



This is the 1st Affidavit of Huai Yin Zhang
in this case and was made on April 4, 2022

No. S217202
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

THE BANK OF NOVA SCOTIA

PETITIONER

AND:

COMMUNITY MARINE CONCEPTS LTD., VICTORIA INTERNATIONAL MARINA LTD.
ETERNALAND YUHENG INVESTMENT HOLDING LTD.. AND 0736657 B.C. LTD.

RESPONDENTS

AFFIDAVIT

I, Huai Yin (Alyssa) Zhang, Businesswoman, care of Forrester & Company Barristers, 300-171 Water Street, in the City of Vancouver, in the Province of British Columbia, AFFIRM THAT:

1. I am a Director of the Respondent companies (the "Respondents"), and as such have personal knowledge of the facts and matters hereinafter deposed to, save and except where the same are stated to be made upon information and belief, and, as to such facts, I verily believe the same to be true.
2. I and my family are majority owners of the Respondents, through our company 1073783 B.C. Ltd. with minority shares in the Applicant companies owned by an individual named Dong Xia Zhang, through her company Elesus Real Estate Canada Ltd.
3. Now shown to me and attached hereto as **Exhibit "1"** is a true copy of a corporate search for 1073783 B.C. Ltd.
4. The Petitioner, Bank of Nova Scotia ("BNS"), provided the Respondents a non-revolving term loan in the principal amount of \$17,080,000 pursuant to the terms of a Commitment Letter dated October 2, 2018 (the "BNS Loan") to provide bridge financing for CMC's construction of the Victoria International Marina in Victoria, B.C., the details of which are set out in the Petition to appoint a receiver, filed by BNS on August 6, 2021 and the Response to the Petition filed October 28, 2021.
5. The Respondents defaulted on the terms of the BNS Loan, resulting in BNS commencing the Petition.

6. Now shown to me and attached hereto as **Exhibit “2”** is a true copy of a Consent Order of the Honourable Mr. Justice Groves, made November 1, 2021, appointing Alvarez Marsal Canada Inc. as receiver (the “Receiver”), as of 12 a.m. on December 13, 2021, in the event that BNS did not file a certificate confirming that the Respondents had paid all amounts owing on the BNS Loan.
7. The Respondents were unable to pay all amounts due and owing to BNS by December 13, 2021, and the Receiver was duly appointed.
8. By email to my lawyer Glen Forrester dated March 8, 2022, the Receiver provided an estimate of the payout required to discharge the Receiver, assuming an end of the receivership by April 30, 2022. Now shown to me and attached hereto as **Exhibit “3”** is a true copy of that email, together with its attachments, the March 3, 2007, Draft Estimate Final Payout to Shareholders and the Community Marine Concepts Ltd. et al. Summary of Receipts and Disbursements - Combined For the period December 13, 2021 to February 28, 2022.
9. As further set out below, if the relief sought in this application is granted, the Respondents expect to be in a position, upon closing of the refinancing described below, to pay the entire remaining balance of the BNS Loan, discharge the security registered by BNS against the property of the Respondents, and to discharge all other debts and obligations as required by the Receiver.

\$6 Million held by BNS

10. On February 28, 2022, I caused a Royal Bank of Canada bank draft (the “Bank Draft”) in the amount of \$6,000,000 to be provided to BNS at the branch located at 1576 West 41st Avenue, Vancouver B.C (the \$6 Million Bank Draft”).
11. Now shown to me and attached hereto as **Exhibit “4”** is a true copy of the \$6 Million Bank Draft.
12. The \$6 Million Bank Draft was obtained from a company named Yeakon Minoru Blvd Holdings Ltd. (“Yeacon”), which is duly incorporated in the Province of British Columbia with incorporation number BC1292257 and has a registered and records office at PO BOX 49290, 1000-595 Burrard St, Vancouver. B.C., as lender. I signed an agreement with Yeakon on behalf of the Applicant Community Marine Concepts Ltd. (“CMC”), and also as a guarantor (the “Yeacon Loan Agreement”). The Yeakon Loan Agreement included as a schedule a promissory note that I signed on behalf of CMC. I did not fully understand at the time that I was not permitted to sign such an agreement on behalf of any of the Respondents.

13. Now shown to me and attached hereto as **Exhibit "5"** is a true copy of the Yeakon Loan Agreement.
14. On or about March 7, 2022, after I learned that I was not permitted to enter into the Yeakon Loan Agreement on behalf of the Respondents, the parties to that agreement modified the Yeakon Loan Agreement as follows:

"All parties have agreed to a modification to a loan agreement between Yeakon Minoru Blvd Holdings Ltd. And Community Marine Concepts Ltd. And Huaiyin Zhang, Haoran Zhang and Dongxia Zhang for a \$6,000,000 loan signed on Feb 1st, 2022. The "Borrower" in the above loan agreement will be replaced by Huaiyin Zhang and Dongxia Zhang. The promissory note in Schedule A is revoked."

(the "Yeakon Loan Modification Agreement").
15. Now shown to me and attached hereto as **Exhibit "6"** is a true copy of the Yeakon Loan Modification Agreement.
16. By letter dated March 16, 2022, counsel for BNS indicated that BNS was holding the \$6 million pending further assurances set out in that letter, including that certain assurances in the letter be sworn by all parties to the Yeakon Loan Agreement and the Yeakon Loan Modification Agreement. Now shown to me and attached hereto as **Exhibit "7"** are true copies of the March 16, 2022 letter from counsel for BNS, duly sworn by the parties to the Yeakon Loan Agreement and the Yeakon Loan Modification Agreement.
17. In this Application, I seek an Order that the funds from the \$6 Million Bank Draft be applied to the BNS Loan and an Order that the Receiver is authorized and directed to make that distribution.

The \$5,000,000 1129057 B.C. Ltd. Loan

18. The Respondents have arranged a \$5,000,000.00 loan by 1129057 B.C. Ltd. (the "First Lender") to 0736657 B.C. Ltd., as "Nominee", and Community Marine Concepts Ltd., as "Beneficial Owner" as set out and described in the commitment letter issued by Amber Financial Services Corporation on behalf of the First Lender to the Beneficial Owner of

behalf of the Respondents dated February 25, 2022 (the "1129057 Commitment Letter"), a true copy of which is now shown to me and attached as **Exhibit "8"**..

19. In this Application, I seek authorization to sign the 1129057 Commitment Letter on behalf of the Respondents.
20. In addition, I seek authorization to sign such other documents as are required to complete the loan with the First Lender, and in particular those documents set out and described in a letter from counsel for the First Lender, Lawson Lundell LLP to Legan Law Corporation, dated March 18, 2022:
 1. \$5,000,000.00 Form B mortgage and assignment of rents in favour of the Lender charging the Lands (described in Schedule A attached hereto) for execution by the Nominee;
 2. acknowledgement of receipt of standard mortgage terms together with a copy of such terms for execution by the Nominee;
 3. promissory note in the principal amount of \$5,000,000.00 for execution by the Borrowers;
 4. equitable mortgage and estoppel agreement for execution by the Nominee, as nominee, and the Beneficial Owner, as beneficial owner of the Lands;
 5. general security agreement for execution by the Borrowers, Victoria International Marina Ltd. ("**Victoria**") and Eternaland Yuheng Investment Holding Ltd. ("**Eternaland**" and together with Victoria, the "**Corporate Guarantors**") and Dong Xia Zhang and Huai Yin Zhang (together, the "**Personal Guarantors**");
 6. joint and several covenantor agreement for execution by the Corporate Guarantors and the Personal Guarantors, with acceptance of subordination by the Borrowers;
 7. environmental warranty and indemnity agreement in respect of the Lands for execution by the Borrowers, the Corporate Guarantors and the Personal Guarantors;
 8. assignment of cash collateral for execution by the Borrowers;
 9. assignment and postponement agreement executed by the Beneficial Owner, as sole shareholder of the Nominee, and the Personal Guarantors, as the directors of the Nominee, with acknowledgement by the Nominee;
 10. assignment and postponement agreement executed by Eternaland, as sole shareholder of the Beneficial Owner, and the Personal Guarantors, as the directors of the

Beneficial Owner, with acknowledgement by the Beneficial Owner;

11. assignment and postponement agreement executed by Eternaland, as sole shareholder of Victoria, and the Personal Guarantors, as the directors of Victoria, with acknowledgement by Victoria; and
 12. assignment and postponement agreement executed by 1073783 B.C. Ltd. and Elesus Real Estate Canada Ltd., as sole shareholders of Eternaland, and the Personal Guarantors, as the directors of Eternaland, with acknowledgement by Eternaland;
 13. certificate of officer for execution by a director and/or officer of the Beneficial Owner;
 14. certificate of officer for execution by a director and/or officer of Victoria;
 15. certificate of officer for execution by a director and/or officer of Eternaland; and
 16. authority to pay for execution by the Borrowers.
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21. Now shown to me and attached hereto as **Exhibit "9"** is a true copy of the letter from counsel for the First Lender, Lawson Lundell LLP to Tegan Law Corporation, dated March 18, 2022.
 22. The Respondents also seek leave for me to sign on their behalf the Consent and Non-Disturbance agreement between 0736657 B.C. Ltd., the First Lender and Her Majesty the Queen in Right of the Province of British Columbia (the "Crown") and a Lease between and the Crown, true copies of which are now shown to me and attached hereto as **Exhibits "10" and "11"**.

The \$5,000,000 Amber Mortgage Loan


23. The Respondents have arranged a further \$5,000,000.00 loan by Amber Mortgage Investment Corp. (the "Second Lender") to 0736657 B.C. Ltd., and Community Marine Concepts Ltd. as set out and described in the commitment letter issued by Amber Financial Services Corporation on behalf of the Second Lender dated March 1, 2022 (the "Amber Mortgage

Commitment Letter”), a copy of which is attached is now shown to me and attached as **Exhibit “12”**.

24. In this Application, I seek authorization to sign the Amber Mortgage Commitment Letter on behalf of the Respondents.
25. In addition, I seek authorization to sign such other security documents as are required to complete the loan with the Second Lender.
26. In respect of the loans from the First Lender and the Second Lender, it is intended that those funds be paid to discharge the BNS Loan, with the requirement that the security registered by BNS be discharged, and also that the remaining funds as required be allocated toward payment of such debts, liabilities and obligations as are required to discharge the Receiver.

AFFIRMED BEFORE ME at the City of)
Vancouver, in the Province of British)
Columbia, Canada this 4th day of April, 2022.)

A Notary Public or a Commissioner)
for taking affidavits in the Province of BC)



Huai Yin Zhang)

Glen Forrester
Barrister & Solicitor
Forrester & Company
Suite 300 - 555 West Georgia Street
Vancouver, B.C. V6B 1Z6
Tel: 604.682.1066



BC Company Summary

For

1073783 B.C. LTD.

Date and Time of Search:

March 30, 2022 11:16 AM Pacific

Currency Date:

November 25, 2021

This is Exhibit "A" referred to in the
Affidavit of Hua Yin Zhang
Sworn (or affirmed) before me at
Victoria, B.C.
this 4 day of April 2022

ACTIVE

A Commissioner/Notary Public for the
Province of British Columbia

Incorporation Number:

BC1073783

Name of Company:

1073783 B.C. LTD.

Business Number:

771731122 BC0001

Recognition Date and Time:

Incorporated on April 28, 2016 02:34 PM Pacific Time

In Liquidation: No

Last Annual Report Filed:

April 28, 2019

Receiver: No

REGISTERED OFFICE INFORMATION

Mailing Address:

2959 KINGSWAY
VANCOUVER BC V5R 5J4
CANADA

Delivery Address:

2959 KINGSWAY
VANCOUVER BC V5R 5J4
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:

2959 KINGSWAY
VANCOUVER BC V5R 5J4
CANADA

Delivery Address:

2959 KINGSWAY
VANCOUVER BC V5R 5J4
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:

ZHANG, HUAI YIN

Mailing Address:

7629 BURRIS STREET
BURNABY BC V5E 1Z2
CANADA

Delivery Address:

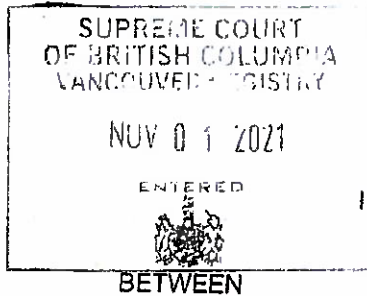
7629 BURRIS STREET
BURNABY BC V5E 1Z2
CANADA

NO OFFICER INFORMATION FILED AS AT April 28, 2019.

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This is Exhibit "2" referred to in the Affidavit of Hayan Zhang sworn (or affirmed) before me at Vancouver, B.C. this 4 day of April, 2022

A Commissioner/Notary Public for the Province of British Columbia No. S-217202 Vancouver Registry



IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

THE BANK OF NOVA SCOTIA

PETITIONER

AND

COMMUNITY MARINE CONCEPTS LTD., VICTORIA INTERNATIONAL MARINA LTD., ETERNALAND YUHENG INVESTMENT HOLDING LTD., AND 0736657 B.C. LTD.

RESPONDENTS

CONSENT ORDER MADE AFTER APPLICATION

(APPOINTMENT OF RECEIVER)

BEFORE THE HONOURABLE

JUSTICE GROVES

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November 1, 2021

ON THE APPLICATION of the Petitioner 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 39 of the *Law and Equity Act*, R.S.B.C. 1996 c. 253, as amended (the "LEA") appointing Alvarez & Marsal Canada Inc. ("A&M") as Receiver (in such capacity, the "Receiver") without security, of all of the assets, undertakings and property of Community Marine Concepts Ltd., Victoria International Marina Ltd., Eternaland Yuheng Investment Holding Ltd., and 0736657 B.C. Ltd. (collectively, the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, coming on for hearing this day at Vancouver, British Columbia.

AND ON READING Affidavit #1 of Beatriz Martinez sworn August 6, 2021, Affidavit #1 of Sandra Brown-John, sworn August 5, 2021, Confidential Affidavit #2 of Sandra Brown-John, sworn August 5, 2021, Affidavit #3 of Sandra Brown-John, sworn August 25, 2021, Affidavit #1 of Jennifer Alambre, sworn September 1, 2021, Affidavit #1 of Feng Beng Li, sworn September 21, 2021, Affidavit #1 of Angela Bradley, sworn September 23, 2021, Affidavit #4 of Sandra Brown-John, sworn October 28, 2021, Affidavit #1 of Xiaolu Michael Bi, sworn October 28, 2021, Affidavit #2 of Feng Beng Li, sworn October 28, 2021, Affidavit #1 of Yu-Chiao (Joy) Chiang, sworn October 28, 2021, and the consent of A&M to act as the Receiver; AND ON HEARING Peter

Bychawski, counsel for The Bank of Nova Scotia, and Crystal Law, counsel to the Debtors, and no one else appearing.

THIS COURT ORDERS AND DECLARES that:

CONSENT APPOINTMENT

1. Pursuant to Section 243(1) of the BIA and Section 39 of the LEA, A&M shall be automatically appointed Receiver, without security, of all of the assets, undertakings and property of the Debtors, including all proceeds (the "**Property**"), at 12:00 a.m. on December 13, 2021 (the "**Appointment Date**"), without any further application or notice to the Debtors, unless prior to the Appointment Date the Petitioner files with this Court: (a) a certificate confirming that all amounts owing by the Debtors to the Petitioner have been paid in full inclusive of all principal, fees, costs (including but not limited to legal and financial advisor fees), and payment-in-kind interest owing by the Debtors, jointly and severally, to the Petitioner pursuant to or in connection with the Commitment Letter, Mortgage, GSAs, Guarantees, Financial Advisor Agreement (in each case as defined in the Petition) and any other documents, instruments, and agreements executed pursuant thereto or in connection therewith; or (b) a certificate confirming that the Petitioner consents to the Appointment Date being extended to such other date as the Petitioner may determine in its discretion.
2. For greater certainty, paragraphs 3 to 34 and 36 – 40 of this Order shall not be effective until the Appointment Date, at which time they shall automatically come into force pursuant to paragraph 1 of this Order.

RECEIVER'S POWERS

3. The Receiver is 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 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 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, changing locks and security codes, relocation of Property, engaging independent security personnel, taking physical inventories and placing insurance coverage;
 - (c) to manage, operate and carry on the business of the Debtors, 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 Debtors;
 - (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 Debtors or any part or parts thereof;
 - (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting these amounts, including, without limitation, enforcement of any security held by the Debtors;
 - (g) to settle, extend or compromise any indebtedness owing to the Debtors;
 - (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 Debtors, for any purpose pursuant to this Order;
 - (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtors;
 - (j) to initiate, manage and direct all legal proceedings now pending or hereafter pending (including appeals or applications for judicial review) in respect of the Debtors, the Property or the Receiver, including initiating, prosecuting, continuing, defending, settling or compromising the proceedings;
 - (k) 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 considers appropriate;
 - (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:
 - (i) without the approval of this Court in respect of a single transaction for consideration up to \$500,000 provided that the aggregate consideration for all such transactions does not exceed \$1,000,000, and
 - (ii) with the approval of this Court in respect of any transaction in which the individual or aggregate purchase price exceeds the limits set out in subparagraph (i) above,
- and in each such case notice under Section 59(10) of the *Personal Property Security Act*, R.S.B.C. 1996, c. 359 shall not be required;
- (m) 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, free and clear of any liens or encumbrances;
 - (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver considers appropriate on all matters relating to the Property and the receivership, and to share information, subject to confidentiality terms as the Receiver considers appropriate;
 - (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

- (p) 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 considered necessary or appropriate by the Receiver, in the name of the Debtors;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limitation, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (s) 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 Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

- 4. Each of (i) the Debtors; (ii) all of the Debtors' 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 (collectively, "**Persons**" and each 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 (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.
- 5. All Persons, other than governmental authorities, 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 Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (collectively, the "**Records**") in that Person's possession or control. Upon request, governmental authorities shall advise the Receiver of the existence of any Records in that Person's possession or control.
- 6. Upon request, all Persons shall provide to the Receiver or permit the Receiver to make, retain and take away copies of the Records and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities, provided however that nothing in paragraphs 4, 5, or 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 solicitor client privilege or statutory provisions prohibiting such disclosure.
- 7. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by an 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 or making copies

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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 require including, without limitation, providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

8. 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 DEBTORS OR THE PROPERTY

9. No Proceeding against or in respect of the Debtors 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 Debtors or the Property are stayed and suspended pending further Order of this Court; provided, however, that nothing in this Order shall prevent any Person from commencing a Proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such Proceeding is not commenced before the expiration of the stay provided by this paragraph and provided that no further step shall be taken in respect of the Proceeding except for service of the initiating documentation on the Debtors and the Receiver.

NO EXERCISE OF RIGHTS OR REMEDIES

10. All rights and remedies (including, without limitation, set-off rights) against the Debtors, the Receiver, or affecting the Property, are stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this Order shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors is not lawfully entitled to carry on, (ii) affect the rights of any regulatory body as set forth in section 69.6(2) of the BIA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien. This stay and suspension shall not apply in respect of any "eligible financial contract" as defined in the BIA.

NO INTERFERENCE WITH THE RECEIVER

11. 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 Debtors, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract from closing out and terminating such contract in accordance with its terms.

CONTINUATION OF SERVICES

12. All Persons having oral or written agreements with the Debtors 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 Debtors are 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 the Receiver shall be entitled to the continued use of the Debtors' 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 Debtors 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. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever including, without limitation, the sale of all or any of the Property and the collection of any accounts receivable, in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post-Receivership Accounts**") and the monies standing to the credit of such Post-Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

14. Subject to the employees' right to terminate their employment, all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities of the Debtors, including any successor employer liabilities as referred to in Section 14.06(1.2) of the BIA, other than amounts the Receiver may specifically agree in writing to pay or in respect of obligations imposed specifically on receivers by applicable legislation, including sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47. The Receiver shall be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts relating to any employees that the Receiver may hire in accordance with the terms and conditions of such employment by the Receiver.

PERSONAL INFORMATION

15. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 or Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, the Receiver may 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 Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. Nothing in this Order 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 relating to the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination (collectively "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation.
17. 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 the Receiver is actually in possession.
18. Notwithstanding anything in federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arises or environmental damage that occurred:
 - (a) before the Receiver's appointment; or,
 - (b) after the Receiver's appointment, unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
19. Notwithstanding anything in federal or provincial law, but subject to paragraph 18 of this Order, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, if the Receiver complies with the BIA section 14.06(4), the Receiver is not personally liable for the failure to comply with the order and is not personally liable for any costs that are or would be incurred by any Person in carrying out the terms of the order.

LIMITATION ON THE RECEIVER'S LIABILITY

20. 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:
 - (a) any gross negligence or wilful misconduct on its part; or
 - (b) amounts in respect of obligations imposed specifically on receivers by applicable legislation.

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

21. The Receiver and its legal counsel, if any, are granted a charge (the "**Receiver's Charge**") on the Property as security for the payment of their fees and disbursements, in each case at their standard rates, in respect of these proceedings, whether incurred before or after the making of this Order. 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.
22. The Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are referred to a judge of the Supreme Court of British Columbia and may be heard on a summary basis.
23. 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

24. The Receiver is authorized and 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 \$500,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as the Receiver 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 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.
25. 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.
26. The Receiver is 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.
27. 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.

ALLOCATION

28. Any interested party may apply to this Court on notice to any other party likely to be affected for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the Property.

SERVICE AND NOTICE OF MATERIALS

29. The Receiver shall establish and maintain a website in respect of these proceedings at: www.alvarezandmarsal.com/communitymarine (the "**Website**") and shall post there as soon as practicable:
- (a) all materials prescribed by statute or regulation to be made publicly available, including pursuant to Rule 10-2 of the *Supreme Court Civil Rules*; and,
 - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.
30. Any Person who is served with a copy of this Order and that wishes to be served with any future application or other materials in these proceedings must provide to counsel for each of the Receiver and the Applicant a demand for notice in the form attached as Schedule B (the "**Demand for Notice**"). The Receiver and the Applicant need only provide further notice in respect of these proceedings to Persons that have delivered a properly completed Demand for Notice. The failure of any Person to provide a properly completed Demand for Notice releases the Receiver and the Applicant from any requirement to provide further notice in respect of these proceedings until such Person delivers a properly completed Demand for Notice.
31. The Receiver shall maintain a service list identifying all parties that have delivered a properly completed Demand for Notice (the "**Service List**"). The Receiver shall post and maintain an up-to-date form of the Service List on the Website.
32. Any interested party, including the Receiver, may serve any court materials in these proceedings by facsimile or by emailing a PDF or other electronic copy of such materials to the numbers or addresses, as applicable, set out on the Service List. Any interested party, including the Receiver, may serve any court materials in these proceedings by mail to any party on the Service List that has not provided a facsimile number or email address, and materials delivered by mail shall be deemed received five (5) days after mailing.
33. Notwithstanding paragraph 32 of this Order, service of the Petition and any affidavits filed in support shall be made on the Federal and British Columbia Crowns in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c.C-50 and its regulations for the Federal Crown and the *Crown Proceedings Act*, R.S.B.C. 1996 c.89 in respect of the British Columbia Crown.
34. The Receiver and its counsel are authorised to serve or distribute this Order, any other orders and any other materials as may be reasonably required in these proceedings, including any notices or other correspondence, by forwarding copies by facsimile or by email to the Debtors' creditors or other interested parties and their advisors. For greater

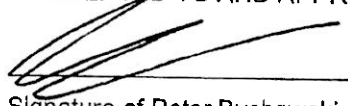
certainly, any such distribution or service shall be deemed to be in satisfaction of any legal or juridical obligation and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*.

GENERAL

35. Any interested party may apply to this Court to vary or amend this Order on not less than seven (7) clear business days' notice to the Service List and to any other party who may be affected by the variation or amendment, or upon such other notice, if any, as this Court may order.
36. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
37. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.
38. This Court requests the aid, recognition and assistance of any court, tribunal, regulatory or administrative body having jurisdiction, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All such courts, tribunals and regulatory and administrative bodies are 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.
39. The Receiver is authorized and empowered to apply to any court, tribunal or regulatory or administrative body, wherever located, for recognition of this Order and for assistance in carrying out the terms of this Order and 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.
40. The Petitioner shall have its costs of this motion, up to and including entry and service of this Order, as provided for by the terms of the Petitioner's security or, if not so provided by the Petitioner's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine.

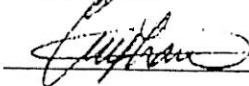
THE FOLLOWING PARTIES APPROVE OF THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

CONSENTED TO AND APPROVED BY:



Signature of Peter Bychawski, lawyer for the
Petitioner

CONSENTED TO AND APPROVED BY:



Signature of Crystal Law, lawyer for the
Respondents

BY THE COURT



DISTRICT REGISTRAR

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT

\$ _____

1. THIS IS TO CERTIFY that Alvarez & Marsal Canada Inc., the Receiver (the "Receiver") of all of the assets, undertakings and properties of Community Marine Concepts Ltd., Victoria International Marina Ltd., Eternaland Yuheng Investment Holding Ltd., and 0736657 B.C. Ltd. acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "Property") appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the "Court") dated the _____ day of _____, 201____ (the "Order") made in SCBC Action No. _____ and/or SCBC Action No. _____/Estate No. _____ has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly] not in advance on the _____ day of each month after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the 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 _____.
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 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.

