



No. S015937
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

BANK OF CHINA

PLAINTIFF/JUDGMENT CREDITOR

AND:

XU CHAO FAN, also known as Hui Yat Fai; XU GAO JUN, also known as Xu Juo Jun, Xu Guo Jun, Kit Sun Hui; Hui Kit Shun Hui Kit Sun and Hui Kit Chun; YU ZHEN DONG, also known as Xu Zhen Dong, Yu Zhen-Dong, Yu Wing Chung, Yu Zhan Dong, Yu Wing Chong and Yu Chun Tung; KWONG WA PO; CINDY CHING YIU-CHU, also known as Cindy Ching, Ching Yu-Chu Cindy, Ching Fo-Chu and Ching Yu-Chu; KUANG WAN FANG, also known as Wendy Wan Fang Kuang; YING YI YU, also known as Yu Yung Yi; FION XU HUI YU, also known as Fion Yu and Xu Hu Yu; LI CONG XU; SIU LING YAN; XIA LI XU, also known as Carolyn Xia Li Xu and Carolyn X Xu; FAL KWONG CHING, also known as Fo Kong Ching, Fo Kong Cheung and Connie Fal Kwong Ching; WEN JING TAN; XU LIE MING; XU GANG QIANG; XU BIN YAN; TANG JIE YU, also known as Jie Yu Tang, Tan Jie Yu and Jie Yu Tan; YU BAO QUON, also known as Bao Quon Yu, Yu Bao Quan and Quan Bao Yu; LIANG BIN JIN; LIANG CUI E; and JOHN DOE

DEFENDANTS/JUDGMENT DEBTOR

SECOND REPORT OF THE RECEIVER

ALVAREZ & MARSAL CANADA INC.

JUNE 5, 2025

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1.0 INTRODUCTION AND BACKGROUND

- 1.1 On March 3, 2023 (the “**Receivership Date**”), the Supreme Court of British Columbia (the “**Court**”), upon application of the Bank of China (the “**Bank**”), granted an order (the “**Receivership Order**”) pursuant to section 39 of the *Law and Equity Act, R.S.B.C. 1996 c. 253* and Alvarez & Marsal Canada Inc. was appointed as Receiver (“**A&M**” or the “**Receiver**”) without security, of all of the assets, undertakings and property of Kuang Wan Fang, also known as Wendy Wan Fang Kuang, also known as Wan Fang Kuang (the “**Debtor**”) in Canada, including all proceeds. These proceedings are hereinafter referred to more generally as the “**Receivership Proceedings**”.
- 1.2 Prior to the Receiver’s appointment, on April 16, 2015, the Bank was granted judgment against the Debtor by the Court in the amount of \$672,181,277.54 including pre-judgment interest (the “**Judgment**”). Since the date of the Judgment, the Debtor has failed, neglected or refused to pay amounts owing under the Judgment. The Receiver is aware that the Bank commenced an action on the Judgment by filing a Notice of Civil Claim with the Court under SCBC Action No. S-25287 (Vancouver) on April 15, 2025, prior to the 10th anniversary of the Judgment.
- 1.3 The Debtor was the registered owner of the residential property located at 6160 Udy Road in Richmond, British Columbia, legally described as: PID: 004-014-111, Lot 14 Block 3 Section 18 Block 4 North Range 6 West, New Westminster District Plan 15790 (the “**Udy Property**”). The Receiver is not aware of any other property held by the Debtor in Canada.
- 1.4 The Judgment was registered against the Udy Property on January 26, 2016 in favour of the Bank, which was renewed on May 29, 2018, April 22, 2020, and April 19, 2022.
- 1.5 Pursuant to section 3 of the Receivership Order, on August 2, 2023, the Receiver marketed and listed the Udy Property for sale. On September 8, 2023, the Court granted an order (the “**SAVO**”) approving the sale of the Udy Property to Mr. Zhenghong Tian (the “**Purchaser**”) for \$2.58 million subject to a sale agreement dated August 8, 2023 made between the Purchaser and the Receiver, which subsequently closed on September 26, 2023 (the “**Sale Transaction**”).
- 1.6 Concurrent with this Receiver’s second report (the “**Second Report**”), the Receiver intends to file an application for an order (the “**Distribution Order**”) seeking approval of the following:
- a) the Receiver’s activities since its appointment;
 - b) the fees of the Receiver and its legal counsel; and
 - c) a proposed distribution to the Bank.

