on closing process
SEB	10/11/20	\$625.00	0.20	\$125.00	Email from B. Kelling; email from R. Link

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
DRE	10/11/20	\$875.00	0.20	\$175.00	Deal with closing issues
SEB	11/11/20	\$625.00	0.10	\$62.50	Email from R. Link
SEB	16/11/20	\$625.00	0.30	\$187.50	Emails from R. Link email from B. Kelling
DRE	18/11/20	\$875.00	0.20	\$175.00	Review and update from R. Link
SEB	19/11/20	\$625.00	0.30	\$187.50	Email from S. Yuan; emails from and to R. Link; emails from and to R. English
DRE	19/11/20	\$875.00	0.20	\$175.00	Telephone call with R. Link
SEB	20/11/20	\$625.00	0.60	\$375.00	Emails to and from B. Kelling; emails from R. Link
DRE	20/11/20	\$875.00	0.20	\$175.00	Review and update closing status
SEB	21/11/20	\$625.00	0.10	\$62.50	Email from S. Yuan
DRE	23/11/20	\$875.00	0.40	\$350.00	Review emails; Telephone call with R. Link
SEB	24/11/20	\$625.00	0.50	\$312.50	Emails from R. Link; email from B. Kelling
DRE	24/11/20	\$875.00	0.50	\$437.50	Telephone call with R. Link; Letters re closing issues
DRE	24/11/20	\$875.00	0.10	\$87.50	Letter to R. Link
SEB	25/11/20	\$625.00	2.30	\$1,437.50	Emails from S. Yuan; emails and phone call to and from B. Kelling; review closing documents; email from A. Chan; emails from R. Link
DRE	25/11/20	\$875.00	0.20	\$175.00	Review issue over helicopters
SEB	26/11/20	\$625.00	0.40	\$250.00	Email from B. Kelling; email from S. Yuan; email from J. Merryweather

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
SEB	27/11/20	\$625.00	0.30	\$187.50	Emails from and to B. Kelling
SEB	30/11/20	\$625.00	1.30	\$812.50	Emails and phone call from and to B. Kelling; draft closing documents; emails from and to J. Merryweather; emails from and to R. Link
TOTAL:			45.30	\$32,852.50	

OUR FEE	\$32,852.50
HST at 13%	\$4,270.83

DISBURSEMENTS
COST INCURRED ON YOUR BEHALF AS AN AGENT

Notice of Motion/Application	\$320.00
------------------------------	----------

AMOUNT NOW DUE

\$37,443.33

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 TDOMCATTTOR. Please include the account number as reference. 42630600.1

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.
Receivers + Trustees
7050 Weston Road, Suite #228
Woodbridge, ON
L4L 8G7

Attention: Mr. Robert Link

Invoice No.: 693223

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

December 23, 2020

Re: Receiver of Besnovo Inc.

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended December 20, 2020:

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
SEB	01/12/20	\$625.00	0.20	\$125.00	Email from S. Yuan; emails from J. Merryweather; emails from R. Link
DRE	01/12/20	\$875.00	0.20	\$175.00	Update from R. Link
SEB	02/12/20	\$625.00	0.50	\$312.50	Emails from and to R. English; email from J. Merryweather; email from R. Link
DRE	02/12/20	\$875.00	0.30	\$262.50	Letter to R. Link; Update from S. Babe
SEB	03/12/20	\$625.00	4.40	\$2,750.00	Emails to and from R. Link; emails from and to B. Kelling; emails from and to J. Merryweather; emails from S. Yuan; draft closing documents
DRE	03/12/20	\$875.00	0.40	\$350.00	Review update on closing issues and lease
SEB	04/12/20	\$625.00	2.50	\$1,562.50	Emails to and from R. Link; revise closing documents; emails to and from B. Kelling; attend to closing matters; email from J. Merryweather