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7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum under this Certificate in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 2021.

Alvarez & Marsal Canada Inc., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per:
Name:
Title:

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SCHEDULE "B"

Demand for Notice

TO: **The Bank of Nova Scotia**
 c/o Blake, Cassels & Graydon LLP
 Attention: Peter Bychawski/Claire Hildebrand
 Email: peter.bychawski@blakes.com/claire.hildebrand@blakes.com

AND TO: **Alvarez & Marsal Canada Inc.**
 c/o [Name of Counsel to the Receiver]
 Attention:
 Email:

Re: **In the matter of the Receivership of Community Marine Concepts Ltd., Victoria International Marina Ltd., Eternaland Yuheng Investment Holding Ltd., and 0736657 B.C. Ltd.**

I hereby request that notice of all further proceedings in the above Receivership be sent to me in the following manner:

1. By email, at the following address (or addresses):

OR

2. By facsimile, at the following facsimile number (or numbers):

OR

3. By mail, at the following address:

Name of Creditor: _____

Name of Counsel (if any): _____

Creditor's Contact Address: _____

Creditor's Contact Phone Number: _____

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Action No. S-217202
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

THE BANK OF NOVA SCOTIA

Petitioner

- and -

Respondents

COMMUNITY MARINE CONCEPTS LTD., VICTORIA
INTERNATIONAL MARINA LTD., ETERNALAND
YUHENH INVESTMENT HOLDING LTD., AND
0736657 B.C. LTD.

RECEIVERSHIP ORDER

BLAKE, CASSELS & GRAYDON LLP

Barristers & Solicitors
2600, 595 Burrard Street
Vancouver, BC V7X 1L3
1.604.631.3300
Agent: Dye & Durham

Counsel: Peter Bychawski
Matter No. 00019350.090070

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From: Glen Forrester
To: Joy Chiang
Subject: FW: Final amount
Date: Thursday, March 31, 2022 10:31:40 AM
Attachments: 2022-03-07 DRAFT Estimate final payout to Shareholders.pdf
CMC et al - Interim R&D as at Feb 28, 2022.pdf

Redacted

-----Original Message-----

From: Law, Pinky <pinky.law@alvarezandmarsal.com>
Sent: March 8, 2022 2:34 PM
To: Eric Li <monzter@me.com>; Glen Forrester <gforrester@forresterbarristers.ca>
Cc: Martin, Todd <tmartin@alvarezandmarsal.com>; Tevia Jeffries - Dentons (tevia.jeffries@dentons.com) <tevia.jeffries@dentons.com>
Subject: RE: Final amount

Eric, Glen,

I refer to Eric's request for the final payout balances below. Please find attached the draft estimate of costs to payout (assuming payout is on April 30, 2022) for your reference. Please note that this is prepared based on best efforts basis and is subject to change (dependent on timing, operations at the marina, etc.).

Please let me know if you have any questions.

Thanks,
Pinky

Pinky Law, CPA, CA, CIRP, LIT
Alvarez & Marsal Canada Inc.
Licensed Insolvency Trustee
Direct: +1 604 638 7446
Mobile: +1 778 233 0130
pinky.law@alvarezandmarsal.com

This is Exhibit "J" referred to in the
Affidavit of Hua Ya Chen
sworn (or affirmed) before me at Vancouver, B.C.
this 4 day of April, 2022.
A Commissioner/Notary Public for the
Province of British Columbia

-----Original Message-----

From: Law, Pinky
Sent: Tuesday, March 08, 2022 11:20 AM
To: Eric Li <monzter@me.com>
Cc: Glen Forrester <gforrester@forresterbarristers.ca>
Subject: RE: Final amount

Hi Eric,

We are working on getting you the final payout calculation. In the meantime, please find attached the draft loan summary from August 2021 to January 2022, and the updated draft interest summary up to January 31, 2022 I have received from the bank today.

Regarding the source of funds, you may wish to have Glen (copied) connect with BNS' counsel on this.

Thanks,
Pinky

Pinky Law, CPA, CA, CIRP, LIT
Alvarez & Marsal Canada Inc.
Licensed Insolvency Trustee

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Direct: +1 604 638 7446
Mobile: +1 778 233 0130
pinky.law@alvarezandmarsal.com

-----Original Message-----

From: Eric Li <monzter@me.com>
Sent: Monday, March 07, 2022 3:16 PM
To: Law, Pinky <pinky.law@alvarezandmarsal.com>
Subject: Final amount

[EXTERNAL EMAIL]

Hi Pinky,

I have just got off the phone with our lender, they are looking to release the final amount this Friday. There are a few things I need - final detailed calculation for the pay out amount and the status of two previous 6 million dollar deposits. In regards to the second 6 million dollar source of fund detail, would I be able to explain it to you directly? If not, please get me connected with Scotia.

Sent from my iPhone

Community Marine Concepts Ltd. et al - In Receivership
DRAFT BNS payout and holdback estimate
Assume Closing and Discharge by April 30, 2022

BNS loans - per draft payout statement, draft loan statements and draft interest statements				Total	
	Principal	Interest			
Term Loan	\$ 14,884,823.84	\$ 931,816.98		\$ 15,816,640.82	
Receiver's certificate	100,000.00	716.71		100,716.71	
LC	100,000.00	-		100,000.00	Has to be replaced for the foreshore lease
CEBA	40,000.00	-		40,000.00	There may also be an additional CEBA loan of \$40,000 under VM
	<u>\$ 15,124,823.84</u>	<u>\$ 932,533.69</u>			
	Days	Per diem per BNS			
Total loans	31-Jan-22			\$ 16,057,357.53	
Interest per diem - additional	30-Apr-22	89	\$ 1,225.03	109,033.01	
Total outstanding BNS loans				<u>\$ 16,166,390.54</u>	
Shareholders' injections					
- December 14, 2021 - to CMC				\$ 5,948,323.55	
- February 28, 2022 - to BNS in draft				<u>6,000,000.00</u>	
				<u>\$ 11,948,323.55</u>	
Bank balances - <u>balance to fluctuate as marine continues to operate</u>					
BNS accounts	3-Mar-22			\$ 163,980.76	
Receiver's trust accounts (excluding the \$5.9 million above)	7-Mar-22			<u>58,062.00</u>	
				<u>\$ 222,042.76</u>	
Priority payments, expenses and holdbacks					
Priority payments					
- CRA source deductions				\$ 162,021.84	Per Company records. Subject to CRA review
- CRA GST				20,405.19	Per CRA NOA
- BC PST				<u>1,350.23</u>	Subject to BC Ministry of Finance review
				<u>\$ 203,787.36</u>	
Unpaid expenses and holdback					
- Professional fees (estimate to discharge)					
AMM - Receiver				\$ 150,000.00	
Dentons - Receiver's counsel				75,000.00	
Cox Taylor - Receiver's counsel on BWS matter				<u>5,000.00</u>	
				<u>230,000.00</u>	
- CBRE break fee				196,675.00	CBRE fee to increase to \$250,000+GST if redemption is after April 12, 2022
- Appraisal				20,000.00	Estimate
- Other current outstanding expenses (including estimated contractor's pay on or around March 15, 2022)				75,000.00	
- Ongoing operational expenses until Closing (March & April)				170,000.00	\$75,000 - \$95,000 per month (excluding professional fees)
- Holdback for additional expenses incurred during Receivership				<u>250,000.00</u>	Net amount to be returned to debtors after Receiver is satisfied that all expenses during the Receivership is settled.
Total priority payments, expenses and holdbacks				<u>\$ 1,145,682.35</u>	
Net final payout amount				<u>\$ 5,141,686.59</u>	

Note 1: Property taxes of \$299,274.38 outstanding per Company's records. Such amount is not considered a holdback amount as no conveyances will take place upon security redemption.

Note 2: Employees of CMC and VM were all terminated as of Receivership date and are engaged as contractors to the Receiver. Shareholders should consider the transition of contractors to employees of CMC and VM.

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Community Marine Concepts Ltd. et al.
Summary of Receipts and Disbursements - Combined
For the period December 13, 2021 to February 28, 2022

Receipts

Receiver's certificate	\$ 100,000
Pre-filing bank balances	341,120
Shareholder injection	5,948,324
Moorage	49,404
Shore power	16,147
Office leases	12,863
Events	10,261
Parking	8,311
Restaurant lease	72,300
Other revenue	12,402
Total receipts	6,571,130

Disbursements

Contractors (marina management and staff)	112,384
Pre-receivership payroll	19,942
General and administrative costs	34,693
Insurance	30,342
Repairs, maintenance and other operating costs	10,132
Security	4,487
Professional fees	196,630
Credit card fees	6,599
Events	2,421
Total disbursements	417,629

Excess of receipts over disbursements	\$ 6,153,501
--	---------------------

This is Exhibit "B1" referred to in the
Affidavit of Helen Yau Chan
sworn (or affirmed) before me at
Vancouver, B.C.
this 4 day of August, 2022.

A Commissioner/Notary Public for the
Province of British Columbia

[illegible]

22

This is Exhibit "5" referred to in the
Affidavit of Hua Yin Zhang
sworn (or affirmed) before me at
Vancouver, B.C.
this 4 day of April, 2022

LOAN AGREEMENT

A Commissioner/Notary Public for the
Province of British Columbia

THIS LOAN AGREEMENT dated as of January 29, 2022

AMONG:

Yeakon Minoru Blvd Holdings Ltd., a company duly incorporated
in the Province of British Columbia with incorporation number
BC1292257 and its registered and records office at PO BOX
49290, 1000-595 Burrard St, Vancouver, BC, V7X 1S8, Canada
(the "Lender")

AND:

Community Marine Concepts Ltd., a company duly incorporated in
the Province of British Columbia with incorporation number BC
0998190 and its registered and records office at 260-3631 No3 Rd,
Richmond, BC, V6X 2B9, Canada

(the "Borrower")

AND:

Huai Yin Zhang ("HYZ")
-and-
Haoran Zhang ("HRZ")
-and-
Dongxia Zhang

(collectively the "Gurarantors")

WHEREAS:

- (a) The Lender has agreed to lend to the Borrower and the Borrower has agreed to borrow from the Lender the Facility (as defined herein) on the terms and subject to the conditions of this Agreement.
- (b) The Gurantors have agreed to jointly and severally guarantee to the Lender all the payment and performance of all indebtedness, laiblities and obligations of the Borrower to the Lender under this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and covenants contained herein and for other good and valuable consideration (the receipt and sufficiency of which each party acknowledges) the parties agree as follows:

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ARTICLE 1 **INTERPRETATION**

Definitions

1.1 For all purposes of this Agreement except as otherwise expressly provided or unless the context otherwise requires:

- (a) **"Advance"** means the advance of the Facility hereunder;
- (b) **"Business Day"** means any day, excluding Saturdays, Sundays and federal statutory holidays;
- (c) **"Event of Default"** has the meaning ascribed to it in Section 8.1;
- (d) **"Facility"** means the credit facility granted by the Lender to the Borrower in the aggregate principal amount of \$6,000,000.00 pursuant to this Agreement.
- (e) **"Facility Documents"** means this Agreement, the Promissory Note, Guarantee and Indemnity and all other agreements, certificates, instruments and other documents delivered or to be delivered by the Borrower hereunder or thereunder, each as amended, modified, supplemented, restated or replaced from time to time;
- (f) **"Governmental Authority"** means the government, parliament or legislature of Canada or any other nation, or of any political subdivision thereof, whether provincial, state, municipal or local, and any agency, authority, instrumentality, ministry, tribunal, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government in Canada or any other nation;
- (g) **"Lien"** means any mortgage, charge, lien, hypothec or encumbrance, whether fixed or floating on, or any security interest in, any property, whether real, personal or mixed, tangible or intangible, any pledge or hypothecation of any property, any royalty payment obligation, any deposit arrangement, priority, conditional sale agreement, other title retention agreement or equipment trust, capital lease or other security arrangement of any kind;
- (h) **"Material Adverse Effect"** means, in respect of a Person, a material adverse effect on the assets, properties, businesses, results of operations, prospects or condition (financial or otherwise) of that Person;
- (i) **"Maturity Date"** has the meaning set forth in Section 3.1 below;
- (j) **"Outstanding Balance"** at any given time means the the outstanding balance of the Facility together with accrued and unpaid interest, fees and other costs or charges payable hereunder;

- (k) **"Person"** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, body corporate, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, government or Governmental Authority or entity, however designated or constituted; and
- (l) **"Promissory Note"** means the promissory note in the form attached hereto as Schedule A in the principal amount of the Advance.

Interpretation

1.2 For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

- (a) "this Agreement" or means this Loan Agreement as it may from time to time be supplemented, amended or restated, and includes the Schedules hereto;
- (b) a reference to an Article is to an Article of this Agreement, and Section followed by a number or some combination of numbers and letters refers to the section, subparagraph, clause or subclause of this Agreement so designated;
- (c) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article or other subdivision of or Schedule to this Agreement;
- (d) the table of contents and headings are for convenience of reference only and do not form a part of this Agreement, nor are they intended to interpret, define or limit the scope, extent or intent of this Agreement or any of its provisions;
- (e) a general statement, term or matter when followed by the word "including", will not be construed as limited to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not language such as "without limitation", or "but not limited to" or words of similar import are used with reference thereto, but rather the general statement, term or matter will be deemed to refer to all items and matters that could reasonably fall within the broadest possible scope of the general statement, term or matter;
- (f) an accounting term not otherwise defined herein has the meaning assigned to it, and every calculation to be made hereunder is to be made, in accordance with generally accepted accounting principles applicable to the undertaking of the Parties in respect of the subject matter of this Agreement;
- (g) a reference to a statute includes and will, unless otherwise set out herein, be deemed to be a reference to the statute and to the regulations made pursuant thereto, with all amendments made thereto and in force from time to time, and to any statute or regulation that has the effect of supplementing or superseding the statute or such regulations;

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- (h) a reference to a Person will include and will be deemed to be a reference to a Person that is a successor to that Person;
- (i) a reference to "approval", "authorization" or "consent" of a party to this Agreement means the written approval, written authorization or written consent of such Party;
- (j) words importing the masculine gender include the feminine or neuter gender and words in the singular include the plural, and vice versa and, where applicable, a corporation; and
- (k) all references to currency are in Canadian dollars, unless otherwise expressly indicated.

Schedules

1.3 The following are the schedules to this Agreement:

Schedule A - Promissory Note

ARTICLE 2 FACILITY ADVANCE

Advance of Facility

2.1 Subject to and upon the fulfilment of the conditions precedent contained in Section 5.1 of this Agreement, the Lender will advance the principal amount of the Facility to the Borrower on or before Feb 2, 2022

Use of Proceeds

2.2 The Borrower covenants and agrees with the Lender that the proceeds of the Facility will be used by the Borrower for paying of the outstanding balance of a loan with initial principal amount for \$16,000,000, which was advanced by Scotial Bank bearing a the mortgage instrument registration number of No. S217202 and not for any illegal purposes.

ARTICLE 3 TERM AND PREPAYMENT

Term

3.1 The Facility shall be repaid by the first Business Day that is ONE year(s) from the date of the first Advance, subject to earlier termination of this Agreement pursuant hereto (the "Maturity Date").

Prepayment

3.2 The Facility may be prepaid, in part or whole, prior to the Maturity Date on ten (10) Business Days' notice to the Lender without bonus or penalty.

ARTICLE 4 **INTEREST**

Interest

4.1 Interest will accrue on the Outstanding Balance at TEN percent (10%) per annum calculated daily and payable quarterly, in arrears. Interest will accrue before and after each of maturity, default and judgment.

ARTICLE 5 **CONDITIONS PRECEDENT TO ADVANCE**

Conditions Precedent to the Advance

5.1 As conditions precedent to any Advance (or readvance if applicable) under the Facility by the Lender:

- (a) receipt by the Lender of the following documents, each in full force and effect, and in form and substance satisfactory to the Lender, as continuing collateral security for the repayment of the Outstanding Balance of the Facility:
 - (i) the Promissory Note;
 - (ii) Registrable mortgage in the amount of \$6,000,000.00 in second position over the property located at 6700 Gibbons Drive, Richmond, BC, V7C 2E1;
 - (iii) Registrable mortgage in the amount of \$6,000,000.00 in second position over the property located at 2389 Macbain Ave, Vancouver, BC, V6L 2C5;
 - (iv) Personal Guarantee and Indemnity Agreement fully and dully signed; and
 - (v) such other documents, certificates, opinions and agreements which the Lender may reasonably require; and
- (b) the representations and warranties of the Borrower contained in Section 6.1 will continue to be true and correct and the Borrower will have complied with all the covenants set out herein that are required to be complied with by them prior to the making of any Advance (or readvance if applicable) under the Facility by the Lender.

5.2 If any of the foregoing conditions precedent are not satisfied or waived by the Lender in writing on or before March 1st, 2022, this Agreement will terminate and the Lender will be

under no further obligation to the Borrower in connection with the transaction contemplated herein.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF THE BORROWER

Representations and Warranties

6.1 The Borrower represents and warrants to the Lender as of the date of this Agreement and so long as any monies will be outstanding under this Agreement as follows:

- (a) The Borrower exists under the laws of its jurisdiction of incorporation, and has not discontinued or been dissolved and is in good standing with respect to the filing of annual reports and other requirements thereunder;
- (b) The Borrower has the power, authority and capacity to
 - (i) carry on its business as now being conducted and is licensed or registered or otherwise qualified in all jurisdictions where in the nature of its assets or the business transacted makes such licensing, registration or qualification necessary;
 - (ii) acquire, own, hold, lease and mortgage or grant security in its assets including real property and personal property; and
 - (iii) enter into and perform their obligations under the Facility Documents;
- (c) the Facility Documents have been duly authorized by all necessary corporate action;
- (d) the Facility Documents constitute legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms;
- (e) the Borrower has not committed any act of bankruptcy, or proposed a compromise or arrangement to its creditors generally, had a petition or receiving order in bankruptcy filed against it, made a voluntary assignment in bankruptcy;
- (f) the Borrower is solvent and is generally able to pay its debts as they come due and will be able to do so after giving effect to the transactions contemplated in this Agreement; and
- (g) no event or circumstance has occurred since the date of the advance of the Facility which could be construed as a default or an Event of Default, and the Borrower has fulfilled and continues to fulfill all of its covenants and other obligations in respect of the Facility.

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ARTICLE 7 **COVENANTS**

Positive Covenants of the Borrower

7.1 The Borrower covenants and agrees that so long as any monies will be outstanding under this Agreement, it will:

- (a) at all times maintain its corporate existence;
- (b) duly perform its obligations under each of the Facility Documents to which it is a party;
- (c) carry on and conduct its business in a proper business-like manner in accordance with good business practice and will keep or cause to be kept proper books of account;
- (d) at all times comply with all applicable laws, except where such voluntary non-compliance could not reasonably be expected to have a Material Adverse Effect on the Borrower;
- (e) pay and discharge promptly when due, all taxes, assessments and other governmental charges or levies imposed upon it or upon its properties or assets or upon any part thereof, as well as all claims of any kind (including claims for labour, materials and supplies) which, if unpaid, would by law become a Lien, trust or other claims upon any such properties or assets; and
- (f) furnish and give to the Lender (if such is the case) notice that an Event of Default has occurred and, if applicable, is continuing or notice in respect of any event which would constitute an Event of Default hereunder with the passage of time and specifying the nature of same.

ARTICLE 8 **DEFAULT**

Event of Default

8.1 Each and every one of the events set forth in this Section will be an event of default ("Event of Default"):

- (a) if the Borrower fails to make any payment of principal or interest when due hereunder;
- (b) if the Borrower defaults in observing or performing any term, covenant or condition of any Facility Document or in connection with the Facility, other than the payment of monies as provided for in Section 8.1(a) hereof, on its part to be observed or performed and such failure continues for three Business Days;

- (c) if any of the Borrower's representations, warranties or other statements in this Agreement or any other collateral document delivered hereunder or in connection with the Facility were at the time given false or misleading in any material respect;
- (d) if the Borrower permits any sum which has been admitted as due, or is not disputed to be due, and which forms or is capable of being made a charge upon any of the assets or undertaking of the Borrower to remain unpaid or not challenged for 15 days after proceedings have been taken to enforce the same;
- (e) if the Borrower ceases or threatens to cease to carry on business;
- (f) if the Borrower petitions or applies to any tribunal for the appointment of a trustee, receiver or liquidator or commences any proceedings under any bankruptcy, insolvency, readjustment of debt or liquidation law of any jurisdiction, whether now or hereafter in effect; or
- (g) if any petition or application for appointment of a trustee, receiver or liquidator is filed, or any proceedings under any bankruptcy, insolvency, readjustment of debt or liquidation law are commenced, against the Borrower which is not opposed by the Borrower in good faith, or an order, judgment or decree is entered appointing any such trustee, receiver, or liquidator, or approving the petition in any such proceeding.

Effect of Event of Default

8.2 If any one or more of the Events of Default occur or occurs and is or are continuing, the Lender may without limitation, subject to any other rights it may have in law or pursuant to this Agreement or any other document or instrument delivered hereunder, demand immediate payment of all monies owing hereunder.

Lender's Expenses

8.3 The Borrower will pay the Lender's legal fees (on a solicitor and own client basis) and all other costs, charges and expenses of and incidental to the collection or recovery of all amounts owing hereunder, including if applicable, to the enforcement of any security granted hereunder or otherwise. All amounts payable under this Section 8.3 thereafter will be payable by the Borrower to the Lender immediately upon demand for payment. If not paid forthwith upon demand for payment, such amount will be added to and form part of the principal amount of the Facility and shall accrue interest from the date of demand as if it had been advanced by the Lender to the Borrower hereunder.

Indemnity

8.4 The Borrower agrees to indemnify and save harmless the Lender and each of its directors, officers, employees, affiliates and agents from and against all liabilities, claims, losses, damages and reasonable costs and expenses in any way caused by or arising directly or

indirectly from or in consequence of the occurrence of any Event of Default under this Agreement, except as a result of the Lender's gross negligence or wilful misconduct.

ARTICLE 9

MISCELLANEOUS

Confidentiality

9.1 The parties hereto will keep confidential all of the terms and conditions of this Agreement, and will not disclose same without the prior written consent of the other party hereto, provided that the foregoing will not apply to prevent a party to this Agreement from disclosing any such information to its professional advisors or other persons subject to a confidentiality covenant addressed to the parties hereto, in form and on terms satisfactory to the other party hereto or as may be necessary to pursue the collection of amounts owed hereunder or the enforcement of security granted.

Assignment

9.2 This Agreement may not be assigned by the Borrower except with the Lender's prior written consent. The Lender may assign this Agreement at its sole discretion.

Remedies Cumulative

9.3 The Lender's rights and remedies hereunder are cumulative and not exclusive of any rights or remedies at law or in equity.

Time

9.4 Time is of the essence of this Agreement and all documents or instruments delivered hereunder.

Criminal Code Compliance

9.5 In this Section the terms "**interest**", "**criminal rate**" and "**credit advanced**" have the meanings ascribed to them in Section 347 of the *Criminal Code* (Canada) as amended from time to time. The Borrower and the Lender agree that, notwithstanding any agreement to the contrary, no interest on the Facility or the credit advanced by the Lender under this Agreement will be payable in excess of that permitted under the laws of Canada. If the effective rate of interest, calculated in accordance with generally accepted actuarial practices and principles, would exceed the criminal rate on the credit advanced, then:

- (a) the elements of return which fall within the term "interest" will be reduced to the extent necessary to eliminate such excess;
- (b) any remaining excess that has been paid will be credited towards prepayment of the Facility; and

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- (c) any overpayment that may remain after such crediting will be returned forthwith to the Borrower upon demand, and, in the event of dispute, a Fellow of the Canadian Institute of Actuaries appointed by the Lender will perform the relevant calculations and determine the reductions, modifications and credits necessary to effect the foregoing and the same will be conclusive and binding on the parties. This Agreement, the Promissory Note and all related agreements and documents will automatically be modified to reflect such modifications without the necessity of any further act or deed of the Borrower and the Lender to give effect to them.

Strict Performance of Covenants

9.6 A failure of a party to seek redress for a violation of or to insist upon strict performance of any provision hereof will not prevent a subsequent act, which would have originally constituted a violation of that provision or any other provision hereof, from having the effect of an original violation of that provision or any other provision hereof.

Severability

9.7 Each provision of this Agreement is intended to be severable, and if any provision hereof is illegal or invalid, the illegality or invalidity will not affect the validity of the remainder hereof.

Governing Law

9.8 This Agreement and all matters arising hereunder will be governed by and construed in accordance with the laws of British Columbia and, except as otherwise provided herein, all disputes and claims, whether for specific performance, injunction, declaration or otherwise howsoever both at law and in equity, arising out of or in any way connected with this Agreement will be referred to the courts of British Columbia and, by execution and delivery of this Agreement, each party hereto irrevocably submits to such jurisdiction.