- 1.7 The Receivership Order, the SAVO, and other select application materials and other documents filed in the Receivership Proceedings are available for review by interested parties and posted on the Receiver's website at <https://www.alvarezandmarsal.com/kuang> (the "**Receiver's Website**").
- 1.8 All references to dollars in this Second Report are in Canadian currency, unless otherwise indicated.

2.0 PURPOSE OF REPORT

- 2.1 The purpose of the Second Report is to provide this Honourable Court with information with respect to the following:
- a) an update on the activities of the Receiver since the Receiver's first report dated September 1, 2023 (the "**First Report**"), which is appended to this Second Report as Appendix "A";
 - b) the Receiver's interim statement of receipts and disbursements for the period from March 2, 2023 to May 9, 2025;
 - c) the proposed distribution to the Bank; and
 - d) the recommendations of the Receiver.

3.0 TERMS OF REFERENCE

- 3.1 In preparing this report, A&M has necessarily relied upon unaudited financial and other information provided by the Bank, its agents and other third parties. Although this information has been subject to review, A&M has not conducted an audit or otherwise attempted to verify the information's accuracy or completeness. Accordingly, A&M expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information contained in this report, or otherwise used to prepare this report.

4.0 TAX MATTERS

- 4.1 Since the filing of the First Report, the Receiver's activities have focused primarily on concluding the Sale Transaction, which closed on September 26, 2023, and addressing tax-related matters arising from the disposition, in accordance with the requirements as set out in the *Income Tax Act*, R.S.C. 1985, C.1 (the "**ITA**").
- 4.2 At the time of the Sale Transaction, the Debtor was the registered owner of the Udy Property, a taxable Canadian property, and was a non-resident of Canada.
- 4.3 Pursuant to paragraph 4 of the SAVO, following the completion of the sale, the Receiver was to hold the net proceeds from the sale of the Udy Property, including any withholding or other tax

payable to the Canada Revenue Agency (the “**CRA**”), or any refunds of such withholding or other tax paid to the CRA.

- 4.4 Pursuant to section 116 of the ITA, a notice of disposition is required to be filed with the CRA within 10 days of the transaction. Additionally, 25% of the net gain in respect of the Debtor’s disposition of the Udy Property is to be remitted by April 30 of the year following the calendar year in which the disposition occurred (the “**Section 116 Payment**”).
- 4.5 On January 8, 2024, the Receiver submitted Form T1261 *Application for a Canada Revenue Agency Individual Tax Number for Non-Residents*, on behalf of the Debtor. The application included supporting documentation, such as copies of the Debtor’s Chinese resident identity card and the Receivership Order. As the Debtor was a non-resident and did not possess a Social Insurance Number, issuance of an Individual Tax Number (the “**ITN**”) was necessary to facilitate the filing of a personal tax return and enable the assessment and potential issuance of tax refunds related to the Section 116 Payment. The CRA subsequently issued the ITN by letter dated February 13, 2024.
- 4.6 On or around January 3, 2025, the Receiver, on behalf of the Debtor, remitted the Section 116 Payment of \$465,093 to the CRA along with Form T2062 *Request by a Non-Resident of Canada for a Certificate of Compliance Related to the Disposition of Taxable Canadian Property*. The delay in the remittance was due to the Bank and its legal counsel evaluating alternative options pertaining to the tax liabilities arising from the Sale Transaction.
- 4.7 The submission of the Form T2062 and the Section 116 Payment included supporting documentation, such as calculations of the adjusted cost base and adjusted proceeds of disposition arising from the Sale Transaction, as well as copies of the Sale Agreement, land title forms including the original purchase price paid by the Debtor, the Receivership Order, and the SAVO. On April 3, 2025, the CRA advised that due to the timing of the submission, a certificate of compliance or confirmation of receipt of the Section 116 Payment may not be issued. As at the date of this Second Report, no further correspondence has been received from the CRA regarding this matter.
- 4.8 The Receiver engaged an accounting firm, Lancaster & David, to prepare the Debtor’s 2023 personal tax return (the “**Tax Return**”) which was submitted by way of mail to the CRA on May 14, 2025. The Tax Return indicated a tax refund of approximately \$74,000 (the “**Tax Refund**”). As at the date of this Second Report, the CRA has not issued a notice of assessment and the Tax Return remains under review.