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
DRE	04/12/20	\$875.00	0.20	\$175.00	Telephone call with R. Link
SEB	07/12/20	\$625.00	0.10	\$62.50	Email from R. Link
SEB	08/12/20	\$625.00	1.20	\$750.00	Emails to and from clerk re filing of receiver's certificate; email from Court; attend to post-closing matters; emails from and to B. Kelling; emails from and to J. Merryweather
PLW	08/12/20	\$200.00	0.40	\$80.00	Submitted Receiver's Certificate online for filing
SEB	09/12/20	\$625.00	1.80	\$1,125.00	Email from B. Kelling; emails to and from J. Merryweather; email to M. Horvat; emails to and from clerks; email from R. Link; attend to post-closing items
MFH	09/12/20	\$640.00	0.30	\$192.00	Email exchanges with S. Babe regarding vacation pay issues
SRM	09/12/20	\$385.00	0.10	\$38.50	Email from S. Babe re Articles of Amendment to change name; Email to V. Clayton re same
SEB	10/12/20	\$625.00	0.30	\$187.50	Emails from and to clerk re articles of amendment; emails to and from B. Kelling; email to R. Link
SEB	14/12/20	\$625.00	0.50	\$312.50	Emails from B. Kelling; emails from J. Merryweather; emails to and from clerk
SEB	16/12/20	\$625.00	0.10	\$62.50	Email from clerk; email to B. Kelling
SEB	20/12/20	\$625.00	0.10	\$62.50	Email from B. Kelling
TOTAL:			13.60	\$8,585.50	

OUR FEE	\$8,585.50
HST at 13%	\$1,116.12

DISBURSEMENTS

COST INCURRED ON YOUR BEHALF AS AN AGENT

Articles Filing Fee	\$150.00
---------------------	----------

Subject to HST

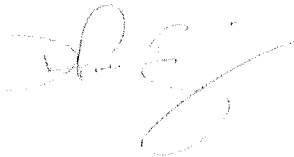
DO NO USE	(\$2.00)
Service Provider Fee	\$81.00

Total Disbursements	\$79.00
HST at 13%	\$10.27

AMOUNT NOW DUE

\$9,940.89

THIS IS OUR ACCOUNT HEREIN
Aird & Berlis LLP



D. Robb English

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. 42901230.1

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.
Receivers + Trustees
7050 Weston Road, Suite #228
Woodbridge, ON
L4L 8G7

Attention: Mr. Robert Link

Invoice No.: 703163

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

March 31, 2021

Re: Receiver of Besnovo Inc.

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended February 2, 2021:

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
PLW	02/11/20	\$200.00	0.40	\$80.00	Filed Supplementary Report of Receiver online
SEB	01/02/21	\$650.00	0.10	\$65.00	Email from B. Kelling re post-closing matters
SEB	02/02/21	\$650.00	0.10	\$65.00	Email to R. Link re closing documents
TOTAL:			0.60	\$210.00	

OUR FEE	\$210.00
HST at 13%	\$27.30
AMOUNT NOW DUE	\$237.30

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.
44066982.1

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.
Receivers + Trustees
7050 Weston Road, Suite #228
Woodbridge, ON
L4L 8G7

Attention: Mr. Robert Link

Invoice No.: 727779

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

November 2, 2021

Re: Receiver of Besnovo Inc.

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended November 1, 2021:

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
DRE	10/05/21	\$895.00	0.10	\$89.50	Discuss timing of discharge application
DRE	20/10/21	\$895.00	0.50	\$447.50	Update from receiver re CRA AR collection and plan for discharge-review file
DRE	01/11/21	\$895.00	1.50	\$1,342.50	Review draft report; Review past orders; Review status of approved accounts; Consult with clerk re scheduling; Start draft order and Notice of Motion
TOTAL:			2.10	\$1,879.50	

OUR FEE
HST at 13%

\$1,879.50
\$244.34

AMOUNT NOW DUE

\$2,123.84

SUMMARY

Name	Year of Call	Hours	Rate	Value
D. R. English (DRE)	01/01/80	2.10	\$895.00	\$1,879.50

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 1.0% 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.