Notice

9.9 In this Agreement:

- (a) any notice or communication required or permitted to be given under this Agreement will be in writing and will be considered to have been given if delivered by hand, transmitted by facsimile transmission or mailed by prepaid registered post to the address or facsimile transmission number of each party set out below:

- (i) if to the Lender:

PO BOX 49290, 1000-595 Burrard St, Vancouver, BC, V7X 1S8,
Canada

Attn: Lei Yu

Email: lei5957786@hotmail.com

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(ii) if to the Borrower:

6700 Gibbons Dr, Richmond, BC

Attn: Huaiyin Zhang

Email: huaiyin85@gmail.com

(b) notice or communication will be considered to have been received:

- (i) if delivered by hand during business hours on a Business Day, upon receipt by a responsible representative of the receiver, and if not delivered during business hours, upon the commencement of business on the next Business Day;
- (ii) if sent by e-mail transmission during business hours on a Business Day, upon the sender receiving confirmation of the transmission, and if not transmitted during business hours, upon the commencement of business on the next Business Day; and
- (iii) if mailed by prepaid registered post upon the fifth Business Day following posting; except that, in the case of a disruption or an impending or threatened disruption in postal services every notice or communication will be delivered by hand or sent by e-mail.

Counterparts

9.10 This Agreement may be executed in any number of counterparts, with the same effect as if all the Parties had signed the same document, and will become effective when one or more counterparts have been signed by all of the Parties and delivered to each of the other Parties. This Agreement may be executed by the Parties and transmitted by fax or other electronic means by which a printed copy may be produced and if so executed and transmitted this Agreement will be for all purposes as effective as if the Parties had delivered an executed original Agreement.

Binding Effect


9.11 The parties hereto will execute and deliver such further and other documents and perform or cause to be performed such further and other acts as are necessary or desirable in order to give full effect to this Agreement.

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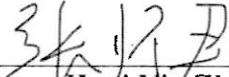
9.12 This Agreement will be binding upon and enure to the benefit of the respective heirs, executors, administrators and other legal representatives of the parties and, to the extent permitted hereunder, their respective successors and assigns.

IN WITNESS WHEREOF this Agreement is executed as of the date and year first above written.

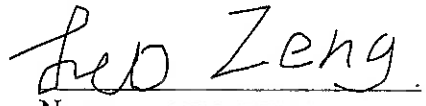
Signed by the Borrower in the presence of


Name: **LING YANG**
Address: S415-5811 Cooney Road, Richmond
BC V6X 3M1
Occupation: Paralegal

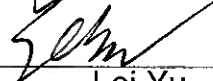
Community Marine Concepts Ltd.

by 
Name: **Huai Yin Zhang**
Title: Director


Signed by the Lender in the presence of


Name: **LEO ZENG**
Address: 11287 90ave DELTA, BC V4C 3H3
Occupation:

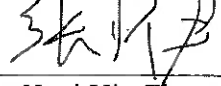
Yeakon Mingru Blvd Holdings Ltd.

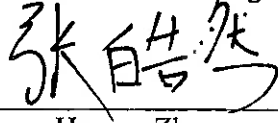
by 
Name: **Lei Yu**
Title: Director

Signed by the Guarantors in the Presence of



Name: **Ling Yang**
Address: S415-5811 Cooney Road, Richmond
BC V6X 3M1
Occupation: Paralegal

Guarantors:

by 
Name: **Huai Yin Zhang**

by 
Name: **Haoran Zhang**

Witness to all signatures of the
Guarantors

by 
Dong Xia Zhang

**SCHEDULE A
PROMISSORY NOTE**

Principal Amount: CAD SIX MILLION \$6,000,000.00

FOR VALUE RECEIVED, the undersigned promises to pay ON DEMAND to or to the order of the Yeakon Minoru Blvd Ltd. (the "**Lender**") the sum of SIX MILLION DOLLARS of lawful money of Canada (CAD \$6,000,000.00) with interest at the rate of 10% per annum, calculated daily and uncompounded and payable quarterly, both before and after demand and until actual payment.

The undersigned waives demand and presentment for payment, notice of non-payment, protest, notice of protest and notice of dishonour.

This promissory note will be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

Dated: Feb 1st, 2022.

Given under seal at Vancouver, British Columbia
Community Marine Concepts Ltd.

By its Authorized Signatory:

Per: 
Huai Yin Zhang
Title: Director

This document dated as of Mar 7, 2022.

All parties have agreed to a modification to a loan agreement between Yeakon Minoru Blvd Holdings Ltd. And Community Marine Concepts Ltd. And Huaiyin Zhang, Haoran Zhang and Dongxia Zhang for a \$6,000,000 loan signed on Feb 1st, 2022. The "Borrower" in the above loan agreement will be replaced by Huaiyin Zhang and Dongxia Zhang. The promissory note in Schedule A is revoked.

Signed by the Borrower

Huaiyin Zhang

张华尹

Dongxia Zhang

张冬霞

Guarantors:

Haoran Zhang

张浩然

Lender:

Yeakon Minoru Blvd Holding Ltd.

This is Exhibit "6" referred to in the
Affidavit of Huaiyin Zhang
sworn (or affirmed) before me at Vancouver, B.C.
this 4 day of April, 2022.
A Commissioner/Notary Public for the
Province of British Columbia

Blakes

This is Exhibit "7" referred to in the
Affidavit of Huai Yin Zhang
sworn (or affirmed) before me at Vancouver, B.C.
this 4 day of April, 2022
A Commissioner/Notary Public for the
Province of British Columbia

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Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trademark Agents
595 Burrard Street, P.O. Box 49314
Suite 2600, Three Bentall Centre
Vancouver BC V7X 1L3 Canada
Tel: 604-631-3300 Fax: 604-631-3309

March 16, 2022

Peter Bychawski
Partner

Dir: 604-631-4218
peter.bychawski@blakes.com

Reference: 00019350/090070

VIA EMAIL

Forrester & Company Law Corporation
300, Randall Building, 555 W. Georgia St.,
Vancouver, BC V6B 1Z6

Attention: Glenn Forrester, counsel to Huai Yin
(Alyssa) Zhang and Eric Li

VIA REGISTERED MAIL

Dong Xia Zhang
2389 McBain Avenue
Vancouver, BC V6L 2C5

VIA REGISTERED MAIL

Hao Ran Zhang
7629 Burris Street
Burnaby, BC V5E 1Z2

VIA REGISTERED MAIL

Yeahon Minoru Blvd Holdings Ltd.
6869 Selkirk Street
Vancouver, BC V6P 4H1

Attention: Lei Yu, Director

**RE: In the Matter of Community Marine Concepts Ltd., Victoria International Marina Ltd.,
Eternaland Yuheng Investment Holding Ltd., and 0736657 B.C. Ltd. (the "Receivership
Proceedings")**

Dear Sirs/Mesdames:

We are counsel to The Bank of Nova Scotia (the "**Bank**").

The Bank is (a) the senior secured creditor of each of Community Marine Concepts Ltd., Victoria International Marina Ltd., Eternaland Yuheng Investment Holding Ltd., and 0736657 B.C. Ltd. (collectively, the "**Debtors**"); and (b) the registered second-ranking mortgagee on residential properties owned by each of Dong Xia Zhang (located at 2389 McBain Avenue, Vancouver) and Hao Ran Zhang (located at 7629 Burris Street, Burnaby, BC).

I. BACKGROUND

We confirm the following:

- (a) On February 28, 2022 a Royal Bank of Canada bank draft (the "**Bank Draft**") in the amount of \$6 million (the "**Funds**") was provided to the Bank (at the branch located at #1576 West 41st Avenue,

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Vancouver, BC) by an individual who identified themselves as a representative of the law firm of Forrester & Company Law Corporation ("**Forrester Law**") and requested to be applied against the Debtors' loan obligations to the Bank. A copy of the Bank Draft is enclosed as **Schedule "A"** to this letter;

- (b) On March 4, 2022, we wrote to counsel to the Debtors' Court-appointed receiver (the "**Receiver**") in the Receivership Proceedings, copying Mr. Glenn Forrester of Forrester Law, advising, among other things, that it is not known to the Bank if the Funds are the property of one or more of the Debtors and requesting that the Receiver make inquiries and confirm if the Funds are the property of the Debtors within the meaning of the court order governing the Receivership Proceedings. A copy of our letter dated March 4 is enclosed as **Schedule "B"** to this letter;
- (c) On March 4, 2022, in response to our letter of the same date, counsel to the Receiver wrote to Mr. Forrester, copying us among others, to request certain information with respect to the Funds, including their source. A copy of Receiver's counsel's March 4 letter is enclosed as **Schedule "C"** to this letter;
- (d) On March 7, 2022, Mr. Forrester (who was counsel of record to the Debtors in the Receivership Proceedings) sent an email to Receiver's counsel, copying us among others, advising, among other things, that (a) Mr. Forrester was counsel to Mr. Eric Li and Ms. Huai Yin (Alyssa) Zhang and not the Debtors; (b) Mr. Forrester had learned of the existence of an "agreement" that day from Ms. Zhang which he was attaching to his email; and (c) "[c]learly, there was no authority for Ms. Zhang to enter into the agreement." A copy of the "agreement" (the "**Purported Loan Agreement**") attached to Mr. Forrester's email of March 7, which is titled "Loan Agreement" and dated January 29, 2022, and purports to be signed by Yeahon Minoru Blvd Holdings Ltd. ("**Yeahon**"), as lender, Community Marine Concepts Ltd., as borrower, and Huai Yin Zhang ("**HY Zhang**"), Hao Ran Zhang ("**HR Zhang**"), and Dong Xia Zhang ("**DX Zhang**"), as guarantors, is enclosed as **Schedule "D"** to this letter;
- (e) On March 8, 2022, Mr. Forrester sent an email to Receiver's counsel, copying us among others, in which he advised that his client had just sent him a document he was attaching to his email. A copy of the untitled document attached to Mr. Forrester's March 8 email, which purports to be an amendment to the Loan Agreement (the "**Purported Amendment**") and to be signed by Yeahon, HY Zhang, DX Zhang, and HR Zhang is enclosed as **Schedule "E"** to this letter; and
- (f) On March 8, 2022, counsel to the Receiver sent a letter to Mr. Forrester, with a copy to us among others, confirming that the signatories to the Purported Loan Agreement lacked authority to bind the borrower, Community Marine Concepts Ltd. A copy of Receiver's counsel's March 8 letter is enclosed as **Schedule "F"**.

II. LACK OF INFORMATION REGARDING SOURCE AND PURPOSE OF FUNDS

Given the foregoing, the Bank presently lacks information as to the source, purpose, and authorized use of the Funds that have been delivered to it. In particular, and without limitation:

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- (a) the request to apply the Funds against the balance of the Debtors' loan obligations to the Bank came from Mr. Forrester and/or his office. At the time such request was made, neither Mr. Forrester nor his clients had authority to deal with funds that were purportedly loaned to Community Marine Concepts Ltd., an entity which is subject to the Receivership Proceedings; and
- (b) the Bank has not received a request from either Mr. Forrester, Mr. Forrester's client (HY Zhang), DX Zhang (a guarantor of the Debtors' obligations to the Bank and purported co-borrower of the Funds pursuant to the Purported Amendment), HR Zhang (a guarantor of the Debtors' obligations to the Bank and a guarantor under the Purported Loan Agreement) to apply the Funds against the Debtors' loan obligations to the Bank.

In addition to the lack of a request from the purported co-borrowers of the Funds, the Bank notes the following with respect to the Purported Loan Agreement, Purported Amendment, and the Bank Draft:

- (a) Section 2.2 of the Purported Loan Agreement states that the Funds provided pursuant to the Purported Loan Agreement "will be used by the Borrower for paying the outstanding balance of a loan with initial principal amount for \$16,000,000, which was advanced by Scotial [sic] Bank bearing a the [sic] mortgage instrument registration number of No. S217202 and not for any illegal purposes."

To confirm, the Funds are not sufficient to pay the outstanding balance of the Debtors' loan obligations. If applied, they will constitute a partial payment against the Debtors' indebtedness and will not discharge the Bank's security in place with respect to the obligations of the Debtors or DX Zhang and HR Zhang as guarantors of the Debtors' obligations. Additionally, the reference to "No. S217202" is a Supreme Court of British Columbia Action No. and does not correspond to any of the three mortgages held by the Bank.

- (b) Section 5.1(a)(iii) of the Purported Loan Agreement states that it is a condition precedent to the advance of the Funds that, among other things, a mortgage be registered in the second position over the property located at 2389 McBain Avenue, Vancouver.

This condition precedent has not meet met as the Bank holds the second-position mortgage on the referenced property.

- (c) Section 5.2 of the Purported Loan Agreement states that if the conditions precedent referenced in Section 5.1 are not met on or before March 1, 2022, the Purported Loan Agreement will terminate.

As noted above, the condition precedent in Section 5.1(a)(iii) has not been met, and it is accordingly not clear if the Purported Loan Agreement was in force at the time the Purported Loan Amendment was made.

- (d) Section 6.1 of the Purported Loan Agreement includes representations and warranties that were not satisfied at the time the Purported Loan Agreement and Purported Amendment were signed.

Pursuant to section 5.1(b) it is a condition precedent to any advance under the Purported Loan Agreement that all representations and warranties be true and correct;

- (e) Page 12 of the Purported Loan Agreement indicates that HY Zhang, HR Zhang, and DX Zhang signed the Purported Loan Agreement "in the presence of" a paralegal in Richmond, BC.

However, the relevant signatures all appear to be electronically generated.

Additionally, the Bank has been advised through affidavit evidence sworn in Supreme Court of British Columbia Action No. H-210479 on October 12, 2021 that an adult male residing at 7629 Burris Street, Burnaby, BC (the registered residence of HR Zhang) advised a process server retained by the Bank that HR Zhang had moved to China with not forwarding information having been provided.

- (f) The Purported Amendment also appears to have had pre-generated electronic signatures stamped on it and, unlike the Purported Loan Agreement, does not reference the signatures having been witnessed;
- (g) The Bank Draft states that it is with respect: "Community Marine Concepts – Loan Payout".

To confirm, the Funds are not sufficient to pay the outstanding balance of the Debtors' loan obligations.

III. REQUIRED CONFIRMATION

In the circumstances, to confirm its instructions with respect to the Funds delivered to it, the Bank requires that each of Lei Yu (as a director of Yeahon), HY Zhang, HR Zhang, and DX Zhang provide the following confirmations:

- (a) The Funds have been loaned by Yeahon to HY Zhang and DX Zhang pursuant to the Purported Loan Agreement, as amended by the Purported Amendment, for the sole purpose of being applied in full as a partial payment towards the loan obligations of the Debtors to the Bank and of DX Zhang and HR Zhang as guarantors of the Debtors' obligations to the Bank;
- (b) Each of Yeahon, as lender, HY Zhang and DX Zhang, as borrowers, and HR Zhang, as guarantor, authorize and direct the Funds to be applied by the Bank as a partial payment against the joint and several loan obligations of the Debtors, DX Zhang, and HR Zhang to the Bank;
- (c) All conditions precedent, representations, warranties, and terms applicable to the advance of the Funds by Yeahon to HY Zhang and DX Zhang pursuant to the Purported Loan Agreement have been satisfied or unconditionally waived;
- (d) There are no conditions applicable to the Bank's receipt and application of the Funds as a partial payment towards the Debtors' loan obligations to the Bank and, in particular, the authorization and direction by Yeahon, HY Zhang, DX Zhang, and HR Zhang that the Bank apply the Funds as

a partial payment of the Debtors' loan obligations to the Bank is not subject to the validity or enforceability of the Purported Loan Agreement, whether as amended by the Purported Amendment or otherwise, or any conditions, representations, warranties, agreements or understandings of any kind whatsoever;

- (e) Each of Yeohon, HY Zhang, HR Zhang, and DX Zhang confirm that they do not have any legal or equitable claim to the Funds delivered to the Bank and, after the Funds are applied as directed by them, they will not have or make any claims or take any proceedings against the Bank or any person, corporation, partnership, or party by reason of or in relation to the Funds that might result in a claim for contribution or indemnity or otherwise being brought against the Bank;
- (f) No consent, approval, waiver, or other intervention or involvement of any kind by any other party is required for the Bank to apply the Funds as authorized and directed by Yeohon, HY Zhang, HR Zhang, and DX Zhang;
- (g) Each of Yeohon, HY Zhang, HR Zhang, and DX Zhang confirm that there are no events of default under the Purported Loan Agreement and/or that any defaults have been unconditionally waived; and
- (h) Each of Yeohon, HY Zhang, HR Zhang, and DX Zhang have obtained independent legal advice with respect to the foregoing and/or have had the opportunity to obtain independent legal advice and make the foregoing confirmations with full knowledge, capacity, authority and understanding of their content and legal effect.

Confirmation to the foregoing must be communicated to the Bank by each of Yeohon, HY Zhang, HR Zhang, and DX Zhang returning a duplicate copy of this letter to our attention together with:

- (a) an affixed **original** (i.e., not electronically generated) signature of each of Lei Yu (as a director of Yeohon), HY Zhang, HR Zhang, and DX Zhang; and
- (b) an **original** (i.e., not electronically generated) acknowledgment by a Canadian lawyer, commissioner for oaths, or notary public confirming that the relevant signatures have been affixed in their presence.

Please note that, as noted in our letter of March 4, given the uncertainty as to the source and ownership of the Funds, the Bank has not at this time applied the Funds against the Debtors' loan obligations, and will not do so until the confirmations requested in this letter are provided to the Bank's satisfaction and the Receiver confirms in writing that the Funds are not the property of the Debtors within the meaning of the court order governing the Receivership Proceedings. Interest on the full amount of the Debtors' indebtedness to the Bank continues to accrue at the stipulated contractual rate.

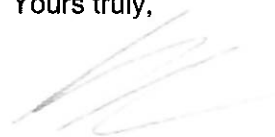
Our client reserves the right to request further information or confirmations prior to applying the Funds against the Debtors' loan obligations.

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Page 6

We have copied the Receiver and its counsel on this correspondence for their information.

Yours truly,



Peter Bychawski

c. Tevia Jeffries, *Dentons LLP*
Pinky Law, *Alvarez & Marsal Canada Inc.*
Todd Martin, *Alvarez & Marsal Canada Inc.*

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THE UNDERSIGNED CONFIRM RECEIPT OF THE LETTER FROM BLAKE, CASSELS & GRAYDON LLP DATED MARCH 16, 2022 AND HEREBY FURTHER CONFIRM THEIR AGREEMENT TO EACH OF THE CONFIRMATIONS SET OUT IN SECTION III (A) – (H) OF THE SAID LETTER

Signed by Lei Yu, Director of Yeahon Minoru Blvd Holdings Ltd. in the presence of:

Name
Address
Occupation

Yeahon Minoru Blvd Holdings Ltd.
by its authorized signatory:

Lei Yu

Signed by Huai Yin Zhang in the presence of:

Name
Address
Occupation

Glen Forrester
Barrister & Solicitor
Forrester & Company
Suite 300 - 555 West Georgia Street
Vancouver, B.C. V6B 1Z6
Tel: 604.682.1066

张怀尹
Huai Yin Zhang

Signed by Hao Ran Zhang in the presence of:

Name
Address
Occupation

Hao Ran Zhang

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THE UNDERSIGNED CONFIRM RECEIPT OF THE LETTER FROM BLAKE, CASSELS & GRAYDON LLP DATED MARCH 16, 2022 AND HEREBY FURTHER CONFIRM THEIR AGREEMENT TO EACH OF THE CONFIRMATIONS SET OUT IN SECTION III (A) – (H) OF THE SAID LETTER

Signed by Dong Xia Zhang in the)
presence of:)

Name)

Address)

Occupation)

Dong Xia Zhang

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CERTIFICATE OF COMMISSIONER

I am the commissioner for taking affidavits who administered the oath to Lei Yu with respect to the Affidavit attached. I confirm that I have complied with the Notice to the Profession issued by the Supreme Court of British Columbia and dated March 27, 2020 with respect to administering the oath to Lei Yu am satisfied that due to health and safety concerns it was unsafe for Lei Yu and myself to be physically present together when the oath was administered.

Dated: April 4, 2022



Glen Forrester

Forrester & Company Law Corporation
300 – 171 Water Street
Vancouver, BC, V6B 1A7



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trademark Agents
595 Burrard Street, P.O. Box 49314
Suite 2600, Three Bentall Centre
Vancouver BC V7X 1L3 Canada
Tel: 604-631-3300 Fax: 604-631-3309

March 16, 2022

Peter Bychawski
Partner
Dir: 604-631-4218
peter.bychawski@blakes.com

Reference: 00019350/090070

VIA EMAIL

Forrester & Company Law Corporation
300, Randall Building, 555 W. Georgia St.,
Vancouver, BC V6B 1Z6

Attention: Glenn Forrester, counsel to Huai Yin
(Alyssa) Zhang and Eric Li

VIA REGISTERED MAIL

Dong Xia Zhang
2389 McBain Avenue
Vancouver, BC V6L 2C5

VIA REGISTERED MAIL

Hao Ran Zhang
7629 Burris Street
Burnaby, BC V5E 1Z2

VIA REGISTERED MAIL

Yeaton Minoru Blvd Holdings Ltd.
6869 Selkirk Street
Vancouver, BC V6P 4H1

Attention: Lei Yu, Director

**RE: *In the Matter of Community Marine Concepts Ltd., Victoria International Marina Ltd.,
Eternaland Yuheng Investment Holding Ltd., and 0736657 B.C. Ltd. (the "Receivership
Proceedings")***

Dear Sirs/Mesdames:

We are counsel to The Bank of Nova Scotia (the "**Bank**").

The Bank is (a) the senior secured creditor of each of Community Marine Concepts Ltd., Victoria International Marina Ltd., Eternaland Yuheng Investment Holding Ltd., and 0736657 B.C. Ltd. (collectively, the "**Debtors**"); and (b) the registered second-ranking mortgagee on residential properties owned by each of Dong Xia Zhang (located at 2389 McBain Avenue, Vancouver) and Hao Ran Zhang (located at 7629 Burris Street, Burnaby, BC).

I. BACKGROUND

We confirm the following:

- (a) On February 28, 2022 a Royal Bank of Canada bank draft (the "**Bank Draft**") in the amount of \$6 million (the "**Funds**") was provided to the Bank (at the branch located at #1576 West 41st Avenue,

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Vancouver, BC) by an individual who identified themselves as a representative of the law firm of Forrester & Company Law Corporation ("Forrester Law") and requested to be applied against the Debtors' loan obligations to the Bank. A copy of the Bank Draft is enclosed as **Schedule "A"** to this letter;

- (b) On March 4, 2022, we wrote to counsel to the Debtors' Court-appointed receiver (the "Receiver") in the Receivership Proceedings, copying Mr. Glenn Forrester of Forrester Law, advising, among other things, that it is not known to the Bank if the Funds are the property of one or more of the Debtors and requesting that the Receiver make inquiries and confirm if the Funds are the property of the Debtors within the meaning of the court order governing the Receivership Proceedings. A copy of our letter dated March 4 is enclosed as **Schedule "B"** to this letter;
- (c) On March 4, 2022, in response to our letter of the same date, counsel to the Receiver wrote to Mr. Forrester, copying us among others, to request certain information with respect to the Funds, including their source. A copy of Receiver's counsel's March 4 letter is enclosed as **Schedule "C"** to this letter;
- (d) On March 7, 2022, Mr. Forrester (who was counsel of record to the Debtors in the Receivership Proceedings) sent an email to Receiver's counsel, copying us among others, advising, among other things, that (a) Mr. Forrester was counsel to Mr. Eric Li and Ms. Huai Yin (Alyssa) Zhang and not the Debtors; (b) Mr. Forrester had learned of the existence of an "agreement" that day from Ms. Zhang which he was attaching to his email; and (c) "[c]learly, there was no authority for Ms. Zhang to enter into the agreement." A copy of the "agreement" (the "**Purported Loan Agreement**") attached to Mr. Forrester's email of March 7, which is titled "Loan Agreement" and dated January 29, 2022, and purports to be signed by Yeahon Minoru Blvd Holdings Ltd. ("**Yeahon**"), as lender, Community Marine Concepts Ltd., as borrower, and Huai Yin Zhang ("**HY Zhang**"), Hao Ran Zhang ("**HR Zhang**"), and Dong Xia Zhang ("**DX Zhang**"), as guarantors, is enclosed as **Schedule "D"** to this letter;
- (e) On March 8, 2022, Mr. Forrester sent an email to Receiver's counsel, copying us among others, in which he advised that his client had just sent him a document he was attaching to his email. A copy of the untitled document attached to Mr. Forrester's March 8 email, which purports to be an amendment to the Loan Agreement (the "**Purported Amendment**") and to be signed by Yeahon, HY Zhang, DX Zhang, and HR Zhang is enclosed as **Schedule "E"** to this letter; and
- (f) On March 8, 2022, counsel to the Receiver sent a letter to Mr. Forrester, with a copy to us among others, confirming that the signatories to the Purported Loan Agreement lacked authority to bind the borrower, Community Marine Concepts Ltd. A copy of Receiver's counsel's March 8 letter is enclosed as **Schedule "F"**.

II. LACK OF INFORMATION REGARDING SOURCE AND PURPOSE OF FUNDS

Given the foregoing, the Bank presently lacks information as to the source, purpose, and authorized use of the Funds that have been delivered to it. In particular, and without limitation:

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- (a) the request to apply the Funds against the balance of the Debtors' loan obligations to the Bank came from Mr. Forrester and/or his office. At the time such request was made, neither Mr. Forrester nor his clients had authority to deal with funds that were purportedly loaned to Community Marine Concepts Ltd., an entity which is subject to the Receivership Proceedings; and
 - (b) the Bank has not received a request from either Mr. Forrester, Mr. Forrester's client (HY Zhang), DX Zhang (a guarantor of the Debtors' obligations to the Bank and purported co-borrower of the Funds pursuant to the Purported Amendment), HR Zhang (a guarantor of the Debtors' obligations to the Bank and a guarantor under the Purported Loan Agreement) to apply the Funds against the Debtors' loan obligations to the Bank.