5.0 RECEIVER'S ACTIVITIES

5.1 The Receiver's activities during these Receivership Proceedings include the following:

- a) attending to the closing of the sale of the Udy Property and related matters;
- b) preparing and submitting an application for an ITN on behalf of the Debtor and corresponding with the CRA in relation thereto;
- c) applying for a certificate of compliance in connection with the disposition of the Udy Property and remitting the appropriate payments to the CRA in accordance with the ITA, as further detailed in section 4.0 of this report;
- d) assisting with and engaging Lancaster & David for the preparation and filing of the Debtor's Tax Return;
- e) reviewing invoices and preparing payments as necessary, as well as reconciling all cash receipts and disbursements of the trust account of the Receiver;
- f) reviewing draft Court application materials in consultation with the Receiver's legal counsel and the Bank's legal counsel;
- g) holding discussions and attending meetings with the Receiver's legal counsel and the Bank's legal counsel to address matters relating to the Sale Transaction, tax filings, and other aspects of the Receivership Proceedings;
- h) updating the Receiver's Website with pertinent information relating to the Receivership Proceedings; and
- i) preparing this Second Report.

6.0 RECEIVER'S INTERIM STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

6.1 The Receiver's interim statement of cash receipts and disbursements for the period March 2, 2023 to May 9, 2025 is summarized below (the "**R&D Statement**"):

**In the Matter of the Receivership of Certain Assets and Undertakings
of Kuang Wan Fang
Receiver's Interim Statement of Cash Receipts and Disbursements
For the period March 2, 2023 to May 9, 2025**

Receipts

Retainer	\$ 25,000
Net funds collected re: sale of property	2,491,051
GIC and other interest	149,907
Total receipts	2,665,958

Disbursements

Insurance, utilities and other property disbursements	8,547
Receiver's fees	73,290
Receiver's legal counsel's fees and disbursements	33,322
Non-resident tax payment	465,093
Appraisals and other disbursements	2,470
GST paid	5,486
Total disbursements	588,208

Net cash flow **2,077,750**

Closing cash balance **\$ 2,077,750**

- 6.2 To date, total receipts collected are approximately \$2.7 million and consist primarily of the net proceeds of \$2.5 million collected from the sale of the Udy Property and interest earned on the funds held in the Receiver's trust accounts.
- 6.3 Total disbursements are approximately \$588,000 and consist of the following:
- the Section 116 Payment of \$465,000 made to the CRA;
 - professional fees paid to the Receiver and its legal counsel of \$73,000 and \$33,000, respectively; and
 - other disbursements including insurance, utilities, appraisals, GST, and other property-related disbursements of \$17,000.
- 6.4 At present, the Receiver has liquidated and/or disposed of all assets in its possession and does not anticipate any further realizations to occur. The remaining matters in these Receivership Proceedings are limited to outstanding tax matters, including the potential recovery of the Tax Refund, subject to the review and assessment of the Tax Return by the CRA, and any further engagement with the CRA regarding the Section 116 Payment.

6.5 Accordingly, the Receiver intends to make an interim distribution to the Bank to apply against the Judgment and proposes an interim distribution of \$1.7 million, subject to the approval of this Honourable Court. The proposed interim distribution will allow for sufficient funds to be held by the Receiver to address the remaining matters in the administration of the estate.

6.6 Following the receipt of the Tax Refund and completion of the administration of these Receivership Proceedings, the Receiver intends to forward any net proceeds remaining in the estate to the Bank as a final distribution, subject to a further order from this Honourable Court.

7.0 PROFESSIONAL FEES

7.1 Summarized in the table below are the professional fees and disbursements of the Receiver and its legal counsel, Gowling WLG (Canada) LLP (“**Gowling**”) for the period from March 5, 2021 to December 31, 2024.