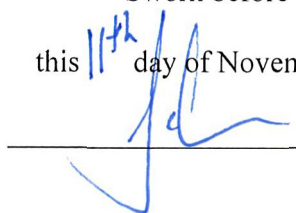
Attached is Exhibit "B"

Referred to in the

AFFIDAVIT OF KYLE PLUNKETT

Sworn before me

this 11th day of November, 2021



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/\$895.00	23.20	\$20,342.00
Sam Babe	2004	\$625.00	35.9	\$22,437.50
Damian Y. Lu	2020	\$325.00	0.7	\$227.50
Michael F. Horvat	1999	\$640.00	0.3	\$192.00
Student				
Linh Nguyen		\$225.00	0.2	\$45.00
Clerk				
Shannon Morris		\$385.00	0.1	\$38.50
Patrick Williams		\$200.00	1.2	\$240.00

ISABELLE ROBERTS

- and -

BESNOVO INC. et al.

Applicant

Respondents

Court File No. CV-18-607866-00C1

**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

Miranda Spence (LSO# 60621M)

Tel: (416) 865-3414

Fax: (416) 863-1515

Email: mspence@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 8 TH
)	
JUSTICE)	DAY OF DECEMBER, 2021

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) and THE REGIONAL MUNICIPALITY OF DURHAM

Respondents

DISCHARGE ORDER

THIS MOTION, made by Link & Associates Inc., in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of Besnovo Inc. (the "Debtor"), for an order:

1. approving the activities of the Receiver as set out in the report of the Receiver dated November 15, 2021 (the "Report");
2. approving the fees and disbursements of the Receiver and its counsel;
3. approving the distribution of the remaining proceeds available in the estate of the Debtor;

4. discharging Link & Associates Inc., as Receiver of the undertaking, property and assets of the Debtor; and

5. releasing Link & Associates Inc. from any and all liability, as set out in paragraph 5 of this Order,

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report, the affidavits of the Receiver and its counsel as to fees (the "Fee Affidavits"), and on hearing the submissions of counsel for the Receiver, no one else appearing although served as evidenced by the Affidavit of [NAME] sworn [DATE], filed;

1. **THIS COURT ORDERS** that the activities of the Receiver, as set out in the Report, are hereby approved.

2. **THIS COURT ORDERS** that the fees and disbursements of the Receiver and its counsel, as set out in the Report and the Fee Affidavits, are hereby approved.

3. **THIS COURT ORDERS** that, after payment of the fees and disbursements herein approved, the Receiver shall pay the monies remaining in its hands to Besnovo Technologies Inc.

4. **THIS COURT ORDERS** that upon payment of the amounts set out in paragraph 3 hereof and the filing of the discharge certificate in the form attached hereto as Schedule "A" (the "Discharge Certificate"), the Receiver shall be discharged as Receiver of the undertaking, property and assets of the Debtor, provided however that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of Link & Associates Inc., in its capacity as Receiver.

5. **THIS COURT ORDERS AND DECLARES** that, upon the Receiver filing the Discharge Certificate, Link & Associates Inc. is hereby released and discharged from any and all liability that Link & Associates Inc. now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Link & Associates Inc. while acting in its capacity as

Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, Link & Associates Inc. is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings, save and except for any gross negligence or wilful misconduct on the Receiver's part.

SCHEDULE “A”

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

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) and THE REGIONAL MUNICIPALITY OF DURHAM

Respondents

RECEIVER’S DISCHARGE CERTIFICATE

RECITALS

(A) Pursuant to an Order of the Honourable Mr. Justice McEwen of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made March 12, 2020 (the “**Appointment Order**”), Link & Associates Inc. (“**Link**”) was appointed as receiver and manager (in such capacity, the “**Receiver**”), without security, of all the assets, undertakings and properties of Besnovo Inc. (the “**Debtor**”).