In addition to the lack of a request from the purported co-borrowers of the Funds, the Bank notes the following with respect to the Purported Loan Agreement, Purported Amendment, and the Bank Draft:

- (a) Section 2.2 of the Purported Loan Agreement states that the Funds provided pursuant to the Purported Loan Agreement "will be used by the Borrower for paying the outstanding balance of a loan with initial principal amount for \$16,000,000, which was advanced by Scotiabank [sic] Bank bearing a the [sic] mortgage instrument registration number of No. S217202 and not for any illegal purposes."

To confirm, the Funds are not sufficient to pay the outstanding balance of the Debtors' loan obligations. If applied, they will constitute a partial payment against the Debtors' indebtedness and will not discharge the Bank's security in place with respect to the obligations of the Debtors or DX Zhang and HR Zhang as guarantors of the Debtors' obligations. Additionally, the reference to "No. S217202" is a Supreme Court of British Columbia Action No. and does not correspond to any of the three mortgages held by the Bank.

- (b) Section 5.1(a)(iii) of the Purported Loan Agreement states that it is a condition precedent to the advance of the Funds that, among other things, a mortgage be registered in the second position over the property located at 2389 McBain Avenue, Vancouver.

This condition precedent has not been met as the Bank holds the second-position mortgage on the referenced property.

- (c) Section 5.2 of the Purported Loan Agreement states that if the conditions precedent referenced in Section 5.1 are not met on or before March 1, 2022, the Purported Loan Agreement will terminate.

As noted above, the condition precedent in Section 5.1(a)(iii) has not been met, and it is accordingly not clear if the Purported Loan Agreement was in force at the time the Purported Loan Amendment was made.

- (d) Section 6.1 of the Purported Loan Agreement includes representations and warranties that were not satisfied at the time the Purported Loan Agreement and Purported Amendment were signed.



Pursuant to section 5.1(b) it is a condition precedent to any advance under the Purported Loan Agreement that all representations and warranties be true and correct;

- (e) Page 12 of the Purported Loan Agreement indicates that HY Zhang, HR Zhang, and DX Zhang signed the Purported Loan Agreement "in the presence of" a paralegal in Richmond, BC.

However, the relevant signatures all appear to be electronically generated.

Additionally, the Bank has been advised through affidavit evidence sworn in Supreme Court of British Columbia Action No. H-210479 on October 12, 2021 that an adult male residing at 7629 Burris Street, Burnaby, BC (the registered residence of HR Zhang) advised a process server retained by the Bank that HR Zhang had moved to China with not forwarding information having been provided.

- (f) The Purported Amendment also appears to have had pre-generated electronic signatures stamped on it and, unlike the Purported Loan Agreement, does not reference the signatures having been witnessed;
- (g) The Bank Draft states that it is with respect: "Community Marine Concepts – Loan Payout".

To confirm, the Funds are not sufficient to pay the outstanding balance of the Debtors' loan obligations.

III. REQUIRED CONFIRMATION

In the circumstances, to confirm its instructions with respect to the Funds delivered to it, the Bank requires that each of Lei Yu (as a director of Yeahon), HY Zhang, HR Zhang, and DX Zhang provide the following confirmations:

- (a) The Funds have been loaned by Yeahon to HY Zhang and DX Zhang pursuant to the Purported Loan Agreement, as amended by the Purported Amendment, for the sole purpose of being applied in full as a partial payment towards the loan obligations of the Debtors to the Bank and of DX Zhang and HR Zhang as guarantors of the Debtors' obligations to the Bank;
- (b) Each of Yeahon, as lender, HY Zhang and DX Zhang, as borrowers, and HR Zhang, as guarantor, authorize and direct the Funds to be applied by the Bank as a partial payment against the joint and several loan obligations of the Debtors, DX Zhang, and HR Zhang to the Bank;
- (c) All conditions precedent, representations, warranties, and terms applicable to the advance of the Funds by Yeahon to HY Zhang and DX Zhang pursuant to the Purported Loan Agreement have been satisfied or unconditionally waived;
- (d) There are no conditions applicable to the Bank's receipt and application of the Funds as a partial payment towards the Debtors' loan obligations to the Bank and, in particular, the authorization and direction by Yeahon, HY Zhang, DX Zhang, and HR Zhang that the Bank apply the Funds as

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a partial payment of the Debtors' loan obligations to the Bank is not subject to the validity or enforceability of the Purported Loan Agreement, whether as amended by the Purported Amendment or otherwise, or any conditions, representations, warranties, agreements or understandings of any kind whatsoever;

- (e) Each of Yeohon, HY Zhang, HR Zhang, and DX Zhang confirm that they do not have any legal or equitable claim to the Funds delivered to the Bank and, after the Funds are applied as directed by them, they will not have or make any claims or take any proceedings against the Bank or any person, corporation, partnership, or party by reason of or in relation to the Funds that might result in a claim for contribution or indemnity or otherwise being brought against the Bank;
- (f) No consent, approval, waiver, or other intervention or involvement of any kind by any other party is required for the Bank to apply the Funds as authorized and directed by Yeohon, HY Zhang, HR Zhang, and DX Zhang;
- (g) Each of Yeohon, HY Zhang, HR Zhang, and DX Zhang confirm that there are no events of default under the Purported Loan Agreement and/or that any defaults have been unconditionally waived; and
- (h) Each of Yeohon, HY Zhang, HR Zhang, and DX Zhang have obtained independent legal advice with respect to the foregoing and/or have had the opportunity to obtain independent legal advice and make the foregoing confirmations with full knowledge, capacity, authority and understanding of their content and legal effect.

Confirmation to the foregoing must be communicated to the Bank by each of Yeohon, HY Zhang, HR Zhang, and DX Zhang returning a duplicate copy of this letter to our attention together with:

- (a) an affixed original (i.e., not electronically generated) signature of each of Lei Yu (as a director of Yeohon), HY Zhang, HR Zhang, and DX Zhang; and
- (b) an original (i.e., not electronically generated) acknowledgment by a Canadian lawyer, commissioner for oaths, or notary public confirming that the relevant signatures have been affixed in their presence.

Please note that, as noted in our letter of March 4, given the uncertainty as to the source and ownership of the Funds, the Bank has not at this time applied the Funds against the Debtors' loan obligations, and will not do so until the confirmations requested in this letter are provided to the Bank's satisfaction and the Receiver confirms in writing that the Funds are not the property of the Debtors within the meaning of the court order governing the Receivership Proceedings. Interest on the full amount of the Debtors' indebtedness to the Bank continues to accrue at the stipulated contractual rate.

Our client reserves the right to request further information or confirmations prior to applying the Funds against the Debtors' loan obligations.

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Page 6

We have copied the Receiver and its counsel on this correspondence for their information.

Yours truly,



Peter Bychawski

c. Tevia Jeffries, *Dentons LLP*
Pinky Law, *Alvarez & Marsal Canada Inc.*
Todd Martin, *Alvarez & Marsal Canada Inc.*

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THE UNDERSIGNED CONFIRM RECEIPT OF THE LETTER FROM BLAKE, CASSELS & GRAYDON LLP DATED MARCH 16, 2022 AND HEREBY FURTHER CONFIRM THEIR AGREEMENT TO EACH OF THE CONFIRMATIONS SET OUT IN SECTION III (A) - (H) OF THE SAID LETTER

Signed by Lei Yu, Director of Yeahon Minoru Blvd Holdings Ltd. in the presence of:

Name Glen Forrester
Barrister & Solicitor
Forrester & Company
Address 300 - 555 West Georgia Street
Suite 300
Vancouver, B.C. V6B 1Z6
Tel: 604.682.1066
Occupation _____

Yeahon Minoru Blvd Holdings Ltd.
by its authorized signatory:



Lei Yu

Signed by Huai Yin Zhang in the presence of:

Name _____
Address _____
Occupation _____

Huai Yin Zhang

Signed by Hao Ran Zhang in the presence of:

Name _____
Address _____
Occupation _____

Hao Ran Zhang

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CERTIFICATE OF COMMISSIONER

I am the commissioner for taking affidavits who administered the oath to Hao Ran Zhang with respect to the Affidavit attached. I confirm that I have complied with the Notice to the Profession issued by the Supreme Court of British Columbia and dated March 27, 2020 with respect to administering the oath to Hao Ran Zhang I am satisfied that due to health and safety concerns it was unsafe for Hao Ran Zhang and myself to be physically present together when the oath was administered.

Dated: April 4, 2022



Glen Forrester

Forrester & Company Law Corporation
300 – 171 Water Street
Vancouver, BC, V6B 1A7

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Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trademark Agents
595 Burrard Street, PO Box 49314
Suite 2600, Three Bentall Centre
Vancouver BC V7X 1L3 Canada
Tel. 604-631-3300 Fax: 604-631-3309

March 16, 2022

Peter Bychawski

Partner

Dir: 604-631-4218

peter.bychawski@blakes.com

Reference: 00019350/090070

VIA EMAIL

Forrester & Company Law Corporation
300, Randall Building, 555 W. Georgia St.,
Vancouver, BC V6B 1Z6

Attention: Glenn Forrester, counsel to Huai Yin
(Alyssa) Zhang and Eric Li

VIA REGISTERED MAIL

Hao Ran Zhang
7629 Burris Street
Burnaby, BC V5E 1Z2

VIA REGISTERED MAIL

Dong Xia Zhang
2389 McBain Avenue
Vancouver, BC V6L 2C5

VIA REGISTERED MAIL

Yeahon Minoru Blvd Holdings Ltd.
6869 Selkirk Street
Vancouver, BC V6P 4H1

Attention: Lei Yu, Director

**RE: *In the Matter of Community Marine Concepts Ltd., Victoria International Marina Ltd.,
Eternaland Yuheng Investment Holding Ltd., and 0736657 B.C. Ltd. (the "Receivership
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I. BACKGROUND

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Vancouver, BC) by an individual who identified themselves as a representative of the law firm of Forrester & Company Law Corporation ("**Forrester Law**") and requested to be applied against the Debtors' loan obligations to the Bank. A copy of the Bank Draft is enclosed as **Schedule "A"** to this letter;

- (b) On March 4, 2022, we wrote to counsel to the Debtors' Court-appointed receiver (the "**Receiver**") in the Receivership Proceedings, copying Mr. Glenn Forrester of Forrester Law, advising, among other things, that it is not known to the Bank if the Funds are the property of one or more of the Debtors and requesting that the Receiver make inquiries and confirm if the Funds are the property of the Debtors within the meaning of the court order governing the Receivership Proceedings. A copy of our letter dated March 4 is enclosed as **Schedule "B"** to this letter;
- (c) On March 4, 2022, in response to our letter of the same date, counsel to the Receiver wrote to Mr. Forrester, copying us among others, to request certain information with respect to the Funds, including their source. A copy of Receiver's counsel's March 4 letter is enclosed as **Schedule "C"** to this letter;
- (d) On March 7, 2022, Mr. Forrester (who was counsel of record to the Debtors in the Receivership Proceedings) sent an email to Receiver's counsel, copying us among others, advising, among other things, that (a) Mr. Forrester was counsel to Mr. Eric Li and Ms. Huai Yin (Alyssa) Zhang and not the Debtors; (b) Mr. Forrester had learned of the existence of an "agreement" that day from Ms. Zhang which he was attaching to his email; and (c) "[c]learly, there was no authority for Ms. Zhang to enter into the agreement." A copy of the "agreement" (the "**Purported Loan Agreement**") attached to Mr. Forrester's email of March 7, which is titled "Loan Agreement" and dated January 29, 2022, and purports to be signed by Yeahon Minoru Blvd Holdings Ltd. ("**Yeahon**"), as lender, Community Marine Concepts Ltd., as borrower, and Huai Yin Zhang ("**HY Zhang**"), Hao Ran Zhang ("**HR Zhang**"), and Dong Xia Zhang ("**DX Zhang**"), as guarantors, is enclosed as **Schedule "D"** to this letter;
- (e) On March 8, 2022, Mr. Forrester sent an email to Receiver's counsel, copying us among others, in which he advised that his client had just sent him a document he was attaching to his email. A copy of the untitled document attached to Mr. Forrester's March 8 email, which purports to be an amendment to the Loan Agreement (the "**Purported Amendment**") and to be signed by Yeahon, HY Zhang, DX Zhang, and HR Zhang is enclosed as **Schedule "E"** to this letter; and
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II. LACK OF INFORMATION REGARDING SOURCE AND PURPOSE OF FUNDS

Given the foregoing, the Bank presently lacks information as to the source, purpose, and authorized use of the Funds that have been delivered to it. In particular, and without limitation:

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- (a) the request to apply the Funds against the balance of the Debtors' loan obligations to the Bank came from Mr. Forrester and/or his office. At the time such request was made, neither Mr. Forrester nor his clients had authority to deal with funds that were purportedly loaned to Community Marine Concepts Ltd., an entity which is subject to the Receivership Proceedings; and
- (b) the Bank has not received a request from either Mr. Forrester, Mr. Forrester's client (HY Zhang), DX Zhang (a guarantor of the Debtors' obligations to the Bank and purported co-borrower of the Funds pursuant to the Purported Amendment), HR Zhang (a guarantor of the Debtors' obligations to the Bank and a guarantor under the Purported Loan Agreement) to apply the Funds against the Debtors' loan obligations to the Bank.

In addition to the lack of a request from the purported co-borrowers of the Funds, the Bank notes the following with respect to the Purported Loan Agreement, Purported Amendment, and the Bank Draft:

- (a) Section 2.2 of the Purported Loan Agreement states that the Funds provided pursuant to the Purported Loan Agreement "will be used by the Borrower for paying the outstanding balance of a loan with initial principal amount for \$16,000,000, which was advanced by Scotial [sic] Bank bearing a the [sic] mortgage instrument registration number of No. S217202 and not for any illegal purposes."

To confirm, the Funds are not sufficient to pay the outstanding balance of the Debtors' loan obligations. If applied, they will constitute a partial payment against the Debtors' indebtedness and will not discharge the Bank's security in place with respect to the obligations of the Debtors or DX Zhang and HR Zhang as guarantors of the Debtors' obligations. Additionally, the reference to "No. S217202" is a Supreme Court of British Columbia Action No. and does not correspond to any of the three mortgages held by the Bank.

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- (c) Section 5.2 of the Purported Loan Agreement states that if the conditions precedent referenced in Section 5.1 are not met on or before March 1, 2022, the Purported Loan Agreement will terminate.

As noted above, the condition precedent in Section 5.1(a)(iii) has not been met, and it is accordingly not clear if the Purported Loan Agreement was in force at the time the Purported Loan Amendment was made.

- (d) Section 6.1 of the Purported Loan Agreement includes representations and warranties that were not satisfied at the time the Purported Loan Agreement and Purported Amendment were signed.

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Pursuant to section 5.1(b) it is a condition precedent to any advance under the Purported Loan Agreement that all representations and warranties be true and correct;

- (e) Page 12 of the Purported Loan Agreement indicates that HY Zhang, HR Zhang, and DX Zhang signed the Purported Loan Agreement "in the presence of" a paralegal in Richmond, BC.

However, the relevant signatures all appear to be electronically generated.

Additionally, the Bank has been advised through affidavit evidence sworn in Supreme Court of British Columbia Action No. H-210479 on October 12, 2021 that an adult male residing at 7629 Burris Street, Burnaby, BC (the registered residence of HR Zhang) advised a process server retained by the Bank that HR Zhang had moved to China with not forwarding information having been provided.

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- (g) The Bank Draft states that it is with respect: "Community Marine Concepts – Loan Payout".

To confirm, the Funds are not sufficient to pay the outstanding balance of the Debtors' loan obligations.

III. REQUIRED CONFIRMATION

In the circumstances, to confirm its instructions with respect to the Funds delivered to it, the Bank requires that each of Lei Yu (as a director of Yeahon), HY Zhang, HR Zhang, and DX Zhang provide the following confirmations:

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- (b) Each of Yeahon, as lender, HY Zhang and DX Zhang, as borrowers, and HR Zhang, as guarantor, authorize and direct the Funds to be applied by the Bank as a partial payment against the joint and several loan obligations of the Debtors, DX Zhang, and HR Zhang to the Bank;
- (c) All conditions precedent, representations, warranties, and terms applicable to the advance of the Funds by Yeahon to HY Zhang and DX Zhang pursuant to the Purported Loan Agreement have been satisfied or unconditionally waived;
- (d) There are no conditions applicable to the Bank's receipt and application of the Funds as a partial payment towards the Debtors' loan obligations to the Bank and, in particular, the authorization and direction by Yeahon, HY Zhang, DX Zhang, and HR Zhang that the Bank apply the Funds as

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- (e) Each of Yeohon, HY Zhang, HR Zhang, and DX Zhang confirm that they do not have any legal or equitable claim to the Funds delivered to the Bank and, after the Funds are applied as directed by them, they will not have or make any claims or take any proceedings against the Bank or any person, corporation, partnership, or party by reason of or in relation to the Funds that might result in a claim for contribution or indemnity or otherwise being brought against the Bank;
- (f) No consent, approval, waiver, or other intervention or involvement of any kind by any other party is required for the Bank to apply the Funds as authorized and directed by Yeohon, HY Zhang, HR Zhang, and DX Zhang;
- (g) Each of Yeohon, HY Zhang, HR Zhang, and DX Zhang confirm that there are no events of default under the Purported Loan Agreement and/or that any defaults have been unconditionally waived; and
- (h) Each of Yeohon, HY Zhang, HR Zhang, and DX Zhang have obtained independent legal advice with respect to the foregoing and/or have had the opportunity to obtain independent legal advice and make the foregoing confirmations with full knowledge, capacity, authority and understanding of their content and legal effect.

Confirmation to the foregoing must be communicated to the Bank by each of Yeohon, HY Zhang, HR Zhang, and DX Zhang returning a duplicate copy of this letter to our attention together with:

- (a) an affixed original (i.e., not electronically generated) signature of each of Lei Yu (as a director of Yeohon), HY Zhang, HR Zhang, and DX Zhang; and
- (b) an original (i.e., not electronically generated) acknowledgment by a Canadian lawyer, commissioner for oaths, or notary public confirming that the relevant signatures have been affixed in their presence.

Please note that, as noted in our letter of March 4, given the uncertainty as to the source and ownership of the Funds, the Bank has not at this time applied the Funds against the Debtors' loan obligations, and will not do so until the confirmations requested in this letter are provided to the Bank's satisfaction and the Receiver confirms in writing that the Funds are not the property of the Debtors within the meaning of the court order governing the Receivership Proceedings. Interest on the full amount of the Debtors' indebtedness to the Bank continues to accrue at the stipulated contractual rate.

Our client reserves the right to request further information or confirmations prior to applying the Funds against the Debtors' loan obligations.

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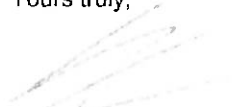
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The logo for Blakes, featuring the word "Blakes" in a stylized, cursive script.

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We have copied the Receiver and its counsel on this correspondence for their information.

Yours truly,

A handwritten signature in blue ink, appearing to read "Peter Bychawski".

Peter Bychawski

c. Tevia Jeffries, *Dentons LLP*
Pinky Law, *Alvarez & Marsal Canada Inc.*
Todd Martin, *Alvarez & Marsal Canada Inc.*

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Handwritten initials in blue ink, possibly "MK" or "JK".

THE UNDERSIGNED CONFIRM RECEIPT OF THE LETTER FROM BLAKE, CASSELS & GRAYDON LLP DATED MARCH 16, 2022 AND HEREBY FURTHER CONFIRM THEIR AGREEMENT TO EACH OF THE CONFIRMATIONS SET OUT IN SECTION III (A) – (H) OF THE SAID LETTER

Signed by Lei Yu, Director of Yeahon Minoru Blvd Holdings Ltd. in the presence of:

Name

Address

Occupation

Yeahon Minoru Blvd Holdings Ltd.
by its authorized signatory:

Lei Yu

Signed by Huai Yin Zhang in the presence of:

Name

Address

Occupation

Huai Yin Zhang

Signed by Hao Ran Zhang in the presence of:

Name

Address

Occupation

Hao Ran Zhang

Hao Ran Zhang
Glen Forrester
Barrister & Solicitor
Forrester & Company
Suite 300 - 555 West Georgia Street
Vancouver, B.C. V6B 1Z6
Tel: 604.682.1066

THE UNDERSIGNED CONFIRM RECEIPT OF THE LETTER FROM BLAKE, CASSELS & GRAYDON LLP DATED MARCH 16, 2022 AND HEREBY FURTHER CONFIRM THEIR AGREEMENT TO EACH OF THE CONFIRMATIONS SET OUT IN SECTION III (A) – (H) OF THE SAID LETTER

Signed by Dong Xia Zhang in the presence of:

Name

Address

Occupation

Dong Xia Zhang

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CERTIFICATE OF COMMISSIONER

I am the commissioner for taking affidavits who administered the oath to Dong Xia Zhang with respect to the Affidavit attached. I confirm that I have complied with the Notice to the Profession issued by the Supreme Court of British Columbia and dated March 27, 2020 with respect to administering the oath to Dong Xia Zhang I am satisfied that due to health and safety concerns it was unsafe for Dong Xia Zhang and myself to be physically present together when the oath was administered.

Dated: April 4, 2022



Glen Forrester

Forrester & Company Law Corporation
300 - 171 Water Street
Vancouver, BC, V6B 1A7



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Blake Caspell & Graydon LLP
Barristers & Solicitors
Patent & Trademark Agents
595 Burrard Street, PO Box 49314
Suite 2600, Three Bentall Centre
Vancouver BC V7X 1L3 Canada
Tel: 604-631-3300 Fax: 604-631-3309

Peter Bychawski

Partner

Dir: 604-631-4218

peter.bychawski@blakes.com

Reference: 00019350/090070

March 16, 2022

VIA EMAIL

Forrester & Company Law Corporation
300, Randall Building, 555 W. Georgia St.,
Vancouver, BC V6B 1Z6

Attention: Glenn Forrester, counsel to Huai Yin
(Alyssa) Zhang and Eric Li

VIA REGISTERED MAIL

Hao Ran Zhang
7629 Burris Street
Burnaby, BC V5E 1Z2

VIA REGISTERED MAIL

Dong Xia Zhang
2389 McBain Avenue
Vancouver, BC V6L 2C5

VIA REGISTERED MAIL

Yeahon Minoru Blvd Holdings Ltd.
6869 Selkirk Street
Vancouver, BC V6P 4H1

Attention: Lei Yu, Director

**RE: *In the Matter of Community Marine Concepts Ltd., Victoria International Marina Ltd.,
Eternaland Yuheng Investment Holding Ltd., and 0736657 B.C. Ltd. (the "Receivership
Proceedings")***

Dear Sirs/Mesdames:

We are counsel to The Bank of Nova Scotia (the "**Bank**").

The Bank is (a) the senior secured creditor of each of Community Marine Concepts Ltd., Victoria International Marina Ltd., Eternaland Yuheng Investment Holding Ltd., and 0736657 B.C. Ltd. (collectively, the "**Debtors**"); and (b) the registered second-ranking mortgagee on residential properties owned by each of Dong Xia Zhang (located at 2389 McBain Avenue, Vancouver) and Hao Ran Zhang (located at 7629 Burris Street, Burnaby, BC).

I. BACKGROUND

We confirm the following:

- (a) On February 28, 2022 a Royal Bank of Canada bank draft (the "**Bank Draft**") in the amount of \$6 million (the "**Funds**") was provided to the Bank (at the branch located at #1576 West 41st Avenue, 51312560

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Vancouver, BC) by an individual who identified themselves as a representative of the law firm of Forrester & Company Law Corporation ("**Forrester Law**") and requested to be applied against the Debtors' loan obligations to the Bank. A copy of the Bank Draft is enclosed as **Schedule "A"** to this letter;

- (b) On March 4, 2022, we wrote to counsel to the Debtors' Court-appointed receiver (the "**Receiver**") in the Receivership Proceedings, copying Mr. Glenn Forrester of Forrester Law, advising, among other things, that it is not known to the Bank if the Funds are the property of one or more of the Debtors and requesting that the Receiver make inquiries and confirm if the Funds are the property of the Debtors within the meaning of the court order governing the Receivership Proceedings. A copy of our letter dated March 4 is enclosed as **Schedule "B"** to this letter;
- (c) On March 4, 2022, in response to our letter of the same date, counsel to the Receiver wrote to Mr. Forrester, copying us among others, to request certain information with respect to the Funds, including their source. A copy of Receiver's counsel's March 4 letter is enclosed as **Schedule "C"** to this letter;
- (d) On March 7, 2022, Mr. Forrester (who was counsel of record to the Debtors in the Receivership Proceedings) sent an email to Receiver's counsel, copying us among others, advising, among other things, that (a) Mr. Forrester was counsel to Mr. Eric Li and Ms. Huai Yin (Alyssa) Zhang and not the Debtors; (b) Mr. Forrester had learned of the existence of an "agreement" that day from Ms. Zhang which he was attaching to his email; and (c) "[c]learly, there was no authority for Ms. Zhang to enter into the agreement." A copy of the "agreement" (the "**Purported Loan Agreement**") attached to Mr. Forrester's email of March 7, which is titled "Loan Agreement" and dated January 29, 2022, and purports to be signed by Yeahon Minoru Blvd Holdings Ltd. ("**Yeahon**"), as lender, Community Marine Concepts Ltd., as borrower, and Huai Yin Zhang ("**HY Zhang**"), Hao Ran Zhang ("**HR Zhang**"), and Dong Xia Zhang ("**DX Zhang**"), as guarantors, is enclosed as **Schedule "D"** to this letter;
- (e) On March 8, 2022, Mr. Forrester sent an email to Receiver's counsel, copying us among others, in which he advised that his client had just sent him a document he was attaching to his email. A copy of the untitled document attached to Mr. Forrester's March 8 email, which purports to be an amendment to the Loan Agreement (the "**Purported Amendment**") and to be signed by Yeahon, HY Zhang, DX Zhang, and HR Zhang is enclosed as **Schedule "E"** to this letter; and
- (f) On March 8, 2022, counsel to the Receiver sent a letter to Mr. Forrester, with a copy to us among others, confirming that the signatories to the Purported Loan Agreement lacked authority to bind the borrower, Community Marine Concepts Ltd. A copy of Receiver's counsel's March 8 letter is enclosed as **Schedule "F"**.