In the Matter of the Receivership of Certain Assets and Undertakings of Kuang Wan Fang Summary of Professional Fees and Disbursements of the Receiver and its Legal Counsel For the period March 5, 2021 to December 31, 2024					
Firm	Fees	Disbursements	GST	PST	Total
Alvarez & Marsal Canada Inc.	\$ 73,289.50	\$ 6,424.29	\$ 3,799.19	\$ -	\$ 83,512.98
Gowling WLG (Canada) LLP	35,048.00	932.52	1,793.55	2,453.36	40,227.43
Total	\$ 108,337.50	\$ 7,356.81	\$ 5,592.74	\$ 2,453.36	\$ 123,740.41

7.2 Attached as Appendix “B” is a summary of the Receiver’s professional fees and disbursements for the period ending December 31, 2024 which totals \$83,512.98, including out of pocket disbursements of \$6,424.29 and applicable taxes of \$3,799.19.

7.3 Attached as Appendix “C” is a summary of the Receiver’s professional fees indicating name, title, hourly rate and hours charged by the Receiver’s professional staff and details of its out-of-pocket disbursements for the period ending December 31, 2024.

7.4 Attached as Appendix “D” is a summary of the Receiver’s legal counsel, Gowlings, for the period March 5, 2021 to June 30, 2024, which totals \$40,227.43, including out-of-pocket disbursements of \$932.52 and applicable taxes of \$4,246.91. Two of Gowling’s invoices (invoice nos. 20021949 and 20032096) totaling \$5,349.98 including fees, disbursements, and taxes were paid directly from the net proceeds of Sale Transaction and is included in the ‘net funds collected re: sale of property’ in the R&D Statement presented in section 6.0 of this report.

7.5 The Receiver is of the view that the professional fees incurred: (i) are fair and reasonable; (ii) were necessary for the effective administration of the estate over a period of two years, including

pre-engagement planning and preparation and the oversight of the sale process described in the First Report and tax matters described in section 4.0 of this report; and (iii) are consistent with the context and complexity of the financial, legal and tax issues surrounding the estate.

- 7.6 The Receiver is not aware of any creditor or any stakeholder in the Receivership Proceedings that has taken issue with the professional fees charged in this matter to date.

8.0 RECEIVER'S CONCLUSION AND RECOMMENDATIONS

- 8.1 Based on the foregoing, the Receiver respectfully recommends that this Honourable Court grant the Distribution Order approving the following:

- a) the activities of the Receiver;
- b) the professional fees of the Receiver and its legal counsel; and
- c) the proposed interim distribution to the Bank.

All of which is respectfully submitted to this Honourable Court this 5th day of June 2025.

Alvarez & Marsal Canada Inc.,
in its capacity as court-appointed Receiver of
Kuang Wan Fang and not in its personal capacity



Per: Anthony Tillman
Senior Vice President



Vicki Chan
Vice President

APPENDIX A

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

BANK OF CHINA

PLAINTIFF/JUDGMENT CREDITOR

AND:

XU CHAO FAN, also known as Hui Yat Fai; XU GAO JUN, also known as Xu Juo Jun, Xu Guo Jun, Kit Sun Hui; Hui Kit Shun Hui Kit Sun and Hui Kit Chun; YU ZHEN DONG, also known as Xu Zhen Dong, Yu Zhen-Dong, Yu Wing Chung, Yu Zhan Dong, Yu Wing Chong and Yu Chun Tung; KWONG WA PO; CINDY CHING YIU-CHU, also known as Cindy Ching, Ching Yu-Chu Cindy, Ching Fo-Chu and Ching Yu-Chu; KUANG WAN FANG, also known as Wendy Wan Fang Kuang; YING YI YU, also known as Yu Yung Yi; FION XU HUI YU, also known as Fion Yu and Xu Hu Yu; LI CONG XU; SIU LING YAN; XIA LI XU, also known as Carolyn Xia Li Xu and Carolyn X Xu; FAL KWONG CHING, also known as Fo Kong Ching, Fo Kong Cheung and Connie Fal Kwong Ching; WEN JING TAN; XU LIE MING; XU GANG QIANG; XU BIN YAN; TANG JIE YU, also known as Jie Yu Tang, Tan Jie Yu and Jie Yu Tan; YU BAO QUON, also known as Bao Quon Yu, Yu Bao Quan and Quan Bao Yu; LIANG BIN JIN; LIANG CUI E; and JOHN DOE

DEFENDANTS/JUDGMENT DEBTOR

FIRST REPORT OF THE RECEIVER

ALVAREZ & MARSAL CANADA INC.