(B) Pursuant to an Order of the Court made December 8, 2021 (the “**Distribution and Discharge Order**”), Link was discharged as the Receiver of the Debtor to be effective upon the filing by the Receiver with the Court of a certificate confirming that all matters to be attended to in connection with the receivership of the Debtor have been completed to the satisfaction of the Receiver, provided, however, that notwithstanding its discharge: (a) the Receiver will remain the

Receiver for the performance of such incidental duties as may be required to complete the administration of these receivership proceedings; and (b) the Receiver will continue to have the benefit of the provisions of all Orders made in these proceedings, including all approvals, protections and stays of proceedings in favour of Link, in its capacity as the Receiver.

(C) Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Distribution and Discharge Order.

THE RECEIVER CERTIFIES the following:

1. all matters to be attended to in connection with the receivership of the Debtor have been completed to the satisfaction of the Receiver; and
2. this Certificate was filed by the Receiver with the Court on the ____ day of _____, 2021.

Link & Associates Inc. solely in its capacity as the Court-appointed receiver of the Debtor, and not in its personal capacity

Per:

Name:

Title:

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**

DISCHARGE ORDER

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

Miranda Spence (LSO# 60621M)
Tel: (416) 865-3414
Fax: (416) 863-1515
Email: mspence@airdberlis.com

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

TAB 4

SERVICE LIST

(As of November 15, 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

Miranda Spence (LSO# 60621M)
Tel: (416) 865-3414
Fax: (416) 863-1515
Email: mspence@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
Tel: (905) 532-6670
Fax: (905) 660-0139

Erin Craddock LSO#: 62828J
Email: 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
2nd Floor
Toronto, Ontario M5E 1J8

Jeff Rosekat
Tel: (416) 639-2151
Fax: (647) 490-4888
Email: 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

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

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

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

AND TO: **LINK & ASSOCIATES, INC.**

Receivers + Trustees

7050 Weston Road

Suite #228

Woodbridge, Ontario

L4L 8G7

Robert Link

Tel: (416) 862-7785

Email: 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

AND TO: **HER MAJESTY THE QUEEN IN RIGHT
OF THE PROVINCE OF ONTARIO AS
REPRESENTED BY THE MINISTER OF
FINANCE (ONTARIO)**

Insolvency Unit/Collections Branch

33 King Street West

Oshawa, ON L1H 8H5

Email: [insolvency.unit@ontario.ca/
CollectionsOperationsOttawa@Ontario.ca](mailto:insolvency.unit@ontario.ca/CollectionsOperationsOttawa@Ontario.ca)

AND TO: **WEIR FOULDS LLP**

Barristers & Solicitors

4100-66 Wellington St. W.

P.O. Box 35, TD Bank Tower

Toronto, ON M5K 1B7

Mari-Andree Vermette

Tel: 416.947.5049

Email: mavermette@weirfoulds.com

Lawyers for The Regional Municipality of Durham

EMAIL SERVICE LIST

bsachdeva@millerthomson.com; jeff@spark.law; dhirbod@grllp.com; rlink@linkassociates.ca;
diane.winters@justice.gc.ca; insolvency.unit@ontario.ca;
CollectionsOperationsOttawa@Ontario.ca; renglish@airdberlis.com; mspence@airdberlis.com;
jmerryweather@linkassociates.ca; ecraddock@millerthomson.com; achan@millerthomson.com;
Clifford.Cole@gowlingwlg.com; Thomas.gertner@gowlingwlg.com;
mavermette@weirfoulds.com

40291907.1

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 December 8, 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: renglish@airdberlis.com

Miranda Spence (LSO# 60621M)

Tel: (416) 865-3414

Fax: (416) 863-1515

Email: mspence@airdberlis.com

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