II. LACK OF INFORMATION REGARDING SOURCE AND PURPOSE OF FUNDS

Given the foregoing, the Bank presently lacks information as to the source, purpose, and authorized use of the Funds that have been delivered to it. In particular, and without limitation:

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- (a) the request to apply the Funds against the balance of the Debtors' loan obligations to the Bank came from Mr. Forrester and/or his office. At the time such request was made, neither Mr. Forrester nor his clients had authority to deal with funds that were purportedly loaned to Community Marine Concepts Ltd., an entity which is subject to the Receivership Proceedings; and
- (b) the Bank has not received a request from either Mr. Forrester, Mr. Forrester's client (HY Zhang), DX Zhang (a guarantor of the Debtors' obligations to the Bank and purported co-borrower of the Funds pursuant to the Purported Amendment), HR Zhang (a guarantor of the Debtors' obligations to the Bank and a guarantor under the Purported Loan Agreement) to apply the Funds against the Debtors' loan obligations to the Bank.

In addition to the lack of a request from the purported co-borrowers of the Funds, the Bank notes the following with respect to the Purported Loan Agreement, Purported Amendment, and the Bank Draft:

- (a) Section 2.2 of the Purported Loan Agreement states that the Funds provided pursuant to the Purported Loan Agreement "will be used by the Borrower for paying the outstanding balance of a loan with initial principal amount for \$16,000,000, which was advanced by Scotial [sic] Bank bearing a the [sic] mortgage instrument registration number of No. S217202 and not for any illegal purposes."

To confirm, the Funds are not sufficient to pay the outstanding balance of the Debtors' loan obligations. If applied, they will constitute a partial payment against the Debtors' indebtedness and will not discharge the Bank's security in place with respect to the obligations of the Debtors or DX Zhang and HR Zhang as guarantors of the Debtors' obligations. Additionally, the reference to "No. S217202" is a Supreme Court of British Columbia Action No. and does not correspond to any of the three mortgages held by the Bank.

- (b) Section 5.1(a)(iii) of the Purported Loan Agreement states that it is a condition precedent to the advance of the Funds that, among other things, a mortgage be registered in the second position over the property located at 2389 McBain Avenue, Vancouver.

This condition precedent has not meet met as the Bank holds the second-position mortgage on the referenced property.

- (c) Section 5.2 of the Purported Loan Agreement states that if the conditions precedent referenced in Section 5.1 are not met on or before March 1, 2022, the Purported Loan Agreement will terminate.

As noted above, the condition precedent in Section 5.1(a)(iii) has not been met, and it is accordingly not clear if the Purported Loan Agreement was in force at the time the Purported Loan Amendment was made.

- (d) Section 6.1 of the Purported Loan Agreement includes representations and warranties that were not satisfied at the time the Purported Loan Agreement and Purported Amendment were signed.

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[Handwritten signature]



Pursuant to section 5.1(b) it is a condition precedent to any advance under the Purported Loan Agreement that all representations and warranties be true and correct;

- (e) Page 12 of the Purported Loan Agreement indicates that HY Zhang, HR Zhang, and DX Zhang signed the Purported Loan Agreement "in the presence of" a paralegal in Richmond, BC.

However, the relevant signatures all appear to be electronically generated.

Additionally, the Bank has been advised through affidavit evidence sworn in Supreme Court of British Columbia Action No. H-210479 on October 12, 2021 that an adult male residing at 7629 Burris Street, Burnaby, BC (the registered residence of HR Zhang) advised a process server retained by the Bank that HR Zhang had moved to China with not forwarding information having been provided.

- (f) The Purported Amendment also appears to have had pre-generated electronic signatures stamped on it and, unlike the Purported Loan Agreement, does not reference the signatures having been witnessed;
- (g) The Bank Draft states that it is with respect: "Community Marine Concepts – Loan Payout".

To confirm, the Funds are not sufficient to pay the outstanding balance of the Debtors' loan obligations.

III. REQUIRED CONFIRMATION

In the circumstances, to confirm its instructions with respect to the Funds delivered to it, the Bank requires that each of Lei Yu (as a director of Yeahon), HY Zhang, HR Zhang, and DX Zhang provide the following confirmations:

- (a) The Funds have been loaned by Yeahon to HY Zhang and DX Zhang pursuant to the Purported Loan Agreement, as amended by the Purported Amendment, for the sole purpose of being applied in full as a partial payment towards the loan obligations of the Debtors to the Bank and of DX Zhang and HR Zhang as guarantors of the Debtors' obligations to the Bank;
- (b) Each of Yeahon, as lender, HY Zhang and DX Zhang, as borrowers, and HR Zhang, as guarantor, authorize and direct the Funds to be applied by the Bank as a partial payment against the joint and several loan obligations of the Debtors, DX Zhang, and HR Zhang to the Bank;
- (c) All conditions precedent, representations, warranties, and terms applicable to the advance of the Funds by Yeahon to HY Zhang and DX Zhang pursuant to the Purported Loan Agreement have been satisfied or unconditionally waived;
- (d) There are no conditions applicable to the Bank's receipt and application of the Funds as a partial payment towards the Debtors' loan obligations to the Bank and, in particular, the authorization and direction by Yeahon, HY Zhang, DX Zhang, and HR Zhang that the Bank apply the Funds as

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a partial payment of the Debtors' loan obligations to the Bank is not subject to the validity or enforceability of the Purported Loan Agreement, whether as amended by the Purported Amendment or otherwise, or any conditions, representations, warranties, agreements or understandings of any kind whatsoever;

- (e) Each of Yeohon, HY Zhang, HR Zhang, and DX Zhang confirm that they do not have any legal or equitable claim to the Funds delivered to the Bank and, after the Funds are applied as directed by them, they will not have or make any claims or take any proceedings against the Bank or any person, corporation, partnership, or party by reason of or in relation to the Funds that might result in a claim for contribution or indemnity or otherwise being brought against the Bank;
- (f) No consent, approval, waiver, or other intervention or involvement of any kind by any other party is required for the Bank to apply the Funds as authorized and directed by Yeohon, HY Zhang, HR Zhang, and DX Zhang;
- (g) Each of Yeohon, HY Zhang, HR Zhang, and DX Zhang confirm that there are no events of default under the Purported Loan Agreement and/or that any defaults have been unconditionally waived; and
- (h) Each of Yeohon, HY Zhang, HR Zhang, and DX Zhang have obtained independent legal advice with respect to the foregoing and/or have had the opportunity to obtain independent legal advice and make the foregoing confirmations with full knowledge, capacity, authority and understanding of their content and legal effect.

Confirmation to the foregoing must be communicated to the Bank by each of Yeohon, HY Zhang, HR Zhang, and DX Zhang returning a duplicate copy of this letter to our attention together with:

- (a) an affixed original (i.e., not electronically generated) signature of each of Lei Yu (as a director of Yeohon), HY Zhang, HR Zhang, and DX Zhang; and
- (b) an original (i.e., not electronically generated) acknowledgment by a Canadian lawyer, commissioner for oaths, or notary public confirming that the relevant signatures have been affixed in their presence.

Please note that, as noted in our letter of March 4, given the uncertainty as to the source and ownership of the Funds, the Bank has not at this time applied the Funds against the Debtors' loan obligations, and will not do so until the confirmations requested in this letter are provided to the Bank's satisfaction and the Receiver confirms in writing that the Funds are not the property of the Debtors within the meaning of the court order governing the Receivership Proceedings. Interest on the full amount of the Debtors' indebtedness to the Bank continues to accrue at the stipulated contractual rate.

Our client reserves the right to request further information or confirmations prior to applying the Funds against the Debtors' loan obligations.

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The logo for the law firm Blakes, written in a stylized, cursive script.

Page 6

We have copied the Receiver and its counsel on this correspondence for their information.

Yours truly,

Peter Bychawski

c. Tevia Jeffries, *Dentons LLP*
Pinky Law, *Alvarez & Marsal Canada Inc.*
Todd Martin, *Alvarez & Marsal Canada Inc.*

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Pinky Law, Alvarez & Marsal LLP | blakes.comA handwritten signature in the bottom right corner of the page.

THE UNDERSIGNED CONFIRM RECEIPT OF THE LETTER FROM BLAKE, CASSELS & GRAYDON LLP DATED MARCH 16, 2022 AND HEREBY FURTHER CONFIRM THEIR AGREEMENT TO EACH OF THE CONFIRMATIONS SET OUT IN SECTION III (A) – (H) OF THE SAID LETTER

Signed by Dong Xia Zhang in the presence of:

Name

Address

Occupation

Glen Forrester
Barrister & Solicitor
Forrester & Company
Suite 300 - 555 West Georgia Street
Vancouver, B.C. V6B 1Z6
Tel: 604.682.1066



Dong Xia Zhang





Amber

Commitment Letter

Amber Financial Services Corp.

+1 866 268 0328/ info@amberfinancial.com

415-5900 No.3 Richmond, Richmond, BC V6X 3P7

www.amberfinancial.com

February 25, 2022

PERSONAL & CONFIDENTIAL

Community Marine Concepts Ltd.
C/o Ms. Huai Yin Zhang
Suite 240 - 730 View Street,
Victoria, BC, V8W 3Y7

Dear Ms. Zhang,

We are pleased to advise you that your loan application has been approved.
The terms and conditions of the approved loan are stated below:

This is Exhibit "8" referred to in the
Affidavit of Victoria International Marina Ltd.
sworn (or affirmed) before me at Victoria, B.C.
this 4 day of April 2022
[Signature]
A Commissioner/Notary Public for the
Province of British Columbia

Borrower	0736657 B.C. LTD. COMMUNITY MARINE CONCEPTS LTD.
Personal Guarantor	DONG XIA ZHANG HUI YIN ZHANG
Corporate Guarantor	VICTORIA INTERNATIONAL MARINA LTD. ETERNALAND YUHENG INVESTMENT HOLDING LTD. Facility A
Lender	1129057 B.C. LTD.
Amount	CAD \$5,000,000
Type	Demand Loan
Purpose	Refinance 1st mortgage on: 1 COOPERAGE PL VICTORIA V9A 7J9 2 PAUL KANE PL VICTORIA V9A 7J8 Water lease interest on COOPERAGE PL VICTORIA Lease of parking stalls registered in the Land Title Office under no. ED35862 against the common property of strata plan VIS1889 Water lease from Her Majesty the Queen in Right of Canada comprising three parcels for a combined area of 36.18 meters squared, more or less, adjacent to District Lot 199, Esquimalt District (the "Federal Crown Water Lease") (collectively, "Subject Property") Legal descriptions: Lot 3 Plan VIP47008 District Lot 119 Esquimalt District PID: 011-570-253 Lot 4 Plan VIP47008 District Lot 119 Esquimalt District PID: 011-570-270 Block A District Lot 119 Esquimalt District Lease OVER PT OF DL 119 CONTAINING APPROX 1.88 HA FOR COMMERCIAL MARINA Lease Num V927098 PID: 030-296-561 Common Property Strata Plan VIS1889 Three parcels for a combined area of 36.18 meters squared, more or less, as more particularly described in the Federal Crown Water Lease
Maturity Date	12 months from interest adjustment date until May 1, 2023
Amortization	N/A. Interest Only Repayment



Rate	7.75% per annum compounded monthly. Interest adjustment date will be on May 1, 2022. Interests calculated by the Lender to accrue from the date of advance to May 1, 2022 shall be deducted from the proceeds of the loan
Repayment	\$32,291.67 interest only payable monthly in arrears. Loan principal must be fully repaid together with any accrued interest no later than the Maturity Date.
Prepayment	Prepayment is permissible without penalty as long as no less than 30 days of prior written notice is provided for the prepayment. If 30 days written notice is not given, the Borrower will pay to the Lender for the interest of the balance of 30 days period between the written notice date and repayment date.
Conditions Precedent	<p>The availability of the credit facility to the Borrower is subject to the following conditions having been fully met to the satisfaction of the Lender (or waived by the Lender in its sole discretion):</p> <ul style="list-style-type: none">• Satisfactory review of appraisal report of the Subject Property (held)• Appraisal report transmittal letter addressed to the Lender (held)• Environmental report of the Subject Property (held)• Ownership organizational chart of the Borrower (held)• Two pieces of identifications including one government issued photo identification of Personal Guarantor (held)• Personal net worth statement of the Personal Guarantor (held)• Credit bureau authorization by Personal Guarantor (held)• Satisfactory review of credit bureau report of Personal Guarantor (held)• 2020 NOA & T1 General Income Tax return of Personal Guarantor (held)• Certificate of incorporate, notice of articles, shareholder registry of the Borrower and Corporate Guarantor (held)• Most recent financial statement, T2 and NOA of the Borrower and Corporate Guarantor (held)• Current rent roll and lease agreements (held)• Copy of the water lease (held)• Review of Declaration of Bare Trust and Agency Agreement between 0736657 B.C. LTD. and COMMUNITY MARINE CONCEPTS LTD.• Payout statement of the current 1st mortgage of the Subject Property• Resume of the Personal Guarantors and managers of the Borrower• Court approval of this Commitment Letter and proposed refinancing• Duly execution of Security Documents as hereinafter defined
Conditions Subsequent	<p>The following conditions will apply until the credit facility is repaid in full and cancelled:</p> <ul style="list-style-type: none">• The Facilities expires by Maturity Date on May 1, 2023 by which loan principal must be fully repaid• Any extension request of the Maturity Date of the subject facility is subject to Lender's formal written approval and the same interest rate cannot be guaranteed.• Loan facilities are allowed to be automatically extended for maximum one additional month after maturity pending for full repayment or extension of the loan facilities. Loan facilities will be charged at interest rate 18% per annum between May 1, 2023 and June 1, 2023.

Positive Covenants

The Borrower shall:

- Maintain property tax payments on a current basis on any and all property mortgaged to the Lender. The Borrower shall, upon request from the Lender, provide annual confirmation of paid property taxes within 30 days of the municipal due date
- Use of lands and premises in compliance with all environmental legislation. Any clean-up measures will be in full compliance with all applicable laws and at the Borrower's sole expense
- Maintain insurance coverage as set out in the insurance requirements against all real and personal property
- Promptly notify the lender of any failure to observe any terms in this Commitment Letter or the occurrence of any event of default
- Pay all of the Lender's legal and other fees, costs and expenses incurred in connection with the preparation, execution, registration and enforcement of this Commitment Letter and the Security Documents (as hereinafter defined)
- Do all things and execute all documents as the Lender may reasonably required for the purpose of carrying out the matters contemplated in this Commitment Letter or the Security Documents.

Negative Covenants

The Borrower shall not, without the prior written consent of the Lender (which consent will not be unreasonably withheld):

- Incur any indebtedness with respect to the Subject Property, of either a direct or indirect nature, other than with the Lender
- Make loans to, investments in, mergers with, or guarantees on behalf of others
- Permit any change of the ownership of any capital stock of the Borrower
- Sell or dispose of any of these assets other than in the normal course of business
- Permit repayment of shareholder or equity loans
- Grant security over any of its assets
- Permit any claims against its assets, including without limitation, liens or other court actions to be outstanding for more than 30 days

Reporting Covenants

The Lender may from time to time request the following document from the Borrower:

- Annual Financial Statements of the Borrower, Corporate Guarantor, prepared by a qualified independent accountant on a Notice to Reader basis, supported by Corporate Income Tax Return
- Updated personal net worth statement from the Personal Guarantor supported by Personal Income Tax Return and Notice of Assessment
- Annual confirmation of paid property taxes
- Such other information as the Lender may require from time to time

Security

The credit facility and the obligations and liabilities of the Borrower under this Commitment Letter will be evidenced and secured by the following documents (the "Security Documents")

TO BE OBTAINED

- 1st-Position Inter-alia All-Indebtedness Collateral Mortgage over the Subject Property (other than the Federal Crown Water Lease) registered in the province of British Columbia in favour of the Lender. Mortgage to include 1. Assignment of Rents; 2. Acceleration or Due on Sale/Non-assumption clause
- A mortgage and assignment of rents against the Federal Crown Water Lease in favour of the Lender
- Beneficial owner agreement in respect of the Subject Property
- Title insurance of Subject Property
- Assignment of all-risk insurance over Subject Property with the Lender as the 1st loss payee
- Environmental indemnity to be executed by the Borrower, and Personal Guarantor
- Promissory note for \$5,000,000 in favour of the Lender
- Holdback of \$387,500 equivalent to 12 month of interest payment, from the loan proceeds as cash collateral in favour of the Lender. Cash collateral will be drawn down by the Lender monthly in arrears for monthly interest payments or be utilized at the Lender's discretion in the event of default to cover any interest payments or fees related to the loan facility
- Fixed and floating charges in 1st position over all assets of the Borrowers under General Security Agreement registered under PPSA
- Unlimited joint and several guarantee by Personal & Corporate Guarantor supported by All-PAAP General Security Agreement registered under PPSA



Representations and Warranties

- Assignment and postponement of claim by the shareholders, directors of the Borrower and Corporate Guarantors
- Signed Commitment Letter by the Borrower, Personal & Corporate Guarantor
- Mortgage broker disclosure statement and fixed credit disclosure statement
- Satisfactory letter of opinion from the Lender's solicitor confirming that
 - all Security is good, valid, and enforceable
 - no prior financial charges against the Subject Property
 - Full repayment and discharge of mortgage in favour of The Bank of Nova Scotia
 - Full discharge of Builders Lien against the Subject Property
 - Subject Property is free of any enforcement proceedings, certificates of pending litigation or caveats registered against the Subject Property
 - property taxes, city utilities are up to date
- Any other legal documentation considered necessary by the Lender's solicitors whether prior or subsequent to advancing funds, to preserve efficacy and ranking of the Lender's security.
- By the Borrower and/or a Guarantor (if any) (the "Obligant"): To induce the Lender to establish and maintain the subject loan facility, the Obligant represent and warrant as follows:
 - (if the Obligant is not an individual) The Obligant is a company duly incorporated or an entity duly organized, validly existing and in good standing under the laws of all jurisdictions in which it was incorporated or organized or it carries on its business, it has the full power and authority (corporate, partnership or otherwise, as applicable) to carry on the business now being carried on by it, to execute and deliver this Commitment Letter and the Security Documents and to perform its obligations thereunder; all necessary and requisite proceedings, resolutions and authorizations (corporate, partnership or otherwise, as applicable) have been taken, passed and given by it and its directors, partners and shareholders (as applicable) to authorize, permit and enable the same.
 - Except as has been obtained and is in full force and effect, no consent, permit, license, approval or other authorization of, or filing with or notice to, any person is required to be obtained in connection with the execution and delivery of and the performance by the Obligant of its obligations under this Commitment Letter and the Security Documents.
 - This Commitment Letter and the Security Documents have been duly executed and delivered by the Obligant, as applicable, and constitute the legal, valid and binding obligations enforceable in accordance with their terms.
 - The execution and delivery of this Commitment Letter and the Security Documents by the Obligant, as applicable, and the performance of its obligations thereunder does not result in a breach of default (i) under its constating or organizational documents (if the Obligant is not an individual), or (ii) under any agreement to it is a party or any applicable law or by which it is bound, or result in the creation or imposition of any lien upon any of its property or assets.
 - The Obligant is in compliance with all applicable laws in all material respects.
 - Except as expressly disclosed in writing to the Lender, there is no action, suit or proceeding pending or, to the knowledge of the Obligant, threatened, against or affecting the Borrower before any court or before or by an governmental department commission or agency, in Canada or elsewhere, or before any arbitrator or board, and the Obligant is not in default with respect to any order or award of any arbitrator or government department, commission or agency applicable to it or any part of its assets.





- The Borrower has delivered to the Lender a true and complete copy of its most recent financial statements, and such financial statements present fairly the financial position of the Borrower, in accordance with GAAP, as of the date thereof and for the fiscal period then ended. Since the date of such financial statements of the Obligor delivered to the Lender, there has occurred no event which (individually or with any other events) has had, or which may reasonably be expected to have, a material adverse effect on the business, property, condition, ownership or prospects of any of the Obligors, or a material adverse effect on the ability of any of the Obligors to perform its obligations under any of this Commitment Letter, the Security Documents to which it is a party ("Material Adverse Effect").
- All reports, statements and other documents delivered by or on behalf of the Obligor to the Lender in connection with the subject loan facility and this Commitment Letter are complete and accurate in all respects.
- The Obligor has good and marketable title to all of its properties and assets (including the Subject Property, if any), free and clear of any liens (other than permitted liens).
- Except as expressly disclosed in writing by the Obligor to the Lender, (i) the business carried on, and the Subject Property (if any) and the property owned or used at any time, by the Obligor (including the lands owned or occupied by the Borrower and the waters on or under such lands) have at all times been carried on, owned or used in compliance with all environmental laws; (ii) the Obligor is not subject to any proceeding alleging, or any claim, notice or request for information with respect to, the violation of any environmental law or any responsibility for clean-up, remediation or other corrective action under any environmental laws; (iii) there are no circumstances that could reasonably be expected to give rise to any civil or criminal proceedings or liability regarding the release, presence or use of any hazardous substance from, on or under the Subject Property (if any), any lands used in or related to the business or property of the Obligor or any lands on which the Obligor has disposed or arranged for the disposal of any materials arising from the business carried on by it, or regarding the violation of any environmental law by the Obligor or by any other person for which it is responsible; (iv) all hazardous substances disposed of, treated or stored on the Subject Property (if any) or any lands owned or occupied by the Obligor have been disposed of, treated and stored in compliance with all environmental laws; (v) the Obligor has been issued and is in material compliance with all permits, certificates, approvals, licenses and other authorizations relating to environmental matters that are required pursuant to all environmental laws in connection with its respective businesses and other activities carried out by it; (vi) the Borrower has maintained all environmental and operating documents and records relating to its respective business and property in the manner and for the time periods required by any environmental laws; and (vii) the Obligor is not aware of any pending or proposed change to any environmental law which would have a Material Adverse Effect on the Borrower.
- No representation or warranty made by the Obligor herein, in the Security Documents or in any other document furnished to the Lender from time to time contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they are made, not misleading. All projections and pro forma information delivered to the Lender from time to time by the Obligor were prepared in good faith based on assumptions believed by the Obligor to be reasonable at the time of delivery. There is no fact known to the Obligor on the date of this Commitment Letter which has had, or which has a reasonable possibility of having a Material Adverse Effect.
- All representations and warranties contained in this Commitment Letter shall survive the execution and delivery hereof and the obtaining of amounts under the subject loan facility, and shall be deemed to be repeated as at the time of each advance under the subject loan facility.

Acknowledgement

In accepting this Commitment Letter, the Borrower hereby confirms that

- all of its accounts (deposit, investment, loan, mortgage, or other credit product, as applicable) will only be used by the Borrower and only for the Borrower's transactions.
- the Borrower authorized the release, by its insurance agent, of all personal information relating in any way to the property of the insurance coverage thereon to the Lender or any of its agents
- the Borrower authorized Lender to retrieve credit information about all applicants from credit bureaus.
- If in the opinion of the Lender, a material adverse change in risk occurs, including and without limiting the generality of the foregoing, any material adverse change in the financial condition of the Borrower, any obligation to advance some or all of the above facilities may be withdrawn or cancelled.

Events of Default

Each of the following events and circumstances constitutes an event of default under this Commitment Letter (each, an "**Event of Default**");

- any of the Obligants does not pay on the due date any amount payable by it under this Commitment Letter or any of the Security Documents;
- any of the Obligants fails to comply with any of the terms and conditions in this Commitment Letter or any of the Security Documents;
- any event occurs or series of events occur that, in the Lender's view, is likely to have a Material Adverse Effect;
- any claim, litigation, arbitration or administrative proceeding has been commenced or threatened against any of the Obligants, any part of the Subject Property (if any), which, if adversely determined, is in the Lender's view likely to have a Material Adverse Effect;
- any of the representations or warranties contained in this Commitment Letter or any other information provided to the Lender by any of the Obligants in connection with this Commitment Letter is, or proves to have been, incorrect or misleading in any material respect when made;
- there is any change in the legal or beneficial ownership of the Subject Property (or any part thereof);
- the Borrower has an administrator or a receiver (or the equivalent in any jurisdiction) appointed in respect of it, or any of its assets, or it enters into a liquidation of its assets; or
- the Borrower is deemed to be insolvent or ceases to exist.