SEPTEMBER 1, 2023

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Appendix A – Marketing and Sales Proposal By Patrick Hung Personal Real Estate Corp. and Royal Pacific Realty submitted April 3, 2023

Appendix B – Appraisal Report by Adlaw Appraisals Ltd. dated March 31, 2023

Appendix C – Appraisal Report by Niemi Laporte & Dowle Appraisals Ltd. dated May 27, 2023

Appendix D – 2022 Property Tax Assessment

Appendix E – Sales Report by Patrick Hung Personal Real Estate Corp. and Royal Pacific Realty submitted August 20, 2023

Appendix F – Contract of Purchase and Sale of the Property dated August 8, 2023

1.0 INTRODUCTION

- 1.1 On March 3, 2023 (the “**Receivership Date**”), the Supreme Court of British Columbia (the “**Court**”), upon application of the Bank of China (the “**Bank**”), granted an order (the “**Receivership Order**”) pursuant to section 39 of the *Law and Equity Act, R.S.B.C. 1996 c. 253* (the “**LEA**”) and Alvarez & Marsal Canada Inc. was appointed as Receiver (“**A&M**” or the “**Receiver**”) without security, of all of the assets, undertakings and property of Kuang Wan Fang, also known as Wendy Wan Fang Kuang, also known as Wan Fang Kuang (the “**Debtor**”) in Canada, including all proceeds (the “**Property**”). These proceedings are hereinafter referred to more generally as the “**Receivership Proceedings**”.
- 1.2 The Receivership Order authorizes the Receiver to, among other things:
- a) take possession and exercise control over the Property and any and all receipts and disbursements arising out of or from the Property;
 - b) 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; and
 - c) 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.
- 1.3 Concurrent with this Receiver’s first report (the “**First Report**”), the Receiver intends to file an application seeking an order (the “**SAVO**”) approving the sale of the residential property located at 6160 Udy Road in Richmond, British Columbia (the “**Udy Property**”) pursuant to an offer submitted by Mr. Zhenghong Tian (the “**Purchaser**”) and accepted by the Receiver (the “**Transaction**”), subject to the approval of this Honourable Court.
- 1.4 All references to dollars in this First Report are in Canadian currency, unless otherwise indicated.

2.0 PURPOSE OF REPORT

- 2.1 The purpose of the First Report is to provide this Honourable Court with information with respect to the following:
- a) background information with respect to the Debtor;
 - b) the sales process undertaken to market and solicit offers for the Udy Property;
 - c) information regarding the Transaction;
 - d) the Receiver’s application for the SAVO;
 - e) information regarding residual assets of the estate; and

- f) a summary of the activities of the Receiver since commencement of the Receivership Proceedings.

3.0 TERMS OF REFERENCE

- 3.1 In preparing this report, A&M has necessarily relied upon unaudited financial and other information provided by the Bank, its agents and other third parties. Although this information has been subject to review, A&M has not conducted an audit or otherwise attempted to verify the information's accuracy or completeness. Accordingly, A&M expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information contained in this report, or otherwise used to prepare this report.

4.0 BACKGROUND

- 4.1 On April 16, 2015, the Bank was granted judgment against the Debtor by the Court in the amount of \$672,181,277.54 including pre-judgment interest (the "**Judgment**").
- 4.2 The Debtor is the registered owner of the Udy Property, legally described as: PID: 004-014-111, Lot 14 Block 3 Section 18 Block 4 North Range 6 West, New Westminster District Plan 15790.
- 4.3 The Judgment was registered against the Udy Property on January 26, 2016 in favour of the Bank, which was renewed on May 29, 2018, April 22, 2020, and April 19, 2022.
- 4.4 Previously, on October 26, 2001, the Court granted an order prohibiting dealings with the Property of the Debtor, which was subsequently registered on title on December 20, 2001.
- 4.5 Since the date of the Judgment, the Debtor has failed, neglected or refused to pay amounts owing under the Judgment.

5.0 SALES PROCESS

- 5.1 Pursuant to section 3 of the Receivership Order, the Receiver is empowered and authorized to, among other things:
- (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 \$10,000, provided that the aggregate consideration for all such transactions does not exceed \$100,000; 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(1) 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;*

Marketing and Solicitation of Offers

- 5.2 The Receiver requested proposals from two listing brokerages and/or agents and upon review, retained Pacific Realty Ltd. (the “**Listing Agent**”) to market the Udy Property through the Multiple Listing Service (“**MLS**”) and local and international social media, which included property features and photos of the unit. A copy of the Listing Agent’s proposal is attached as Appendix “**A**”.
- 5.3 Prior to and in preparation of the sales listing of the property, the Receiver obtained two appraisals completed by Adlaw Appraisals Ltd. dated March 31, 2023 and Niemi Laporte Dowle Appraisals Ltd. dated May 27, 2023 (the “**Appraisals**”), which suggested market values of \$2.70 million and \$2.63 million, respectively. Copies of the Appraisals are attached as Appendix “**B**” and “**C**”. The 2022 property tax assessment valued the Udy Property at \$3.0 million at July 1, 2022 (the “**Property Tax Assessment**”), a copy of which is attached as Appendix “**D**”.
- 5.4 On August 2, 2023 (the “**Listing Date**”), the Udy Property was listed for sale at \$2,599,000 following consultation with the Listing Agent. The listing price was considered reasonable based on the slowdown of residential property sales in the market since the date of the Appraisals.
- 5.5 The Listing Agent, on behalf of the Receiver, undertook the following marketing activities which are further detailed in their sales report dated August 20, 2023 and attached as Appendix “**E**”:
 - a) arranged for the property to be professionally cleaned, landscaped, and photographed;
 - b) through MLS, automatically emailed the listing out to 672 parties and made the listing publicly available online resulting in over 1,292 views from prospective purchasers;
 - c) advertised the sales listing on various local and international social media platforms, which generated over 3,000 views;

- d) undertook direct telemarketing efforts to 483 local real estate agents;
- e) emailed the sales listing to the listing brokerage's internal database of agents, which is comprised of approximately 900 parties; and
- f) coordinated multiple site visits with 11 private showings and 61 open house group viewings to date.

5.6 After being on the market for six days, on August 8, 2023, five offers were submitted and presented to the Receiver. Following the review of the offers and revisions to the terms and conditions, the Receiver accepted the offer from the Purchaser for \$2.58 million on August 11, 2023, after consultation with the Bank (the "**Accepted Offer**"). A copy of the contract of purchase and sale dated August 8, 2023 is attached as Appendix "**F**".

Receiver's Review and Consideration

5.7 The key terms of the Accepted Offer are summarized as follows:

- a) the Purchaser offers to purchase the Udy Property free and clear of any encumbrances, in accordance with the SAVO, with certain exceptions including subsisting conditions, provisos, restrictions, exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the Crown, registered or pending restrictive covenants and rights-of-way in favour of utilities and public authorities;
- b) the Transaction includes all contents of the Udy Property including appliances, fixtures and keys;
- c) the completion date for the sale will be September 13, 2023, subject to approval by this Honourable Court;
- d) a deposit of \$129,000 (5% of the purchase price) has been remitted to the Listing Agent to be held in trust pending completion of the Transaction; and
- e) the sale is "as is, where is" with no representations and warranties provided by the Receiver.

5.8 The Receiver's review of the Accepted Offer included consideration of the following:

- a) the results of the marketing efforts undertaken by an established and market leading real estate listing broker;
- b) the wherewithal of the Purchaser and their likelihood of being able to conclude a successful transaction;

- c) third party valuations and other indications of value such as the Appraisals and Property Tax Assessment which suggested market values ranging between \$2.63 million to \$3.0 million;
- d) the current market conditions in the Richmond residential real estate market from the date of the Property Tax Assessment and Appraisals to the Listing Date;
- e) the potential for the Receiver to incur additional holding costs in respect of the Udy Property if a sale transaction was not concluded in a timely manner including preservation costs and professional fees; and
- f) the proposed timing to complete the Transaction and the substantial amount of a deposit provided by the Purchaser.

5.9 The Receiver is of the view that the Udy Property was marketed comprehensively and in a manner which was fair and reasonable, that the market had been adequately canvassed for potential purchasers and that the Transaction contemplated by the Accepted Offer is in the best interest of the estate.