Acceleration

Without affecting or limiting the right of the Lender to terminate or demand payment of, or to cancel availability of any unutilized portion of the loan facility under other provisions of this Commitment Letter or other Security Documents, upon an Event of Default, the Lender may take any or all of the following actions:

- a. declare that the ability of the Borrower to require any further advances under the loan facility shall be suspended pending the remedying of the Default
- b. declare that the commitment under any or all of the loan facilities has expired and that the Lender's obligations to make advances has terminated; and
- c. declare the entire principal amount of all advances outstanding, all unpaid accrued interest and all fees and other amounts required to be paid by the Borrower hereunder to be immediately due and payable without the necessity of presentment for payment, notice of non-payment and of protest (all of which are hereby expressly waived to the greatest extent permitted by law) and proceed to exercise any and all rights and remedies hereunder and under any Security Documents.

From and after the issuance of any declaration referred to in this section, the Lender shall not be required to honour any cheque or other instrument presented to it by the Borrower regardless of the date of issue or presentation.

Immediately upon receipt of a declaration under subsection c) above, the Borrower shall pay to the Lender all amounts outstanding hereunder.

No express or implied waiver by the Lender of any demand or Default shall in any way be or be construed to be a waiver of any future or subsequent demand or Default.

One-Time Arrangement Fee

\$100,000 (2%), including \$50,000 payable to the Lender and \$50,000 payable to Amber Financial Services Corporation. Outstanding fees will be deducted from the loan proceeds upon drawdown of the loan facility.

Other Fees

- Any legal fees incurred by the Lender in preparation and registration of security documentation.
- \$100 charge (NSF fee) for each dishonoured payment or any late payment
- All other costs and out of pocket expenses reasonably incurred by the Lender in connection with the establishment, administration and enforcement of the facilities and the obtaining of applicable security.



Confidentiality

This Commitment Letter has been issued on a confidential basis. Neither the Borrower named herein nor its employees, officers, or agents are to reproduce this document in any form, or otherwise redistribute or disclose the contents to any third parties not otherwise agreed to by the Lender.

LENDER

1129057 B.C. LTD.

Authorized signer

Agreed & Accepted on _____ of April, 2022

Borrower

0736657 B.C. LTD.

COMMUNITY MARINE CONCEPTS LTD.

Authorized signer

Name, title:

Corporate Guarantor

VICTORIA INTERNATIONAL MARINA LTD.

Authorized signer

Name, title:

ETERNALAND YUHENG INVESTMENT HOLDING LTD.

Authorized signer

Name, title:

Personal Guarantor

Authorized signer

Name, title:

DONG XIA ZHANG

HUAI YIN ZHANG



Suite 1603 Cathedral Place
925 West Georgia Street
Vancouver, BC
Canada V6C 3L7
T: 604.625.3456

This is Exhibit "9" referred to in the
Affidavit of Brenda M. Lightbody
sworn (or affirmed) before me at Vancouver, B.C.
this 4 day of March, 2022

A Commissioner/Notary Public for the
Province of British Columbia

March 18, 2022

BY EMAIL

Tegan Law Corporation
200 – 6061 No. 3 Road
Richmond, BC V6Y 2B2

Attention: Tadhg Egan

Dear Sirs and Mesdames:

\$5,000,000.00 loan (the "Loan") by 1129057 B.C. Ltd. (the "Lender") to 0736657 B.C. Ltd. (the "Nominee") and Community Marine Concepts Ltd. (the "Beneficial Owner" and together with the Nominee, the "Borrowers")

We are the solicitors for the Lender and provide the following to you as solicitors for the Borrowers. Capitalized terms used but not defined in this letter have the meanings given to them in the commitment letter issued by Amber Financial Services Corporation on behalf of the Lender to the Beneficial Owner of behalf of the Borrowers dated February 25, 2022 (the "**Commitment Letter**"), a copy of which is enclosed for your information and execution by the Borrowers, the Corporate Guarantors and the Personal Guarantors (both as hereinafter defined).

We enclose one copy of each of the documents below:

1. \$5,000,000.00 Form B mortgage and assignment of rents in favour of the Lender charging the Lands (described in Schedule A attached hereto) for execution by the Nominee;
2. acknowledgement of receipt of standard mortgage terms together with a copy of such terms for execution by the Nominee;
3. promissory note in the principal amount of \$5,000,000.00 for execution by the Borrowers;
4. equitable mortgage and estoppel agreement for execution by the Nominee, as nominee, and the Beneficial Owner, as beneficial owner of the Lands;
5. general security agreement for execution by the Borrowers, Victoria International Marina Ltd. ("**Victoria**") and Eternaland Yuheng Investment Holding Ltd. ("**Eternaland**") and together with Victoria, the "**Corporate Guarantors**") and Dong Xia Zhang and Huai Yin Zhang (together, the "**Personal Guarantors**");

6. joint and several covenantor agreement for execution by the Corporate Guarantors and the Personal Guarantors, with acceptance of subordination by the Borrowers;
7. environmental warranty and indemnity agreement in respect of the Lands for execution by the Borrowers, the Corporate Guarantors and the Personal Guarantors;
8. assignment of cash collateral for execution by the Borrowers;
9. assignment and postponement agreement executed by the Beneficial Owner, as sole shareholder of the Nominee, and the Personal Guarantors, as the directors of the Nominee, with acknowledgement by the Nominee;
10. assignment and postponement agreement executed by Eternaland, as sole shareholder of the Beneficial Owner, and the Personal Guarantors, as the directors of the Beneficial Owner, with acknowledgement by the Beneficial Owner;
11. assignment and postponement agreement executed by Eternaland, as sole shareholder of Victoria, and the Personal Guarantors, as the directors of Victoria, with acknowledgement by Victoria; and
12. assignment and postponement agreement executed by 1073783 B.C. Ltd. and Elesus Real Estate Canada Ltd., as sole shareholders of Eternaland, and the Personal Guarantors, as the directors of Eternaland, with acknowledgement by Eternaland;
13. certificate of officer for execution by a director and/or officer of the Nominee. **Please attach all exhibits;**
14. certificate of officer for execution by a director and/or officer of the Beneficial Owner. **Please attach all exhibits;**
15. certificate of officer for execution by a director and/or officer of Victoria. **Please attach all exhibits;**
16. certificate of officer for execution by a director and/or officer of Eternaland. **Please attach all exhibits;**
17. authority to pay for execution by the Borrowers; and
18. form of solicitors' opinion to be completed by you on your firm's letterhead.

If in order, kindly attend to completion and execution of the documents by the parties indicated and return **one fully executed copy by PDF** to our office with originals to follow via courier. Please ensure that all documents are dated and completed where required.

Prior to funding we will require:

- (a) fully signed copy of the Commitment Letter;
- (b) in respect of the Nominee, a copy of its register of directors;

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- (c) updated and executed trust declaration;
- (d) property tax certificates for the Lands evidencing that property taxes have been paid in full and that the Lands are not subject to empty homes tax;
- (e) lender's title insurance policy for the Lands **(please provide draft for our review once available – FCT or Stewarts is acceptable)**;
- (f) certificates of good standing for the Borrowers and Corporate Guarantors;
- (g) confirmation of insurance satisfactory to the Lender, showing the Lender as first loss payee and additional insured with respect to the Lands;
- (h) copy of payout statement from The Bank of Nova Scotia (“BNS”);
- (i) confirmation that claim of builders lien nos. CA6861663 and CA6861664 registered against Lot 3 and Lot 4, each in favour of Blue Water Systems Ltd., have been discharged **(or alternatively, satisfactory undertakings to be in place to ensure the discharge of such liens)**;
- (j) advice from the Lender that the conditions precedent set out in the Commitment Letter have been fulfilled.

We will provide a separate letter of proposed solicitor's undertakings for the funding for your review.

Please do not hesitate to contact the undersigned should you have any questions or concerns with respect to any of the enclosed or foregoing.

Yours very truly,

LAWSON LUNDELL LLP



Brenda M. Lightbody

/s/

Encls.

cc. Lender

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SCHEDULE A

Lands

1 Cooperage Place, Victoria, BC

PID: 011-570-253, Lot 3 District Lot 119 Esquimalt District Plan 47008 ("**Lot 3**")

2 Paul Kane Place, Victoria, BC

PID: 011-570-270, Lot 4 District Lot 119 Esquimalt District Plan 47008 ("**Lot 4**")

Leasehold interest pursuant to Lease CA7061361 registered over PID: 030-296-561,
Block A District Lot 119 Esquimalt District

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CONSENT AND NON-DISTURBANCE AGREEMENT

THIS AGREEMENT is dated for reference _____, 2022.

BETWEEN:

0736657 B.C. LTD.
240 - 730 View Street
Victoria, BC V8W 3Y7

(herein the "Holder")

AND:

1129057 B.C. LTD.
6869 Selkirk Street
Vancouver, BC V6P 4H1

(herein the "Lender")

AND:

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF
BRITISH COLUMBIA**, represented by the minister responsible for the *Land Act*,
Parliament Buildings, Victoria, BC

(herein the "Crown")

WHEREAS:

- A. By way of Lease No. V927098, commencement date April 1, 2018 (the "Tenure"), the Crown, granted to the Holder the right to use the following land (the "Land") for certain purposes as described in the said tenure agreement:
- Block A, District Lot 119, Esquimalt District
- B. The Lender has provided a loan to the Holder to finance the Holder's undertaking.
- C. To secure the repayment of the loan, the Holder has mortgaged the Tenure to the Lender (the "Security").
- D. To protect the Lender's rights under the Security, the Lender and the Holder have requested of the Crown that the Crown agree to certain provisions (the "Agreement" or this "Agreement") with respect to how the Crown shall proceed in the event of a default in the Tenure.

ACCORDINGLY, in consideration of the sum of \$1.00 now paid by each of the Holder and the Lender to the Crown, the parties agree as follows.

This is Exhibit 10 referred to in the
Affidavit of Hua Yun Zhang
sworn (or affirmed) before me at Vancouver, B.C.
this 10 day of April, 2022.
A Commissioner/Notary Public for the
Province of British Columbia

ARTICLE 1.- CONFIRMATIONS CONCERNING THE TENURE**1.1 The Crown confirms to the Lender that:**

- (a) the Crown has not received any notice of assignment concerning the Tenure or any notice that a third party makes a claim against the Tenure;
- (b) the Crown has not given to the Holder any notice of default, notice of failure, or notice of intent to terminate under the Tenure ("**Notice**");
- (c) the Crown is not aware of any circumstance which would entitle the Crown to give a Notice (but the Crown has not undertaken any diligent investigation in respect of this confirmation);
- (d) without giving the Lender at least 60 days notice, the Crown shall do none of the following:
 - (i) enter into any agreement with the Holder which shall materially amend, replace or terminate the Tenure, except where the replacement of the Tenure is to extend its term for a longer period under substantially the same terms and conditions as currently exist;
 - (ii) accept any surrender of the Tenure, unless the surrender is carried out in the manner set out in section 4.9 of this Agreement;
 - (iii) consent to any assignment of the Tenure; or
 - (iv) unilaterally terminate the Tenure.

1.2 Except as specifically set out herein, this Agreement shall not be deemed to waive or modify the Tenure or to relieve the Holder from any of the Holder's obligations therein.**1.3 The Crown covenants and agrees with the Lender that the Crown shall:**

- (a) permit the Lender to pay any arrears of the Holder under the Tenure;
- (b) permit the Lender to remedy any other default of the Holder under the Tenure and to enter the Lands in order to do so;
- (c) permit the Lender to exercise its right to assume the Tenure and the Holder's undertaking, if such exercise is permitted under the Security; and
- (d) permit the Lender to transfer the Tenure and the Holder's undertaking to a third party, if such transfer is permitted under the Security and always subject to the terms of the Tenure and the *Land Act* of British Columbia.

1.4 If the Crown, as of the date of this Agreement, holds any interest in the Tenure as a result of a mortgage of the Holder's interest in the Tenure to the Crown, or if the Crown shall acquire any such interest at any time in the future, the Crown hereby grants to the Lender priority of the Security over any such interest.

ARTICLE 2. - SECURITY OVER THE TENURE TO THE LENDER

- 2.1 The parties acknowledge that the Security arises from a transaction between the Holder and the Lender which requires the consent of the Crown, and the Crown does hereby provide that consent.
- 2.2 The Lender acknowledges that:
- (a) it has received a copy of the Tenure; and
 - (b) the Security is subject in all respects to the terms and conditions of the Tenure and this Agreement.
- 2.3 The Holder represents and warrants that the Lender is the only person to whom it has granted a security interest in the Tenure.

ARTICLE 3. - DEFAULT

In this Article,

"Receiver" means a receiver, a manager, a receiver-manager or any other person, including the Lender itself, who lawfully assumes possession and control of the Holder's property charged in the Security for the purpose of exercising the Lender's rights under the Security;

"Minister" means the Minister responsible for the *Land Act*;

"Remediation" means, with respect to a Tertiary Default, either or both of the following (as the particulars of the situation dictate);

- (a) mitigation of damage done as a result of the Tertiary Default; and
- (b) to the extent feasible, meeting the obligations the Holder would have been under had the default not occurred;

"Primary Default" means that class of default in the performance of an obligation under the Tenure which entitles the Crown to cancel the Tenure without first providing notice of the default to the Holder and providing the Holder a period of time to cure the default;

"Secondary Default" means a default in the performance of an obligation under the Tenure which:

- (a) may not be cancelled by the Crown until
 - (i) the Crown provides notice of the default to the Holder; and
 - (ii) the Crown provides the Holder with a period of time to cure the default; and
- (b) by its nature is capable of being cured; and

"Tertiary Default" has the same meaning as Secondary Default except that, by its nature, it is not capable of being cured;

- 3.1 If and when a Receiver becomes engaged, each of the Lender and the Holder, promptly upon becoming aware of the engagement shall provide written notice of the engagement, with appropriate particulars, to the Crown.
- 3.2 If the Crown shall give a Notice to the Holder, the Crown shall give a copy of the Notice to the Lender concurrently or promptly thereafter.
- 3.3 If the Lender has not appointed a Receiver (or a Receiver has not been otherwise appointed) within 60 days from the date on which the Lender has received (or shall be deemed to have received) a Notice (the "**Lender's Notice Period**") then, subject to section 3.4, the following shall apply:
- (a) if the Notice is with respect to a Secondary Default, the Crown shall not terminate the Tenure until the period of time set out in the Tenure to cure the default has passed calculated from the end of the Lender's Notice Period, and shall terminate only if the default is not cured by the end of the period set out in the Tenure; and
 - (b) if the Notice is with respect to a Primary Default or a Tertiary Default, then the Crown shall not terminate the Tenure until a period of 60 days has passed calculated from the date on which the Lender has received (or shall be deemed to have received) the Notice.
- 3.4 If the Lender has appointed a Receiver (or a Receiver has been otherwise appointed) within 60 days from the date on which the Lender has received (or shall be deemed to have received) a Notice, or if the Lender shall appoint a Receiver (or a Receiver is otherwise appointed) before the Tenure is cancelled by the Crown as a result of the default set out in the Notice, then, subject to section 3.5, the following shall apply:
- (a) the Crown shall not be entitled to cancel the Tenure as a result of a Primary Default by the Holder, whether or not the default is cured;
 - (b) the Crown shall be entitled to cancel the Tenure as a result of a Secondary Default provided the period of time set out in the Tenure to cure the default has passed (calculated from the date on which the Lender has received, or shall be deemed to have received the Notice) and shall terminate only if the default is not cured within that period;
 - (c) the Crown shall not be entitled to cancel the Tenure as a result of a Tertiary Default if:
 - (i) the Lender or the Holder (or both) have carried out Remediation; and
 - (ii) the Minister has provided the Minister's approval for the Remediation, which approval shall not be unreasonably withheld; and
 - (d) the Minister's approval shall be deemed to be reasonably withheld if an authority whose requirements were breached as a result of the default, or which has jurisdiction over damage arising from the default, is of the view that the Remediation is not sufficient.
- 3.5 If, after a period of 24 months after a Receiver is appointed by the Lender (or after such other period to which the parties wish to agree, with each party obliged to act reasonably), a third party has not been approved by the Crown, taken over the operation of the Holder's undertaking and assumed the obligations under the Tenure (or under a new tenure issued by the Crown), then the Crown shall have the right to cancel the Tenure as a result of any default or as otherwise permitted by law.

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- 3.6 The Lender shall not be deemed to have undertaken the enforcement and exercise of its rights under the Security simply by entering the Land for the purpose of examining the condition and operation of the improvements thereon.
- 3.7 The Lender assumes no liability to the Crown under the Tenure by virtue of having appointed a Receiver.

ARTICLE 4. - NOTICE AND MISCELLANEOUS

- 4.1 Any notice provided under this Agreement shall be in writing and may be given by personal delivery or by transmittal by facsimile, addressed to the respective parties as follows:

to the Crown at:

**MINISTRY OF FORESTS, LANDS, NATURAL RESOURCE OPERATIONS AND
RURAL DEVELOPMENT**

Suite 142 - 2080 Labieux Road
Nanaimo, BC V9T 6J9;

to the Holder at:

0736657 B.C. LTD.
240 - 730 View Street
Victoria, BC V8W 3Y7

to the Lender at:

1129057 B.C. LTD.
6869 Selkirk Street
Vancouver, BC V6P 4H1

copy to:

LAWSON LUNDELL LLP
1600 – 925 West Georgia Street
Vancouver, BC V6C 3L2
Attention: Brenda Lightbody
Email: blightbody@lawsonlundell.com

- 4.2 Notices given by facsimile shall be deemed to be received on the business day next following the date of transmission.
- 4.3 This Agreement is governed by British Columbia law, and the applicable laws of Canada and any legal proceedings shall be taken in the courts of British Columbia.
- 4.4 The Crown's obligations in this Agreement shall end when Security is discharged and the Lender and the Holder agree to advise the Crown when that occurs.
- 4.5 This Agreement may be amended only by an instrument in writing signed by each of the parties.

- 4.6 This Agreement shall enure to the benefit of, and is binding upon, the parties, and their respective successors and permitted assigns, and each reference herein to a party includes its successors and permitted assigns.
- 4.7 This Agreement may be executed in any number of counterparts, each of which is deemed an original, and all of which together constitute one and the same document.
- 4.8 This Agreement is not binding upon any party unless and until it is executed and delivered by all parties, whereupon this Agreement shall take effect as of the day first above written.
- 4.9 For so long as the Security is in place:
- (a) the Holder shall not exercise any statutory right to abandon or terminate the Tenure without written consent from the Lender; and
 - (b) before exercising any such statutory right to abandon or terminate the Tenure the Holder shall provide the Crown with a copy of the Lender's consent.
- 4.10 The Lender and the Holder agree:
- (a) subject to paragraph (b), the Crown shall not be liable to the Lender or to the Holder for any loss or expense suffered by the Lender or the Holder, nor shall the Crown incur any obligations to the Lender or the Holder, as a result of the failure by the Crown to abide by the Crown's obligations under this Agreement; and
 - (b) if the Crown shall terminate the Tenure for any reason other than
 - (i) in accordance with the terms of the applicable Tenure, or
 - (ii) as otherwise provided by law,and if the Crown shall do so without providing either
 - (iii) the Notice to the Lender, or
 - (iv) the benefit of the applicable cure period as required in this Agreement,then the Crown shall be obliged to make reasonable efforts to have the Tenure reinstated but the Crown shall have no other obligations.
- 4.11 The meaning of any term used in this Agreement shall be determined by considering the following in descending order of priority:
- (a) if the term is capitalized and defined in this Agreement, its meaning shall be as defined;
 - (b) if the term is not capitalized in this Agreement, its meaning shall be its meaning as used in the Tenure document, unless the context of its use in this Agreement dictates otherwise, in which case its meaning shall be pursuant to the context.
- 4.12 Time is of the essence of this Agreement and shall be calculated in accordance with the provisions of the *Interpretation Act* (British Columbia).

- 4.13 If an issue shall arise between the parties to this Agreement (or between any two of them) as to the interpretation of this Agreement and the parties are not able to resolve the issue by agreement, then the matter shall be resolved by arbitration pursuant to the British Columbia *Commercial Arbitration Act* (British Columbia).

ARTICLE 5. - FOLLOWING TENURES

In this Agreement:

“Following Tenure” means a tenure, issued under the *Land Act* (British Columbia), which:

- (a) is issued to the Holder over the Land (or over part of the Land);
- (b) replaces the existing Tenure (or a previous Following Tenure) or is one of two or more tenures which replace the existing Tenure (or a previous Following Tenure); and
- (c) grants rights to the Holder concerning the Holder’s undertaking.

- 5.2 The Crown agrees to be bound by its obligations in this Agreement, on the same terms and conditions as in this Agreement, with respect to any Following Tenures.

Signatures of the Parties.

SIGNED on behalf of **HER MAJESTY THE QUEEN
IN RIGHT OF THE PROVINCE OF BRITISH
COLUMBIA** by the minister responsible for the *Land Act* or the minister’s authorized representative

Minister responsible for the *Land Act* or
the minister’s authorized representative

SIGNED BY
0736657 B.C. LTD.

Holder

SIGNED BY
1129057 B.C. LTD.

Lender

VICTORIA LAND TITLE OFFICE

LAND TITLE ACT
FORM C (Section 233) CHARGE

Sep-12-2018 14:35:21.001

CA7061361

GENERAL INSTRUMENT - PART 1 Province of British Columbia

PAGE 1 OF 22 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3. and a true copy, or a copy of that true copy, is in your possession.

Nathan Carter
Lampard
KXZEKQ

Digitally signed by Nathan
Carter Lampard KXZEKQ
Date: 2018 09 12
14:03:03 -07'00'

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Cox Taylor

3rd Fl - 26 Bastion Square

contact: Aurora Faulkner-Killam

T: 250.388.4457 F: 250.382.4236

E: faulkner-killam@coxtaylor.ca

Victoria

BC V8W 1H9

Document Fees: \$71.58

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
[PID] [LEGAL DESCRIPTION]

030-296-561

BLOCK A, DISTRICT LOT 119, ESQUIMALT DISTRICT, B.C.

STC? YES ☐

This is Exhibit - 41 - referred to in the
sworn (or affirmed) before me at
this day of 2022
A Commissioner/Notary Public for the
Province of British Columbia

3. NATURE OF INTEREST

Lease

CHARGE NO.

ADDITIONAL PUBLIC NOTICE

4. TERMS: Part 2 of this instrument consists of (select one only)

(a) ☐ Filed Standard Charge Terms D.F. No.(b) ☒ Express Charge Terms Annexed as Part 2

A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

5. TRANSFEROR(S):

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, AS
REPRESENTED BY THE MINISTER RESPONSIBLE FOR THE LAND ACT

6. TRANSFEREE(S): (including postal address(es) and postal code(s))

0736657 B.C. LTD.

240-730 VIEW ST.

VICTORIA

V9W 3Y7

BRITISH COLUMBIA

CANADA

Incorporation No

BC0736657

7. ADDITIONAL OR MODIFIED TERMS:

8. EXECUTION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)

Elizabeth deMunck

Commissioner for Taking Affidavits in British Columbia

Ministry of Forests, Lands, Natural
Resource Operations and Rural
Development; 142-2080 Labieux Rd
Nanaimo BC V9T 6J9

Execution Date		
Y	M	D
18	04	24

Transferor(s) Signature(s)

HER MAJESTY THE QUEEN IN
RIGHT OF THE PROVINCE OF
BRITISH COLUMBIA, as
represented by the Minister
responsible for the Land Act, by its
authorized signatory:

Print name: Greg Gage

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

**LAND TITLE ACT
FORM D****EXECUTIONS CONTINUED**

PAGE 2 of 22 PAGES

Officer Signature(s)

Execution Date

Transferor / Borrower / Party Signature(s)

ANDREW XU
Barrister & Solicitor
2959 KINGSWAY
VANCOUVER, B.C.
V5R 5J4
TEL: 604-434-2977
FAX: 604-434-2967

Y	M	D
18	03	26

Signed on behalf of
0736657 B.C. LTD. (Inc. #BC0736657)
by a duly authorized signatory

Authorized Signatory

Print Name: Huai Yin Zhang

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

For Land Title Office use: Page ____ of ____

Lease No.: V927098

File No.: 1405848

Disposition No.: 927098

TERMS OF INSTRUMENT - Part 2

For valuable consideration, the parties agree as follows:

ARTICLE 1 - INTERPRETATION**1.1 In this Agreement**

"Agreement" means this General Instrument;

"Ancillary Marine Use" means boathouses, fuel docks, marina ways (portion submerged at mean high tide), launching ramps (portion submerged at high tide), boat sales dock, boat rentals dock and boat charters dock where they are below the mean water mark and not on fill;

"Commencement Date" means April 1, 2018;

"disposition" has the meaning given to it in the *Land Act* and includes a licence of occupation;

"Hazardous Substances" means any substance which is hazardous to persons, property or the environment, including without limitation

- (a) waste, as that term is defined in the *Environmental Management Act*; and
- (b) any other hazardous, toxic or other dangerous substance, the use, transportation or release into the environment of which, is now or from time to time prohibited, controlled or regulated under any laws or by any governmental authority, applicable to, or having jurisdiction in relation to, the Land;

"Improvements" means all buildings, structures, equipment, improvements and marine docking, moorage, storage and launching facilities for the accommodation, moorage, storage, launching, maintenance and minor repair of marine vessels (including bulkheads, groins, breakwaters and floating booms) that are made, constructed, erected, placed or installed on the Land at any time during the term of this Agreement, together with all replacements, alterations, additions, changes, substitutions, improvements or repairs to any of them;

"Land" means the land described in item 2 of Part 1 of this General Instrument;

MARINA & YC LEASE-R

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For Land Title Office use: Page ____ of ____

Lease No.: V927098

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"Land Value" means for the first five years of the Term the value for the Land established by us prior to the Commencement Date which value shall thereafter be subject to review by us prior to the sixth anniversary of the Commencement Date and thereafter at five year intervals during the remainder of the Term;

"Linear Footage of Moorage Space" means: the linear footage of all moorage space within the Land, whether open or covered by a boathouse, together with the linear footage of all improvements used for an Ancillary Marine Use;

"Management Plan" means the most recent management plan prepared by you in a form approved by us, signed and dated by the parties, and held on file by us;

"Month to Month Moorage Charge per Linear Footage" means:

- (a) the standard monthly linear footage rate that you charge to your customers for the use of moorage space; or
- (b) if you do not have a standard monthly linear footage rate but charge on a prepaid annual linear footage basis, the annual rate will be converted to an equivalent monthly rate; or
- (c) if we determine that you charge a membership fee or any other charge which is not solely a linear footage charge, we may determine a month to month moorage charge per linear footage taking into consideration the rates charged by commercial marinas which charge on a linear footage basis that we may determine to be comparable having regard to location and other factors;

"Potential Gross Income From Moorage" means for any particular year of the Term, the amount calculated as follows:

$$A \times B \times C$$

where:

A = the amount of Linear Footage of Moorage Space on the Land;

B = the Month to Month Moorage Charge per Linear Footage; and

C = the number of months the operation was open for business in that year;

"Moorage Rent Discount" means the following:

NIL

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"Rate"

- (a) during the first 15 year period of the Term means 3.5%; and
- (b) during the second 26 year period of the Term means 4.0%.