SAVO

5.10 The SAVO provides for, among other things:

- a) approval of the Accepted Offer and direction to the Receiver to take such steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction or for the conveyance of the Udy Property to the Purchaser;
- b) upon delivery of a Receiver's Certificate to the Purchaser, the Debtor's right, title and interest in the Udy Property shall vest in the purchaser in fee simple, free and clear from security interests, hypothecs, mortgages, trusts or deemed trusts, liens, executions, levies, charges or other financial or monetary claims;
- c) the net proceeds for the Udy Property payable on the closing date shall be paid to the Receiver, including any withholding or other tax that may be payable to the Canada Revenue Agency (the "**CRA**") in relation to the sale, and all claims shall attach to the net proceeds with the same priority as they had with respect to the purchased asset immediately prior to the sale, as if the asset had not been sold or remained in the possession or control of the Receiver; and
- d) authorization of the Receiver to:
 - (i) apply to the CRA for a certificate in the prescribed form (the "**Clearance Certificate**") pursuant to section 116 of the *Income Tax Act* (Canada) and/or a

comfort letter (the “**Comfort Letter**”) in regard to the same on behalf of the Debtor;

- (ii) apply to the CRA for an Individual Tax Number (the “**ITN**”) on behalf of the Debtor for the purpose of, among other things, enabling CRA to issue a Clearance Certificate;
- (iii) take all such steps necessary, including communicating with the CRA and executing documents on behalf of the Debtor, updating the address of the Debtor, obtaining the Clearance Certificate, Comfort Letter, and ITN, acting as the Debtor’s “authorized representative” and appointing others to act as the Debtor’s “authorized representative” for purposes of communicating with the CRA;
- (iv) file income tax returns in the name and on behalf of the Debtor, if deemed necessary by the Receiver;
- (v) execute, assign, issue and endorse documents in respect of the Udy Property sale in the name of the Receiver or the Debtor to the CRA; and
- (vi) take possession of and exercise control over all receipts and disbursements arising out of or from tax refunds payable in respect of the Property.

6.0 RESIDUAL ASSETS

- 6.1 Following the sale of the Udy Property, to the best of the Receiver’s knowledge, there are no remaining assets in the Debtor’s estate in Canada for recovery.

7.0 RECEIVER’S ACTIVITIES

- 7.1 In addition to the activities described in section 5 of this report, the Receiver’s activities since the Receivership Date include the following:

- a) securing and taking possession of the Udy Property and its contents, including issuing notices to the occupant of the property and facilitating various meetings and correspondence with the occupant and/or their representative;
- b) coordinating the departure of the occupant from the Udy Property and arranging for locks to be changed;
- c) taking photos and videos of the Udy Property and its contents;
- d) obtaining insurance coverage and opening new utility accounts for the Udy Property;
- e) issuing notices to third parties who may hold records or other information relating to the Udy Property, including government agencies, service providers, and other parties;

- f) reviewing invoices and making necessary payments including appraisals, utilities and insurance premiums;
- g) reviewing and considering municipal and provincial property tax matters including speculation and vacancy taxes;
- h) attending to and considering personal tax matters including non-resident tax implications;
- i) holding discussions and attending meetings with the Receiver's legal counsel and the Bank's legal counsel to assist with various matters;
- j) issuing the statutory notice pursuant to the LEA and *Personal Property Security Act, R.S.B.C. 1996 c. 359* (the "**Receiver's Notice**"); and
- k) preparing this First Report.

7.2 As at August 18, 2023, the Receiver has not collected any receipts in the Receivership Proceedings and the following disbursements (inclusive of tax) relating to these proceedings have been paid through the Receiver's account and not through the estate, which total to approximately \$4,300:

- a) insurance premiums of \$2,200;
- b) fees for the Appraisals of \$1,300; and
- c) other disbursements of \$800 relating primarily to the advertisement costs for the Receiver's Notice and courier fees.

7.3 Disbursements relating to the Receivership Proceedings, including the disbursements as set out in section 7.2, the Receiver and its legal counsel's fees and disbursements, and other costs relating to the Udy Property, will be paid from the sale proceeds upon closing of the Transaction.

7.4 Pursuant to the engagement letter between A&M and the Bank dated October 21, 2022 (prior to the appointment of the Receiver), A&M received a retainer of \$25,000 from the Bank, which does not form a part of the estate's assets. The retainer, along with accrued interest, is currently being held by the Receiver in a separate account.