"Ratio" during each year of the Term means the percentage fixed by us in our sole discretion.

"Realty Taxes" means all taxes, rates, levies, duties, charges and assessments levied or charged, at any time, by any government authority having jurisdiction which relate to the Land, the Improvements or both of them and which you are liable to pay under applicable laws;

"Rent" means the rent set out in Article 3;

"Security" means the security referred to in section 6.1 or 6.2, as replaced or supplemented in accordance with section 6.5;

"Term" means the period of time set out in section 2.2;

"we", "us" or "our" refers to the Transferor alone and never refers to the combination of the Transferor and the Transferee: that combination is referred to as **"the parties"**; and

"you" or "your" refers to the Transferee.

- 1.2 In this Agreement, "person" includes a corporation, partnership or party, and the personal or other legal representatives of a person to whom the context can apply according to law and wherever the singular or masculine form is used in this Agreement it will be construed as the plural or feminine or neuter form, as the case may be, and vice versa where the context or parties require.
- 1.3 The captions and headings contained in this Agreement are for convenience only and do not define or in any way limit the scope or intent of this Agreement.
- 1.4 This Agreement will be interpreted according to the laws of the Province of British Columbia.
- 1.5 Where there is a reference to an enactment of the Province of British Columbia or of Canada in this Agreement, that reference will include a reference to every amendment to it, every regulation made under it and any subsequent enactment of like effect and, unless

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otherwise indicated, all enactments referred to in this Agreement are enactments of the Province of British Columbia.

- 1.6 If any section of this Agreement, or any part of a section, is found to be illegal or unenforceable, that section or part of a section, as the case may be, will be considered separate and severable and the remainder of this Agreement will not be affected and this Agreement will be enforceable to the fullest extent permitted by law.
- 1.7 Each schedule to this Agreement is an integral part of this Agreement as if set out at length in the body of this Agreement.
- 1.8 This Agreement constitutes the entire agreement between the parties and no understanding or agreement, oral or otherwise, exists between the parties with respect to the subject matter of this Agreement except as expressly set out in this Agreement and this Agreement may not be modified except by subsequent agreement in writing between the parties.
- 1.9 Each party will, upon the request of the other, do or cause to be done all lawful acts necessary for the performance of the provisions of this Agreement.
- 1.10 Any liabilities or obligations of either party arising, or to be performed, before or as a result of the termination of this Agreement, and which have not been satisfied or remain unperformed at the termination of this Agreement, any indemnity and any release in our favour and any other provision which specifically states that it will survive the termination of this Agreement, shall survive and not be affected by the expiration of the Term or the termination of this Agreement.
- 1.11 Time is of the essence of this Agreement.
- 1.12 Wherever this Agreement provides that an action may be taken, a consent or approval must be obtained or a determination must be made, then you or we, as the case may be, will act reasonably in taking such action, deciding whether to provide such consent or approval or making such determination; but where this Agreement states that you or we have sole discretion to take an action, provide a consent or approval or make a determination, there will be no requirement to show reasonableness or to act reasonably in taking that action, providing that consent or approval or making that determination.
- 1.13 Any requirement under this Agreement for us to act reasonably shall not require us to act in a manner that is contrary to or inconsistent with any legislation, regulations, Treasury Board directives or other enactments or any policy, directive, executive direction or other such guideline of general application.

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- 1.14 Where this Agreement contains the forms of words contained in Column I of Schedule 4 of the *Land Transfer Form Act*, those words will have the same effect and be construed as if the appropriate forms of words contained in Column II of that Schedule were contained in this Agreement, unless the context requires another construction of those words.
- 1.15 Wherever this Agreement provides that you may not undertake some activity or do something without our prior written approval or consent, our prior approval of the Management Plan will constitute our approval of, or consent to, the activity or thing to the extent the same is specifically and expressly described in the Management Plan and subject always to any conditions or qualifications that may be set in the Management Plan.

ARTICLE 2 - GRANT AND TERM

- 2.1 On the terms and conditions set out in this Agreement, we grant you a lease of the Land for the purpose of conducting the business of a commercial marina as set out in the Management Plan.
- 2.2 The term of this Agreement commences on the Commencement Date and terminates on August 11, 2058, or such earlier date provided for in this Agreement. We reserve the right to terminate this Agreement in certain circumstances as expressly provided in this Agreement.
- 2.3 In using the Land as permitted by this Agreement, you will not restrict, or permit the restriction of, the use of any service or facility (set out in section 2.1) to a defined or limited group of persons, it being the intention of the parties that such services and facilities will be available for use by all members of the public.

ARTICLE 3 - RENT

- 3.1 You will pay to us:
- (a) for the first year of the Term, Rent of \$24,158.40 payable in advance, on the Commencement Date; and each of the first, second, third and fourth anniversaries of the Commencement Date; and
 - (b) during the balance of the Term the sum of each of the annual Rents determined under sections 3.2 and 3.3 of this Article or \$500, whichever is the greater, payable in advance beginning on the fifth anniversary of the Commencement Date and thereafter on each anniversary of that date.
- 3.2 The annual Rent payable for moorage and Ancillary Marine Use for any particular year shall be

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an amount equivalent to the product of the Potential Gross Income from Moorage for the previous year multiplied by the Rate, less the Moorage Rent Discount, if any.

- 3.3 You will, in each and every year during the Term within 90 days an anniversary of the Commencement Date deliver to us a Statutory Declaration, or such other document that we may approve from time to time to (a "statement") for the purpose of verifying the information necessary to calculate the Rent payable under section 3.2. We may give you notice from time to time specifying the form of the statement, the information to be set out in the statement and any supporting documents that you will be required to provide with the statement.
- 3.4 In the event you deliver the Statutory Declaration referred to in section 3.3 of this Article to us before the deadline referred to in section 3.3, we will, not later than 15 days before the anniversary of the Commencement Date during each year of the Term, give written notice to you specifying the annual Rent payable under section 3.3 for the immediately succeeding year of the Term.
- 3.5 If we do not give you notice under section 3.4 of this Article, the annual Rent shall be equal to the annual Rent calculated or in force during the immediately preceding year of the term.
- 3.6 If you fail to deliver the Statutory Declaration referred in section 3.3 of this Article to us before the deadline referred to in section 3.3 we may:
- (a) enter upon the Land and do such things as are necessary to determine the information required in section 3.3 of this Article; and
 - (b) based on the information determined under subsection (a) above, set the annual Rent, retroactive to the last anniversary date of the Commencement Date.
- 3.7 The annual Rent specified in a notice given under section 3.4 shall constitute conclusive evidence of the annual Rent payable for the year of the Term specified in the notice.

ARTICLE 4 - COVENANTS

- 4.1 You must
- (a) pay, when due,
 - (i) the Rent to us at the address set out in Article 10,
 - (ii) the Realty Taxes, and

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- (iii) all charges for electricity, gas, water and other utilities supplied to the Land;
- (b) deliver to us, immediately upon demand, receipts or other evidence of the payment of Realty Taxes and all other money required to be paid by you under this Agreement;
- (c) observe, abide by and comply with
 - (i) all applicable laws, bylaws, orders, directions, ordinances and regulations of any government authority having jurisdiction in any way affecting your use or occupation of the Land or the Improvements including without limitation all laws, bylaws, orders, directions, ordinances and regulations relating in any way to Hazardous Substances, the environment and human health and safety, and
 - (ii) the provisions of this Agreement;
- (d) in respect of the use of the Land by you or by any person who enters upon or uses the Land as a result of your use of the Land under this Agreement, keep the Land and the Improvements in a safe, clean and sanitary condition satisfactory to us, and at our written request, rectify any failure to comply with such a covenant by making the Land and the Improvements safe, clean and sanitary;
- (e) not commit any wilful or voluntary waste, spoil or destruction on the Land or do anything on the Land that may be or become a nuisance to an owner or occupier of land in the vicinity of the Land;
- (f) use and occupy the Land only in accordance with and for the purposes set out in section 2.1 and in the Management Plan.
- (g) not construct, place, anchor, secure or affix any Improvement in, on, or to the Land or otherwise use the Land in a manner that will interfere with any person's riparian right of access over the Land and you acknowledge and agree that the granting of this Agreement and our approval of the Improvements under this Agreement, whether through our approval of a Management Plan (where applicable) or otherwise, do not:
 - (i) constitute a representation or determination that such Improvements will not give rise to any infringement of any riparian right of access that may exist over the Land; or
 - (ii) abrogate or authorize any infringement of any riparian right of access that may exist over the Land;

and you remain responsible for ensuring that you will not cause any infringement of any

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such riparian right of access;

- (h) pay all accounts and expenses as they become due for labour or services performed on, or materials supplied to, the Land except for money that you are required to hold back under the *Builders Lien Act*;
- (i) if any claim of lien over the Land is made under the *Builders Lien Act*, immediately take all steps necessary to have the lien discharged, unless the claim of lien is being contested in good faith by you and you have taken the steps necessary to ensure that the claim of lien will not subject the Land or any interest of yours under this Agreement to sale or forfeiture;
- (j) not deposit on the Land, or any part of it, any earth, fill or other material for the purpose of filling in or raising the level of the Land unless you obtain our prior written approval;
- (k) contact us 60 days prior to the date access to the beach is required to undertake repairs and maintenance;
- (l) at our request and at your expense, have a British Columbia Land Surveyor conduct a survey that shows the location of all buildings and other structures owned, placed on, constructed or used by you on the Land within one year of the date of the request;
- (m) dispose of raw sewage and refuse only in accordance with the requirements and regulations of appropriate federal and provincial agencies;
- (n) not permit any boathouse, building or other similar covered structure within the area of the Land;
- (o) maintain the non-motorized paddling corridor through Lots 3 and 4, District Lot 119, Esquimalt District, Plan 47008 for use by members of the public as per the approved Management Plan;
- (p) in each moorage agreement with your customers include a term in a form approved by us in which the customer acknowledges that moorage is subject to you maintaining this Agreement in good standing including meeting all ongoing obligations to pay annual Rent;
- (q) have a qualified registered professional archaeological monitor present on the site during dredging, at your expense, if dredging requires the removal of sediments over two (2) metres depth

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- (r) have a qualified registered professional environmental monitor familiar with a marine environment present on site during dredging and pile driving, at your expense;
- (s) take all reasonable precautions to avoid disturbing or damaging any archaeological material found on or under the Land and, upon discovering any archaeological material on or under the Land, you must immediately notify the ministry responsible for administering the *Heritage Conservation Act*;
- (t) permit us, or our authorized representatives, to enter on the Land at any time to inspect the Land and the Improvements, including without limitation to test and remove soil, groundwater and other materials and substances, where the inspection may be necessary or advisable for us to determine whether or not you have complied with your obligations under this Agreement with respect to Hazardous Substances, provided that we take reasonable steps to minimize any disruption of your operations;
- (u) indemnify and save us and our servants, employees and agents harmless against all claims, actions, causes of action, losses, damages, costs and liabilities, including fees of solicitors and other professional advisors, arising out of one or more of the following:
 - (i) any breach, violation or non-performance of a provision of this Agreement,
 - (ii) any conflict between your use of the Land under this Agreement and the lawful use of the Land by any other person, and
 - (iii) any personal injury, bodily injury (including death) or property damage occurring or happening on or off the Land by virtue of your entry upon, use or occupation of the Land,and the amount of all such losses, damages, costs and liabilities will be payable to us immediately upon demand; and
- (v) not alter or add to any Improvement without our prior written consent
- (w) on the termination of this Agreement,
 - (i) peaceably quit and deliver to us possession of the Land and, subject to paragraphs (ii) and (iii), the Improvements in a safe, clean and sanitary condition,
 - (ii) within 90 days, remove from the Land any Improvement you want to remove, if the Improvement was placed on or made to the Land by you, is in the nature of a tenant's fixture normally removable by tenants and is not part of a building

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(other than as a tenant's fixture) or part of the Land and you are not in default of this Agreement,

- (iii) remove from the Land any Improvement that we, in writing, direct or permit you to remove, other than any Improvement permitted to be placed on or made to the Land under another disposition, and
- (iv) restore the surface of the Land as nearly as may reasonably be possible, to the condition that the Land was in at the time it originally began to be used for the purposes described in this Agreement, but if you are not directed or permitted to remove an Improvement under paragraph (iii), this paragraph will not apply to that part of the surface of the Land on which that Improvement is located,

and all of your right, interest and estate in the Land will cease and vest in us, and to the extent necessary, this covenant will survive the termination of this Agreement.

4.2 You will not permit any person who enters upon or uses the Land as a result of your use of the Land under this Agreement to do anything you are restricted from doing under this Article.

4.3 You must not use all or any part of the Land

- (a) for the storage or disposal of any Hazardous Substances; or
- (b) in any other manner whatsoever which causes or contributes to any Hazardous Substances being added or released on, to or under the Land or into the environment from the Land;

unless

- (c) such storage, disposal, release or other use does not result in your breach of any other provision of this Agreement, including without limitation, your obligation to comply with all laws relating in any way to Hazardous Substances, the environment and human health and safety; and
- (d) we have given our prior written approval to such storage, disposal, release or other use and for certainty any such consent operates only as a consent for the purposes of this section and does not bind, limit, or otherwise affect any other governmental authority from whom any consent, permit or approval may be required.

4.4 Despite any other provision of this Agreement you must:

- (a) on the expiry or earlier termination of this Agreement; and

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- (b) at any time if we request and if you are in breach of your obligations under this Agreement relating to Hazardous Substances;

promptly remove from the Land all Hazardous Substances stored, or disposed of, on the Land, or which have otherwise been added or released on, to or under the Land:

- (c) by you; or

- (d) as a result of the use of the Land under this Agreement;

save and except only to the extent that we have given a prior written approval expressly allowing specified Hazardous Substances to remain on the Land following the expiry of the Term.

4.5 We may from time to time

- (a) in the event of the expiry or earlier termination of this Agreement;
- (b) as a condition of our consideration of any request for consent to an assignment of this Agreement; or
- (c) if we have a reasonable basis for believing that you are in breach of your obligations under this Agreement relating to Hazardous Substances;

provide you with a written request to investigate the environmental condition of the Land and upon any such request you must promptly obtain, at your cost, and provide us with, a report from a qualified and independent professional who has been approved by us, as to the environmental condition of the Land, the scope of which must be satisfactory to us and which may include all such tests and investigations that such professional may consider to be necessary or advisable to determine whether or not you have complied with your obligations under this Agreement with respect to Hazardous Substances.

4.6 You must at our request from time to time, but not more frequently than annually, provide us with your certificate (and if you are a corporation such certificate must be given by a senior officer) certifying that you are in compliance with all of your obligations under this Agreement pertaining to Hazardous Substances, and that no adverse environmental occurrences have taken place on the Land, other than as disclosed in writing to us.

4.7 We will provide you with quiet enjoyment of the Land.

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ARTICLE 5 - LIMITATIONS**5.1 You agree with us that**

- (a) in addition to the other reservations and exceptions expressly provided in this Agreement this Agreement is subject to the exceptions and reservations of interests, rights, privileges and titles referred to in section 50 of the *Land Act*;
- (b) other persons may hold or acquire rights to use the Land in accordance with enactments other than the *Land Act* or the *Ministry of Lands, Parks and Housing Act*, including rights held or acquired under the *Coal Act*, *Forest Act*, *Geothermal Resources Act*, *Mineral Tenure Act*, *Petroleum and Natural Gas Act*, *Range Act*, *Water Sustainability Act* or *Wildlife Act* (or any prior or subsequent enactment of the Province of British Columbia of like effect); such rights may exist as of the Commencement Date and may be granted or acquired subsequent to the Commencement Date and may affect your use of the Land;
- (c) with your prior consent, which consent you will not unreasonably withhold, we may make other dispositions of or over the Land, or any part of it, by way of easement, right of way or statutory right of way, to any person, including a Crown agency or ministry, and, upon such consent being given you will, if required by us, execute and deliver to us such instrument as may be necessary to subordinate your rights under this Agreement to such easement, right of way or statutory right of way;
- (d) for the purpose of subsection (c), you will be deemed to have reasonably withheld your consent if a disposition made under that subsection would have a material adverse impact on your use of the Land under this Agreement;
- (e) you have no right to compensation from us and you release us from all claims, actions, causes of action, suits, debts and demands that you now have or may at any time in the future have against us arising out of any conflict between your use of the Land under this Agreement and any use of, or impact on the Land arising from the exercise, or operation of the interests, rights, privileges and titles described in subsections (a), (b), and (c);
- (f) if a proposed disposition under subsection (c) will not have a material adverse impact on your use of the Land under this Agreement you must not require any payment, whether as compensation or any other charge, as a condition of your consent to that disposition;
- (g) you will not commence or maintain proceedings under section 65 of the *Land Act* in respect of any interference with your use of the Land under this Agreement that arises

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as a result of the exercise or operation of the interests, rights, privileges and titles described in subsections (a), (b) and (c);

- (h) any interference with your use of the Land under this Agreement as a result of the exercise or operation of the interests, rights, privileges and titles described in subsection (a), (b) and (c) will not constitute a breach of our covenant of quiet enjoyment and you release and discharge us from all claims for loss or damage arising directly or indirectly out of any such interference;
- (i) this Agreement does not limit any right to notice, compensation or any other benefit that you may be entitled to from time to time under the enactments described in subsection (b), or any other applicable enactment;
- (j) you will not interrupt or divert the movement of water or of beach materials by water along the shoreline unless you have obtained our prior written approval;
- (k) you will not remove or permit the removal of any Improvement from the Land except as expressly permitted or required under this Agreement;
- (l) any interest you may have in the Improvements ceases to exist and becomes our property upon termination of this Agreement, except where an Improvement may be removed under paragraph 4.1(u)(ii) or (iii) in which case any interest you may have in that Improvement ceases to exist and becomes our property if the Improvement is not removed from the Land within the time period set out in paragraph 4.1(u)(ii) or the time period provided for in the direction or permission given under paragraph 4.1(u)(iii); and
- (m) if, after the termination of this Agreement, we permit you to remain in possession of the Land and we accept money from you in respect of such possession, a tenancy from year to year will not be created by implication of law and you will be deemed to be a monthly tenant only subject to all of the provisions of this Agreement, except as to duration, in the absence of a written agreement to the contrary.

ARTICLE 6 - SECURITY AND INSURANCE

6.1 On the Commencement Date, you will deliver to us Security in the amount of \$100,000.00 which will

- (a) guarantee the performance of your obligations under this Agreement;
- (b) be in the form required by us; and

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- (c) remain in effect until we certify, in writing, that you have fully performed your obligations under this Agreement.
- 6.2 Despite section 6.1, your obligations under that section are suspended for so long as you maintain in good standing other security acceptable to us to guarantee the performance of your obligations under this Agreement and all other dispositions held by you.
- 6.3 We may use the Security for the payment of any costs and expenses associated with any of your obligations under this Agreement that are not performed by you or to pay any overdue Rent and, if such event occurs, you will, within 30 days of that event, deliver further Security to us in an amount equal to the amount drawn down by us.
- 6.4 After we certify, in writing, that you have fully performed your obligations under this Agreement, we will return to you the Security maintained under section 6.1, less all amounts drawn down by us under section 6.3.
- 6.5 You acknowledge that we may, from time to time, notify you to
- (a) change the form or amount of the Security; and
 - (b) provide and maintain another form of Security in replacement of or in addition to the Security posted by you under this Agreement;
- and you will, within 60 days of receiving such notice, deliver to us written confirmation that the change has been made or the replacement or additional form of Security has been provided by you.
- 6.6 You must
- (a) without limiting your obligations or liabilities under this Agreement, at your expense, purchase and maintain during the Term the following insurance with insurers licensed to do business in Canada:
 - (i) Commercial General Liability insurance in an amount of not less than \$5,000,000.00 inclusive per occurrence insuring against liability for personal injury, bodily injury (including death) and property damage, including coverage for all accidents or occurrences on the Land or the Improvements. Such policy will include cross liability, liability assumed under contract, provision to provide 30 days advance notice to us of material change or cancellation, and include us as additional insured;
 - (b) ensure that all insurance required to be maintained by you under this Agreement is primary and does not require the sharing of any loss by any of our insurers;

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- (c) within 10 working days of Commencement Date of this Agreement, provide to us evidence of all required insurance in the form of a completed "Province of British Columbia Certificate of Insurance";
 - (d) if the required insurance policy or policies expire or are cancelled before the end of the Term of this Agreement, provide within 10 working days of the cancellation or expiration, evidence of new or renewal policy or policies of all required insurance in the form of a completed "Province of British Columbia Certificate of Insurance";
 - (e) notwithstanding subsection (c) or (d) above, if requested by us, provide to us certified copies of the required insurance policies.
- 6.7 We may, acting reasonably, from time to time, require you to
- (a) change the amount of insurance set out in subsection 6.6(a); and
 - (b) provide and maintain another type or types of insurance in replacement of or in addition to the insurance previously required to be maintained by you under this Agreement;
- and you will, within 60 days of receiving such notice, cause the amounts and types to be changed and deliver to us a completed "Province of British Columbia Certificate of Insurance" for all insurance then required to be maintained by you under this Agreement.
- 6.8 You shall provide, maintain, and pay for any additional insurance which you are required by law to carry, or which you consider necessary to insure risks not otherwise covered by the insurance specified in this Agreement in your sole discretion.
- 6.9 You waive all rights of recourse against us with regard to damage to your own property.

ARTICLE 7 - ASSIGNMENT

- 7.1 You must not sublease, assign, mortgage or transfer this Agreement, or permit any person to use or occupy the Land, without our prior written consent, which consent we may withhold.
- 7.2 Prior to considering a request for our consent under section 7.1, we may require you to meet certain conditions, including without limitation, that you provide us with a report as to the environmental condition of the Land as provided in section 4.5.

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ARTICLE 8 - TERMINATION**8.1 You agree with us that**

- (a) if you
 - (i) default in the payment of any money payable by you under this Agreement, or
 - (ii) fail to observe, abide by and comply with the provisions of this Agreement (other than the payment of any money payable by you under this Agreement),
and your default or failure continues for 60 days after we give written notice of the default or failure to you,
- (b) if, in our opinion, you fail to make diligent use of the Land for the purposes set out in this Agreement, and your failure continues for 60 days after we give written notice of the failure to you;
- (c) if you
 - (i) become insolvent or make an assignment for the general benefit of your creditors,
 - (ii) commit an act which entitles a person to take action under the *Bankruptcy and Insolvency Act* (Canada) or a bankruptcy petition is filed or presented against you or you consent to the filing of the petition or a decree is entered by a court of competent jurisdiction adjudging you bankrupt under any law relating to bankruptcy or insolvency, or
 - (iii) voluntarily enter into an arrangement with your creditors;
- (d) if you are a corporation,
 - (i) a receiver or receiver-manager is appointed to administer or carry on your business, or
 - (ii) an order is made, a resolution passed or a petition filed for your liquidation or winding up;
- (e) if you are a society, you convert into a company in accordance with the *Society Act* without our prior written consent; or

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(f) if this Agreement is taken in execution or attachment by any person;

this Agreement will, at our option and with or without entry, terminate, and all of your right, interest and estate in the Land will be absolutely forfeited to us.

8.2 If the condition complained of (other than the payment of any money payable by you under this Agreement) reasonably requires more time to cure than 60 days, you will be deemed to have complied with the remedying of it if you commence remedying or curing the condition within 60 days and diligently complete the same.

8.3 You agree with us that

- (a) you will make no claim against us for compensation, in damages or otherwise, upon the lawful termination of this Agreement under section 8.1; and
- (b) our remedies under this Article are in addition to those available to us under the *Land Act*.

ARTICLE 9 - DISPUTE RESOLUTION

- 9.1 If any dispute arises under this Agreement, the parties will make all reasonable efforts to resolve the dispute within 60 days of the dispute arising (or within such other time period agreed to by the parties) and, subject to applicable laws, provide candid and timely disclosure to each other of all relevant facts, information and documents to facilitate those efforts.
- 9.2 Subject to section 9.5, if a dispute under this Agreement cannot be resolved under section 9.1, we or you may refer the dispute to arbitration conducted by a sole arbitrator appointed pursuant to the *Commercial Arbitration Act*.
- 9.3 The cost of the arbitration referred to in section 9.2 will be shared equally by the parties and the arbitration will be governed by the laws of the Province of British Columbia.
- 9.4 The arbitration will be conducted at our offices (or the offices of our authorized representative) in Nanaimo, British Columbia, and if we or our authorized representative have no office in Nanaimo, British Columbia, then our offices (or the offices of our authorized representative) that are closest to Nanaimo, British Columbia.
- 9.5 A dispute under this Agreement in respect of a matter within our sole discretion cannot, unless we agree, be referred to arbitration as set out in section 9.2.

MARINA & YC LEASE-R

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For Land Title Office use: Page ____ of ____

Lease No.: V927098

File No.: 1405848

Disposition No.: 927098

ARTICLE 10 - NOTICE

- 10.1 Any notice required to be given by either party to the other will be deemed to be given if mailed by prepaid registered mail in Canada or delivered to the address of the other as follows:

to us

MINISTRY OF FORESTS, LANDS AND NATURAL RESOURCE OPERATIONS
Suite 142 - 2080 Labieux Road
Nanaimo, BC V9T 6J9;

to you

0736657 B.C. Ltd.
240-730 View Street
Victoria, BC V8W 3Y7;

or at such other address as a party may, from time to time, direct in writing, and any such notice will be deemed to have been received if delivered, on the day of delivery, and if mailed, 7 days after the time of mailing, except in the case of mail interruption in which case actual receipt is required.

- 10.2 In order to expedite the delivery of any notice required to be given by either party to the other, a concurrent facsimile copy of any notice will, where possible, be provided to the other party but nothing in this section, and specifically the lack of delivery of a facsimile copy of any notice, will affect the deemed delivery provided in section 10.1.
- 10.3 The delivery of all money payable to us under this Agreement will be effected by hand, courier or prepaid regular mail to the address specified above, or by any other payment procedure agreed to by the parties, such deliveries to be effective on actual receipt.

ARTICLE 11 - MISCELLANEOUS

- 11.1 No provision of this Agreement will be considered to have been waived unless the waiver is in writing, and a waiver of a breach of a provision of this Agreement will not be construed as or constitute a waiver of any further or other breach of the same or any other provision of this Agreement, and a consent or approval to any act requiring consent or approval will not waive or render unnecessary the requirement to obtain consent or approval to any subsequent same or similar act.

MARINA & YC LEASE-R

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For Land Title Office use: Page ____ of ____

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File No.: 1405848

Disposition No.: 927098

- 11.2 No remedy conferred upon or reserved to us under this Agreement is exclusive of any other remedy in this Agreement or provided by law, but that remedy will be in addition to all other remedies in this Agreement or then existing at law, in equity or by statute.
- 11.3 The grant of a sublease, assignment or transfer of this Agreement does not release you from your obligation to observe and perform all the provisions of this Agreement on your part to be observed and performed unless we specifically release you from such obligation in our consent to the sublease, assignment or transfer of this Agreement.
- 11.4 This Agreement extends to, is binding upon and enures to the benefit of the parties, their heirs, executors, administrators, successors and permitted assigns.
- 11.5 If, due to a strike, lockout, labour dispute, act of God, inability to obtain labour or materials, law, ordinance, rule, regulation or order of a competent governmental authority, enemy or hostile action, civil commotion, fire or other casualty or any condition or cause beyond your reasonable control, other than normal weather conditions, you are delayed in performing any of your obligations under this Agreement, the time for the performance of that obligation will be extended by a period of time equal to the period of time of the delay so long as
- (a) you give notice to us within 30 days of the commencement of the delay setting forth the nature of the delay and an estimated time frame for the performance of your obligation; and
 - (b) you diligently attempt to remove the delay.
- 11.6 You acknowledge and agree with us that
- (a) this Agreement has been granted to you on the basis that you accept the Land on an "as is" basis;
 - (b) without limitation we have not made, and you have not relied upon, any representation or warranty from us as to
 - (i) the suitability of the Land for any particular use, including the use permitted by this Agreement;
 - (ii) the condition of the Land (including surface and groundwater), environmental or otherwise, including the presence of or absence of any toxic, hazardous, dangerous or potentially dangerous substances on or under the Land and the current and past uses of the Land and any surrounding land and whether or not the Land is susceptible to erosion or flooding;

MARINA & YC LEASE-R

For Land Title Office use: Page ____ of ____

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File No.: 1405848

Disposition No.: 927098

- (iii) the general condition and state of all utilities or other systems on or under the Land or which serve the Land;
 - (iv) the zoning of the Land and the bylaws of any government authority which relate to the development, use and occupation of the Land; and
 - (v) the application of any federal or provincial enactment or law to the Land;
- (c) you have been afforded a reasonable opportunity to inspect the Land or to carry out such other audits, investigations, tests and surveys as you consider necessary to investigate those matters set out in subsection (b) to your satisfaction before entering into this Agreement;
- (d) you waive, to the extent permitted by law, the requirement if any, for us to provide you with a "site profile" under the *Environmental Management Act* or any regulations made under that act;
- (e) we are under no obligation, express or implied, to provide financial assistance or to contribute toward the cost of servicing, creating or developing the Land or the Improvements and you are solely responsible for all costs and expenses associated with your use of the Land and the Improvements for the purposes set out in this Agreement; and
- (f) we are under no obligation to provide access or services to the Land or to maintain or improve existing access roads.
- 11.7 You agree with us that nothing in this Agreement constitutes you as our agent, joint venturer or partner or gives you any authority or power to bind us in any way.
- 11.8 This Agreement does not override or affect any powers, privileges or immunities to which you are entitled under any enactment of the Province of British Columbia.

END OF DOCUMENT



Amber

Commitment Letter

Amber Financial Services Corp.

+1 866 268 0328/ info@amberfinancial.com

415-5900 No.3 Richmond, Richmond, BC V6X 3P7
www.amberfinancial.com

March 1, 2022

PERSONAL & CONFIDENTIAL

Community Marine Concepts Ltd.
C/o Ms. Huai Yin Zhang
Suite 240 - 730 View Street,
Victoria, BC, V8W 3Y7

Dear Ms. Zhang,

We are pleased to advise you that your loan application has been approved.
The terms and conditions of the approved loan are stated below:

This is Exhibit 12 referred to in the
Affidavit of Hua Yin Zhang
sworn (or affirmed) before me at
Vancouver, B.C.
this 4 day of April, 2022
A Commissioner/Notary Public for the
Province of British Columbia

Borrower	0736657 B.C. LTD. COMMUNITY MARINE CONCEPTS LTD.
Personal Guarantor	DONG XIA ZHANG HUA YIN ZHANG
Corporate Guarantor	VICTORIA INTERNATIONAL MARINA LTD. ETERNALAND YUHENG INVESTMENT HOLDING LTD.
	Facility A
Lender	AMBER MORTGAGE INVESTMENT CORP.
Amount	CAD \$5,000,000
Type	Demand Loan
Purpose	To refinance the existing mortgage on: 1 COOPERAGE PL VICTORIA V9A 7J9 2 PAUL KANE PL VICTORIA V9A 7J8 Water lease interest on COOPERAGE PL VICTORIA Lease of parking stalls registered in the Land Title Office under no. ED35862 against the common property of strata plan VIS1889 Water lease from Her Majesty the Queen in Right of Canada comprising three parcels for a combined area of 36.18 meters squared, more or less, adjacent to District Lot 199, Esquimalt District (the "Federal Crown Water Lease") (collectively, "Subject Property") Legal descriptions: Lot 3 Plan VIP47008 District Lot 119 Esquimalt District PID: 011-570-253 Lot 4 Plan VIP47008 District Lot 119 Esquimalt District PID: 011-570-270 Block A District Lot 119 Esquimalt District Lease OVER PT OF DL 119 CONTAINING APPROX 1.88 HA FOR COMMERCIAL MARINA Lease Num V927098 PID: 030-296-561 Common Property Strata Plan VIS1889 Three parcels for a combined area of 36.18 meters squared, more or less, as more particularly described in the Federal Crown Water Lease
Maturity Date	12 months from interest adjustment date until May 1, 2023
Amortization	N/A. Interest Only Repayment



Rate	9.50% per annum compounded monthly. Interest adjustment date will be on May 1, 2022. Interests calculated by the Lender to accrue from the date of advance to May 1, 2022 shall be deducted from the proceeds of the loan
Repayment	\$39,583.33 interest only payable monthly in arrears. Loan principal must be fully repaid together with any accrued interest no later than the Maturity Date.
Prepayment	Prepayment is permissible without penalty as long as no less than 30 days of prior written notice is provided for the prepayment. If 30 days written notice is not given, the Borrower will pay to the Lender for the interest of the balance of 30 days period between the written notice date and repayment date.
Conditions Precedent	<p>The availability of the credit facility to the Borrower is subject to the following conditions having been fully met to the satisfaction of the Lender (or waived by the Lender in its sole discretion):</p> <ul style="list-style-type: none">• Satisfactory review of appraisal report of the Subject Property (held)• Appraisal report transmittal letter addressed to the Lender (held)• Environmental report of the Subject Property (held)• Ownership organizational chart of the Borrower (held)• Two pieces of identifications including one government issued photo identification of Personal Guarantor (held)• Personal net worth statement of the Personal Guarantor (held)• Credit bureau authorization by Personal Guarantor (held)• Satisfactory review of credit bureau report of Personal Guarantor (held)• 2020 NOA & T1 General Income Tax return of Personal Guarantor (held)• Certificate of incorporate, notice of articles, shareholder registry of the Borrower and Corporate Guarantor (held)• Most recent financial statement, T2 and NOA of the Borrower and Corporate Guarantor (held)• Current rent roll and lease agreements (held)• Copy of the water lease (held)• Review of Declaration of Bare Trust and Agency Agreement between 0736657 B.C. LTD. and COMMUNITY MARINE CONCEPTS LTD.• Payout statement of the current 1st mortgage of the Subject Property• Court approval of this Commitment Letter and proposed refinancing• Duly execution of Security Documents as hereinafter defined
Conditions Subsequent	<p>The following conditions will apply until the credit facility is repaid in full and cancelled:</p> <ul style="list-style-type: none">• The Facilities expires by Maturity Date on May 1, 2023 by which loan principal must be fully repaid• Any extension request of the Maturity Date of the subject facility is subject to Lender's formal written approval and the same interest rate cannot be guaranteed.• Loan facilities are allowed to be automatically extended for maximum one additional month after maturity pending for full repayment or extension of the loan facilities. Loan facilities will be charged at interest rate 18% per annum between May 1, 2023 and June 1, 2023.



Positive Covenants

The Borrower shall:

- Maintain property tax payments on a current basis on any and all property mortgaged to the Lender. The Borrower shall, upon request from the Lender, provide annual confirmation of paid property taxes within 30 days of the municipal due date
- Use of lands and premises in compliance with all environmental legislation. Any clean-up measures will be in full compliance with all applicable laws and at the Borrower's sole expense
- Maintain insurance coverage as set out in the insurance requirements against all real and personal property
- Promptly notify the lender of any failure to observe any terms in this Commitment Letter or the occurrence of any event of default
- Pay all of the Lender's legal and other fees, costs and expenses incurred in connection with the preparation, execution, registration and enforcement of this Commitment Letter and the Security Documents (as hereinafter defined)
- Do all things and execute all documents as the Lender may reasonably required for the purpose of carrying out the matters contemplated in this Commitment Letter or the Security Documents.

Negative Covenants

The Borrower shall not, without the prior written consent of the Lender (which consent will not be unreasonably withheld):

- Incur any indebtedness with respect to the Subject Property, of either a direct or indirect nature, other than with the Lender
- Make loans to, investments in, mergers with, or guarantees on behalf of others
- Permit any change of the ownership of any capital stock of the Borrower
- Sell or dispose of any of these assets other than in the normal course of business
- Permit repayment of shareholder or equity loans
- Grant security over any of its assets
- Permit any claims against its assets, including without limitation, liens or other court actions to be outstanding for more than 30 days

Reporting Covenants

The Lender may from time to time request the following document from the Borrower:

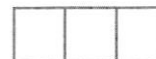
- Annual Financial Statements of the Borrower, Corporate Guarantor, prepared by a qualified independent accountant on a Notice to Reader basis, supported by Corporate Income Tax Return
- Updated personal net worth statement from the Personal Guarantor supported by Personal Income Tax Return and Notice of Assessment
- Annual confirmation of paid property taxes
- Such other information as the Lender may require from time to time

Security

The credit facility and the obligations and liabilities of the Borrower under this Commitment Letter will be evidenced and secured by the following documents (the "Security Documents")

TO BE OBTAINED

- 2nd-Position Inter-alia All-Indebtedness Collateral Mortgage over the Subject Property (other than the Federal Crown Water Lease) registered in the province of British Columbia in favour of the Lender. Mortgage to include 1. Assignment of Rents; 2. Acceleration or Due on Sale/Non-assumption clause
- A mortgage and assignment of rents against the Federal Crown Water Lease in favour of the Lender
- Beneficial owner agreement in respect of the Subject Property
- Title insurance of Subject Property
- Assignment of all-risk insurance over Subject Property with the Lender as the 2nd loss payee
- Environmental indemnity to be executed by the Borrower, Corporate and Personal Guarantor
- Promissory note for \$5,000,000 in favour of the Lender
- Holdback of \$475,000 equivalent to 12 month of interest payment, from the loan proceeds as cash collateral in favour of the Lender. Cash collateral will be drawn down by the Lender monthly in arrears for monthly interest payments or be utilized at the Lender's discretion in the event of default to cover any interest payments or fees related to the loan facility





Representations and Warranties

- Fixed and floating charges in 2nd position over all assets of the Borrowers under General Security Agreement registered under PPSA
- Unlimited joint and several guarantee by Personal & Corporate Guarantor supported by All-PAAP General Security Agreement registered under PPSA
- Assignment and postponement of claim by the shareholders, directors of the Borrower and Corporate Guarantors
- Signed Commitment Letter by the Borrower, Personal & Corporate Guarantor
- Mortgage broker disclosure statement and fixed credit disclosure statement
- Satisfactory letter of opinion from the Lender's solicitor confirming that
 - all Security is good, valid, and enforceable
 - no prior financial charges against the Subject Property except for 1st mortgage in favour of 1129057 B.C. LTD. for \$5,000,000
 - Full repayment and discharge of mortgage in favour of The Bank of Nova Scotia
 - Subject Property is free of any enforcement proceedings, certificates of pending litigation or caveats registered against the Subject Property
 - property taxes, city utilities are up to date
- Any other legal documentation considered necessary by the Lender's solicitors whether prior or subsequent to advancing funds, to preserve efficacy and ranking of the Lender's security.
- By the Borrower and/or a Guarantor (if any) (the "Obligant"): To induce the Lender to establish and maintain the subject loan facility, the Obligant represent and warrant as follows:
 - (if the Obligant is not an individual) The Obligant is a company duly incorporated or an entity duly organized, validly existing and in good standing under the laws of all jurisdictions in which it was incorporated or organized or it carries on its business, it has the full power and authority (corporate, partnership or otherwise, as applicable) to carry on the business now being carried on by it, to execute and deliver this Commitment Letter and the Security Documents and to perform its obligations thereunder; all necessary and requisite proceedings, resolutions and authorizations (corporate, partnership or otherwise, as applicable) have been taken, passed and given by it and its directors, partners and shareholders (as applicable) to authorize, permit and enable the same.
 - Except as has been obtained and is in full force and effect, no consent, permit, license, approval or other authorization of, or filing with or notice to, any person is required to be obtained in connection with the execution and delivery of and the performance by the Obligant of its obligations under this Commitment Letter and the Security Documents.
 - This Commitment Letter and the Security Documents have been duly executed and delivered by the Obligant, as applicable, and constitute the legal, valid and binding obligations enforceable in accordance with their terms.
 - The execution and delivery of this Commitment Letter and the Security Documents by the Obligant, as applicable, and the performance of its obligations thereunder does not result in a breach of default (i) under its constating or organizational documents (if the Obligant is not an individual), or (ii) under any agreement to it is a party or any applicable law or by which it is bound, or result in the creation or imposition of any lien upon any of its property or assets.
 - The Obligant is in compliance with all applicable laws in all material respects.
 - Except as expressly disclosed in writing to the Lender, there is no action, suit or proceeding pending or, to the knowledge of the Obligant, threatened, against or affecting the Borrower before any court or before or by an governmental department commission or agency, in Canada or elsewhere, or before any arbitrator or board, and the Obligant is not in default with respect to any order or award of any arbitrator or government department, commission or agency applicable to it or any part of its assets.





- The Borrower has delivered to the Lender a true and complete copy of its most recent financial statements, and such financial statements present fairly the financial position of the Borrower, in accordance with GAAP, as of the date thereof and for the fiscal period then ended. Since the date of such financial statements of the Obligor delivered to the Lender, there has occurred no event which (individually or with any other events) has had, or which may reasonably be expected to have, a material adverse effect on the business, property, condition, ownership or prospects of any of the Obligors, or a material adverse effect on the ability of any of the Obligors to perform its obligations under any of this Commitment Letter, the Security Documents to which it is a party ("Material Adverse Effect").
- All reports, statements and other documents delivered by or on behalf of the Obligor to the Lender in connection with the subject loan facility and this Commitment Letter are complete and accurate in all respects.
- The Obligor has good and marketable title to all of its properties and assets (including the Subject Property, if any), free and clear of any liens (other than permitted liens).
- Except as expressly disclosed in writing by the Obligor to the Lender, (i) the business carried on, and the Subject Property (if any) and the property owned or used at any time, by the Obligor (including the lands owned or occupied by the Borrower and the waters on or under such lands) have at all times been carried on, owned or used in compliance with all environmental laws; (ii) the Obligor is not subject to any proceeding alleging, or any claim, notice or request for information with respect to, the violation of any environmental law or any responsibility for clean-up, remediation or other corrective action under any environmental laws; (iii) there are no circumstances that could reasonably be expected to give rise to any civil or criminal proceedings or liability regarding the release, presence or use of any hazardous substance from, on or under the Subject Property (if any), any lands used in or related to the business or property of the Obligor or any lands on which the Obligor has disposed or arranged for the disposal of any materials arising from the business carried on by it, or regarding the violation of any environmental law by the Obligor or by any other person for which it is responsible; (iv) all hazardous substances disposed of, treated or stored on the Subject Property (if any) or any lands owned or occupied by the Obligor have been disposed of, treated and stored in compliance with all environmental laws; (v) the Obligor has been issued and is in material compliance with all permits, certificates, approvals, licenses and other authorizations relating to environmental matters that are required pursuant to all environmental laws in connection with its respective businesses and other activities carried out by it; (vi) the Borrower has maintained all environmental and operating documents and records relating to its respective business and property in the manner and for the time periods required by any environmental laws; and (vii) the Obligor is not aware of any pending or proposed change to any environmental law which would have a Material Adverse Effect on the Borrower.
- No representation or warranty made by the Obligor herein, in the Security Documents or in any other document furnished to the Lender from time to time contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they are made, not misleading. All projections and pro forma information delivered to the Lender from time to time by the Obligor were prepared in good faith based on assumptions believed by the Obligor to be reasonable at the time of delivery. There is no fact known to the Obligor on the date of this Commitment Letter which has had, or which has a reasonable possibility of having a Material Adverse Effect.
- All representations and warranties contained in this Commitment Letter shall survive the execution and delivery hereof and the obtaining of amounts under the subject loan facility, and shall be deemed to be repeated as at the time of each advance under the subject loan facility.

Acknowledgement

In accepting this Commitment Letter, the Borrower hereby confirms that

- all of its accounts (deposit, investment, loan, mortgage, or other credit product, as applicable) will only be used by the Borrower and only for the Borrower's transactions.
- the Borrower authorized the release, by its insurance agent, of all personal information relating in any way to the property of the insurance coverage thereon to the Lender or any of its agents
- the Borrower authorized Lender to retrieve credit information about all applicants from credit bureaus.
- If in the opinion of the Lender, a material adverse change in risk occurs, including and without limiting the generality of the foregoing, any material adverse change in the financial condition of the Borrower, any obligation to advance some or all of the above facilities may be withdrawn or cancelled.

**Events of Default**

Each of the following events and circumstances constitutes an event of default under this Commitment Letter (each, an "**Event of Default**");

- any of the Obligants does not pay on the due date any amount payable by it under this Commitment Letter or any of the Security Documents;
- any of the Obligants fails to comply with any of the terms and conditions in this Commitment Letter or any of the Security Documents;
- any event occurs or series of events occur that, in the Lender's view, is likely to have a Material Adverse Effect;
- any claim, litigation, arbitration or administrative proceeding has been commenced or threatened against any of the Obligants, any part of the Subject Property (if any), which, if adversely determined, is in the Lender's view likely to have a Material Adverse Effect;
- any of the representations or warranties contained in this Commitment Letter or any other information provided to the Lender by any of the Obligants in connection with this Commitment Letter is, or proves to have been, incorrect or misleading in any material respect when made;
- there is any change in the legal or beneficial ownership of the Subject Property (or any part thereof);
- the Borrower has an administrator or a receiver (or the equivalent in any jurisdiction) appointed in respect of it, or any of its assets, or it enters into a liquidation of its assets; or
- the Borrower is deemed to be insolvent or ceases to exist.

Acceleration

Without affecting or limiting the right of the Lender to terminate or demand payment of, or to cancel availability of any unutilized portion of the loan facility under other provisions of this Commitment Letter or other Security Documents, upon an Event of Default, the Lender may take any or all of the following actions:

- a. declare that the ability of the Borrower to require any further advances under the loan facility shall be suspended pending the remedying of the Default
- b. declare that the commitment under any or all of the loan facilities has expired and that the Lender's obligations to make advances has terminated; and
- c. declare the entire principal amount of all advances outstanding, all unpaid accrued interest and all fees and other amounts required to be paid by the Borrower hereunder to be immediately due and payable without the necessity of presentment for payment, notice of non-payment and of protest (all of which are hereby expressly waived to the greatest extent permitted by law) and proceed to exercise any and all rights and remedies hereunder and under any Security Documents.

From and after the issuance of any declaration referred to in this section, the Lender shall not be required to honour any cheque or other instrument presented to it by the Borrower regardless of the date of issue or presentation.

Immediately upon receipt of a declaration under subsection c) above, the Borrower shall pay to the Lender all amounts outstanding hereunder.

No express or implied waiver by the Lender of any demand or Default shall in any way be or be construed to be a waiver of any future or subsequent demand or Default.

One-Time Arrangement Fee \$100,000 (2%) payable to Amber Financial Services Corporation. (Received)

Other Fees

- Any legal fees incurred by the Lender in preparation and registration of security documentation.
- \$100 charge (NSF fee) for each dishonoured payment or any late payment
- All other costs and out of pocket expenses reasonably incurred by the Lender in connection with the establishment, administration and enforcement of the facilities and the obtaining of applicable security.






Confidentiality

This Commitment Letter has been issued on a confidential basis. Neither the Borrower named herein nor its employees, officers, or agents are to reproduce this document in any form, or otherwise redistribute or disclose the contents to any third parties not otherwise agreed to by the Lender.

LENDER

AMBER MORTGAGE INVESTMENT CORP.



Authorized signer

Agreed & Accepted on ____ of April, 2022

Borrower

0736657 B.C. LTD.

COMMUNITY MARINE CONCEPTS LTD.

Authorized signer

Name, title:

Corporate Guarantor

VICTORIA INTERNATIONAL MARINA LTD.

Authorized signer

Name, title:

ETERNALAND YUHENG INVESTMENT HOLDING LTD.

Authorized signer

Name, title:

Personal Guarantor

DONG XIA ZHANG

Authorized signer

Name, title:

HUAI YIN ZHANG

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

THE BANK OF NOVA SCOTIA

PETITIONER

AND:

COMMUNITY MARINE CONCEPTS LTD., VICTORIA INTERNATIONAL MARINA LTD.
ETERNALAND YUHENG INVESTMENT HOLDING LTD., AND 0736657 B.C. LTD.

RESPONDENTS

AFFIDAVIT

FORRESTER & COMPANY LAW CORPORATION
Barristers
Suite 300, 171 Water Street
Vancouver, BC V6B 1A7
Telephone: (604) 682-1066
Facsimile: (604) 682-8036
Attention: Glen Forrester