8.0 RECEIVER'S CONCLUSION AND RECOMMENDATIONS

8.1 Based on the forgoing, the Receiver respectfully recommends that this Honourable Court grant the SAVO referenced herein.

All of which is respectfully submitted to this Honourable Court this 1st day of September 2023.

Alvarez & Marsal Canada Inc.,
in its capacity as court-appointed Receiver of
Kuang Wan Fang and not in its personal capacity



Per: Anthony Tillman
Senior Vice President



Per: Vicki Chan
Vice President

APPENDIX B

In the Matter of the Receivership of Certain Assets and Undertakings of Kuang Wan Fang
Summary of the Receiver's Professional Fees and Disbursements by Account
For the period October 21, 2022 to December 31, 2024

Invoice Number	Invoice Date	For The Period	Fees	Disbursements	GST	Total
Alvarez & Marsal Canada Inc.						
1	May 4, 2023	October 21, 2022 to April 30, 2023	\$ 24,162.00	\$ 645.25	\$ 1,240.36	\$ 26,047.61
2	August 10, 2023	May 1 to July 31, 2023	10,644.50	1,410.46	565.45	12,620.41
3	September 8, 2023	August 1 to 31, 2023	17,862.00	2,863.00	924.35	21,649.35
4	September 28, 2023	September 1 to 28, 2023	9,753.00	97.19	492.51	10,342.70
5	November 24, 2023	October 1 to 31, 2023	2,857.00	771.47	144.12	3,772.59
6	January 4, 2024	November 1 to December 31, 2023	1,599.50	118.92	85.92	1,804.34
7	July 18, 2024	January 1 to June 30, 2024	3,223.50	47.06	163.53	3,434.09
8	January 15, 2025	July 1 to December 31, 2024	3,188.00	470.94	182.95	3,841.89
			\$ 73,289.50	\$ 6,424.29	\$ 3,799.19	\$ 83,512.98

APPENDIX C

In the Matter of the Receivership of Certain Assets and Undertakings of Kuang Wan Fang
Summary of the Receiver's Professional Fees and Disbursements by Staff
For the period October 21, 2022 to December 31, 2024

Name	Position	Hourly Rate (*)	Hours	Total Fees
Anthony Tillman	Senior Vice President	\$ 840	16.70	14,028.00
Vicki Chan	Vice President	625 - 665	80.40	53,450.00
Pinky Law	Vice President	665	3.90	2,593.50
Ryan Wu	Associate	445	3.20	1,424.00
Monica Cheung	Executive Assistant	195	9.20	1,794.00
			<u>113.40</u>	<u>73,289.50</u>
Average hourly rate			<u>\$ 646.29</u>	
Total fees				73,289.50
Disbursements				
Insurance				3,730.00
Courier, mailing/postage, and printing				172.71
Appraisal				1,250.00
Personal mileage				36.60
Advertisements				522.46
Land title searches				95.94
Website maintenance				375.00
Utilities				241.58
				<u>6,424.29</u>
GST				<u>3,799.19</u>
Total fees, out of pocket expenses and tax				<u>\$ 83,512.98</u>

(*) Hourly rates reflect professional rate annual increases effective January 1

APPENDIX D

In the Matter of the Receivership of Certain Assets and Undertakings of Kuang Wan Fang
Summary of the Receiver's Legal Counsel's Professional Fees and Disbursements by Account
For the period March 5, 2021 to June 30, 2024

Invoice Number	For The Period	Fees	Disbursements	GST	PST	Total
Gowling WLG (Canada) LLP						
20021949	March 5, 2021 to February 28, 2023	\$ 3,614.00	\$ 25.50	\$ 180.70	\$ 252.98	\$ 4,073.18
20032096	March 1 to 31, 2023	1,140.00	-	57.00	79.80	1,276.80
20137906	April 1, 2023 to September 30, 2023	25,280.00	829.31	1,303.12	1,769.60	29,182.03
20155200	October 1 to 31, 2023	3,120.00	34.04	157.70	218.40	3,530.14
20203802	November 1 to December 31, 2023	660.00	0.92	33.05	46.20	740.17
20326815	January 1 to June 30, 2024	1,234.00	42.75	61.98	86.38	1,425.11
		\$ 35,048.00	\$ 932.52	\$ 1,793.55	\$ 2,453.36	\$ 40,227.43